

MINUTES OF MEETING

Market Development Standing Committee

Time : 20.01 - 21.37 (MYT)
Date : Thursday, 7 September, 2023
Venue : Market Transformation Zoom

Attendees:

Name	Initial	Organisation	Representative Category
Eddy Esselink	EE	MVO	Co-Chair, P&T
Anne-Laure Faure	ALF	WWF International	eNGO
Julian Walker-Palin	JWP	Retailers Palm Oil Group	Retailer
Marieke Leegwater	ML	Solidaridad	sNGO
Dr Surina Ismail	SI	MPOA/IOI	Grower MY
Tracey Gazibara	TG	Cheyenne Mountain Zoo	eNGO
Tom Hersbach	TH	Planting Naturals	Grower
Kamal Seth	KS	WWF International	eNGO / SRWG
Inke van der Sluijs	IS	RSPO Secretariat	Director, Market Transformation
Nikki Gee	NG	RSPO Secretariat	Chief Strategy and Digital Transformation Officer
Hun Sung Yen	HS	RSPO Secretariat	Head of Impacts & MEL
Kenny Lee	KL	RSPO Secretariat	Strategy Manager
Lilian Garcia Lledo	LGL	RSPO Secretariat	Head of Shared Responsibility
Rafi Achmad Rasyidi	RAR	RSPO Secretariat	Data Scientist
Christine Joan Spykerman	CJS	RSPO Secretariat	Malaysia office

Absent with apologies:

Name	Initial	Organisation	Representative Category
Caroline Westerik	CW	AAK	P&T
Harjinder Kler	HK	HUTAN	eNGO
Jose Roberto Montenegro	JM	Agrocaribe	Grower RoW
Laura Schlebess	LS	AAK	P&T

Invited but not in attendance:

Name	Initial	Organisation	Representative Category
Oscar Muzilli	OM	Natura & Co.	CGM
Razuwan Che Rose	RCR	Felda	Grower

Agenda:

Time	Topic
20.01 - 20.03	1.0 Opening 1.1 Antitrust Statement Reading
20.03 - 20.04	2.0 Approval of the Agenda
20.04 - 20.19	3.0 Approval of the Meeting Minutes - 15 June 2023
20.19 - 20.25	4.0 Updates: 4.1 RSPO Secretariat
20.25 - 20.27	5.0 Decision on Co-chair 5.1 Other Changes in MDSC Membership
20.27 - 20.55	6.0 Oversight of Shared Responsibility Working Group (SRWG)
20.55 - 20.56	7.0 Updates SCT WG
20.56 - 20.58	8.0 Brand positioning: - Roll out Plan - RSPO Visual Identity System Tender
20.58 - 21.15	9.0 ACOP 2022 Analysis
21.15 - 21.31	10.0 - EU DR Compliance IT System
21.31 - 21.37	11.0 AOB - 20 November 2023 Physical Meeting in Jakarta, Indonesia

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Antitrust Statement Reading	
	<p>EE chaired the meeting and welcomed Members of the MDSC to the meeting. EE then reminded the members of the following:</p> <ul style="list-style-type: none"> - All MDSC members will have to abide by the RSPO Antitrust law - MDSC follows a consensus-based decision making as outlined in the ToR - Members have to declare Conflict of Interest (Col) under any items and excuse themselves to remain objective to the discussion. 	

2.0 Approval of the Agenda		
	The meeting Agenda was presented and accepted with no additions nor objections from the Members.	
3.0 Approval of Meeting Minutes		
3.1	<p>The meeting minutes from the previous MDSC Meeting (15 June 2023) were presented and accepted with no amendments but with the following pending action points which will be discussed in the meeting:</p> <ul style="list-style-type: none"> ● Nomination of co-chair by MDSC members by 30 June 2023. ● RSPO secretariat to communicate about the CSPKO action plan. <i>(Pending action plan by Secretariat).</i> ● RSPO secretariat to contact ASD about a potential letter about CSPKO shortage. <i>(ASD would not pick up on this. To be removed from the list).</i> ● RSPO secretariat to reach out to the FIGG for potential funding for RaCP <i>(FIGG had a change in Co-Chairing and Terms of Reference. IS to contact the new Chairs).</i> ● RSPO secretariat to check internally when the remote audit functionality will be ready in PalmTrace. <i>(The certification team assured IS that the functionality will be ready and available in October 2023. IS to check whether the system is ready to capture artwork requests).</i> The MDSC requested for a change in the functionality to ensure that manufacturers could also upload the artwork with the retailer licence number. ● Brand positioning: <ul style="list-style-type: none"> ○ Feedback on first draft of narrative structure by 7 July. ○ Feedback on better structure and key messages for Wikipedia entry by 7 July. <i>(Pending action by the Secretariat).</i> <p>The RPOG requested clarification on the use of Segregated and Mass Balance. Solidaridad will launch a consumer campaign with an interview with the CEO on national television in the Netherlands.</p>	<p>Remote audit functionality in PalmTrace (RSPO secretariat)</p> <p>Clarification on the use of MB/SG (RSPO secretariat)</p>
4.0 Secretariat Updates		
4.1	<p>The Secretariat announced the following updates:</p> <ul style="list-style-type: none"> ● RSPO Standards Review 2023 ● RSPO Scales up Sustainable Palm Oil Partnerships in India ● Complaints and appeals procedures 2017 and grievance system review. ● José Roberto Montenegro Baide and Anne Rosenbarger named Co-Chairs of RSPO Board of Governors ● China strengthens shared vision for a sustainable palm oil industry - 2023 China Sustainable Palm Oil Forum 	

<p>4.2</p>	<p>Save the date:</p> <ul style="list-style-type: none"> ● RSPO-MONASH Joint Symposium - 25-26 September 2023, Monash University Malaysia, Kuala Lumpur ● Globoil 28-30 September Mumbai, India ● JaSPON x RSPO Conference and Members Engagement Forum - 11-12 October 2023. ● RT 2023 - 20 - 22 November, Jakarta, Indonesia. Early Bird Registration. <ul style="list-style-type: none"> ○ ANNOUNCEMENT ON 20TH GENERAL ASSEMBLY (GA20) OF RSPO MEMBERS: Wednesday 22 Nov. <ul style="list-style-type: none"> ■ Resolution Submission Form until 13 September. 	
<p>5.0 Co-chair of MDSC</p>		
<p>5.1 5.2 5.3</p>	<p>Nominated Ian Suwarganda - Head of Policy & Partnerships GAR. Board of Governors (BoG) approval on 5 September 2023. Other changes in membership of MDSC</p> <ul style="list-style-type: none"> ● Rafael Milantonio, Natura &Co was CGM’s representative. Replaced by Oscar Muzilli. ● Franka Lakeman: Ahold Delhaize was a retail representative. Looking for a replacement. 	
<p>6.0 Oversight of Shared Responsibility Working Group (SRWG)</p>		
<p>6.1 6.1.1</p>	<p>KS, Co-Chair of the SRWG, gave a briefing on the main activities which the SRWG is prioritising in the near future and LGL shared an update on the SR Scorecard. The oversight of the SRWG will move from the Standards Standing Committee to the MDSC.</p> <p>Composition: 16 RSPO members, only two vacancies (B&I and Grower SH). Meet physically twice per year and aim to have virtual calls every 5-6 weeks.</p> <p>Main tasks:</p> <ul style="list-style-type: none"> ● Set up the annual uptake targets (Decision paper to BoG) (endorsement of MDSC required) ● Technical documentation: (endorsement of MDSC required) <ul style="list-style-type: none"> ○ Guidance documents (draft 3) - Aiming to help RSPO members) to understand the SR Requirements applicable to them and which kind of evidence is needed. ○ Verification Manual (draft 2) - Setting up the verification process and the incentives and sanctions. ● Align with SR Unit on: <ul style="list-style-type: none"> ○ M&E methodology and overseeing the SR performance of members, i.e. SR Scorecard. WWF has included the SR scores into their palm oil scorecard for which data collection happens now for publication in April 2024. ○ SR comms activities, workshops, webinars, etc. Support from the SRWG members requested. ○ CSPKO engagement plan and CSPO mapping exercise (guidance of MDSC required). 	<p>SRWG as standing item on MDSC agenda (RSPO secretariat)</p>

- Ad-hoc Resolutions implementation, e.g. Resolution on changing clause 3.2. of the CoCs. (endorsement of MDSC may be required).

To know more about [Shared Responsibility](#)

7.0 Updates SCT WG

- No meeting was held between June and September 2023.
- CSPKO supply and sales data is published on the [RSPO website](#) with a factsheet on conversions.
- Next meeting is 20 November 2023 in Jakarta, Indonesia.

8.0 Brand Positioning: Implementation

- Roll out of the brand communication plan: on track.
- RSPO Visual Identity System tender.

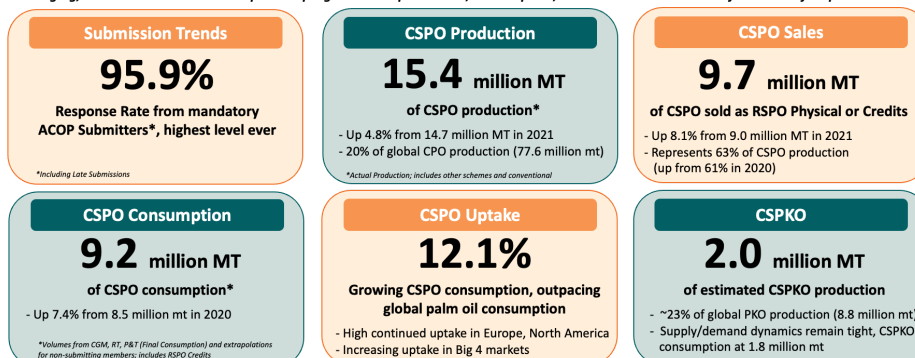
IS informed that the RSPO’s Social Media, Website, Presentations, Fact Sheets, etc will need to be attuned to the new messaging in terms of visual identity for consistency. RSPO is not redesigning our logo but we have to have a consistent identity which is important to create a strong brand.

9.0 ACOP 2022 Analysis - Summary

HS presented a highlighted summary on the ACOP 2022 Analysis as follows:

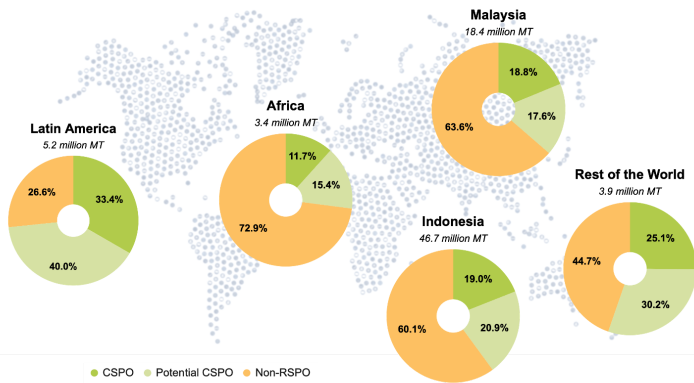
Market Trend and ACOP 2022 at a glance

ACOP 2022 is the 13th Annual Communication of Progress reporting cycle, for the period 1 January 2022 to 31 December 2022. There were major disruptions in 2022 – the invasion of Ukraine by Russia caused a shock to global vegetable oil markets and major food/energy price inflation, a triple dip La Niña affected harvests in Southeast Asia with heavy rainfall, and restrictions on export trade in Indonesia. In this context, growth is challenging, but we did continue to see positive progress in the production, consumption, awareness and relevance of RSPO certified palm oil



CSPO share of CPO Production

Scale of CPO and CSPO production by key countries/regions*



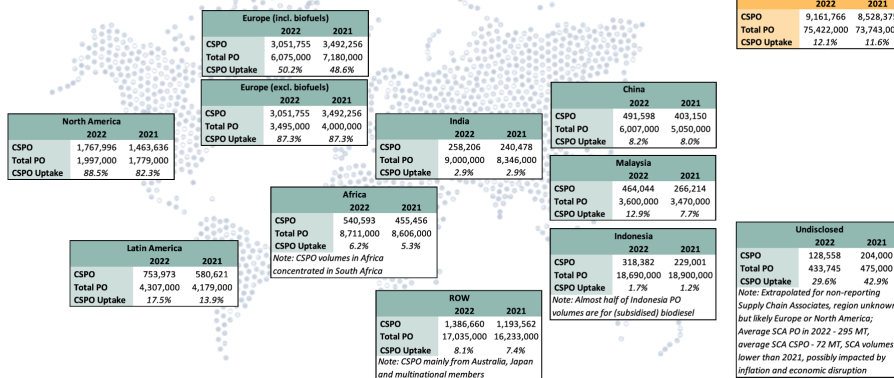
Observations

- CSPO production reached a key milestone in 2022 by exceeding 15 million MT, representing 20% of global CPO production
- An additional 16.8 million MT of potential CSPO is covered under P&C TimeBound Plan rules for yet-to-be-certified units within RSPO membership
- In total, RSPO members (CSPO production and potential CSPO) represent 42% of 77.6 million MT global CPO in 2022
- CSPO production in Latin America is now 1/3rd of the region's total production
- In Africa, regional CSPO share hit double digits at 11.7%; ROW regional share reached 25%
- Scale of CSPO in Malaysia and Indonesia remain consistent in terms of national production

*National/Regional Total – RSPO estimates based on national sources/USDA

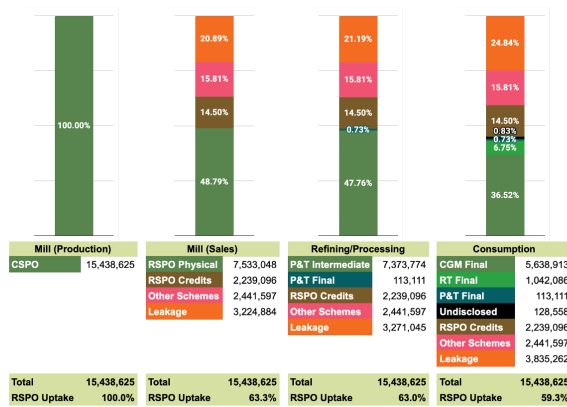
Regional CSPO Consumption

Scale of CSPO consumption (MT) by key countries/regions*



*National/Regional Total – RSPO estimates based on national sources/USDA

CSPO Supply / Consumption Flow



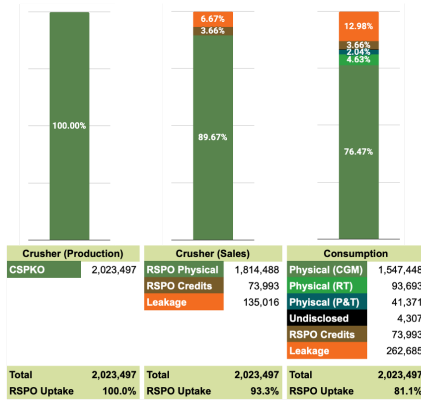
Observations

- CSPO market dynamics in 2022**
- CSPO production: +4.8%
 - CSPO sold as MB, SG, IP: +6.0%
 - CSPO sold as Credits: +15.9%
 - Sold as other schemes: **-10.6%**
 - Sold as conventional: +8.1%
 - Consumed as MB, SG, IP: +4.6%
 - Consumed as Credits: +15.9%
 - Total CSPO consumption: +7.4%
- Despite global disruptions upstream (weather) and downstream (inflation, Ukraine invasion upending global vegetable oils), CSPO volumes remain on a growth path
- Fall in other schemes led to a rise as conventional – surplus CSPO remains steady at 21%
 - Trends for 2023 are uncertain given geopolitics and El Niño
 - 1H23 data indicates CSPO sold as RSPO continues to grow

*Leakage – Volumes not captured as certified by trade or reported data; includes CSPO downgraded to conventional, but also CSPO in stock, storage or transit
Undisclosed – Extrapolation for non-reporting Supply Chain Associates *National/Regional Total – RSPO estimates based on national sources/USDA

CSPKO Supply / Consumption Flow

HS mentioned that the data for the first half of 2023 indicates continued growth.



Scale of CSPKO consumption (MT) by key countries/regions***

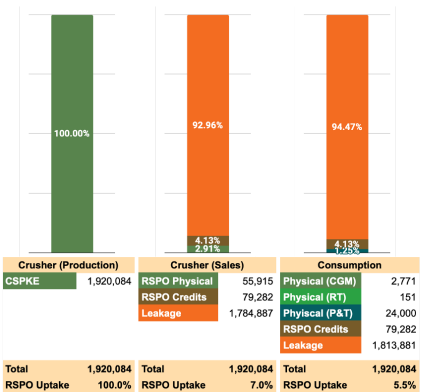
	CSPKO	PKO	CSPKO Uptake
Europe	619,728	712,000	87.0%
North America	278,963	350,000	79.7%
Malaysia	79,105	1,340,000	5.9%
Indonesia	99,672	3,725,000	2.7%
China	83,216	700,000	11.9%
India	76,422	168,000	45.5%
Latin America	109,532	624,000	17.6%
Africa	96,852	617,000	15.7%
Rest of the World	313,015	489,000	64.0%
Undisclosed**	4,307		
Total	1,760,812	8,725,000	20.2%

*Leakage – Volumes not captured as certified by trade or reported data; includes CSPKO downgraded to conventional, but also CSPKO in stock, storage or transit
Undisclosed – Extrapolation for non-reporting Supply Chain Associates *National/Regional Total – RSPKO estimates based on national sources/USDA

Observations

- CSPKO market dynamics in 2022**
- CSPKO production: +11.3%
 - CSPKO sold as MB, SG, IP: +11.5%
 - CSPKO sold as Credits: -19.1%
 - Sold as conventional: +9.8%
 - Consumed as MB, SG, IP: +13.4%
 - Consumed as Credits: -19.1%
 - Total CSPKO consumption: +11.5%
- The CSPKO market has been in tight supply since late 2020, even with growing production and sales, due to strong demand**
- Current PKO consumption by downstream RSPKO members (3.2 million MT) exceeds estimated total PKO volumes of certified kernel crushers (3.1 million MT)
 - The Secretariat has initiated actions to encourage growth in certified crusher capacity
 - 1H23 data indicates the supply tightness is slowly easing

CSPKE Supply / Consumption Flow



Scale of CSPKE consumption (MT) by key countries/regions***

	CSPKE	PKE	CSPKE Uptake
Europe	90,273	1,885,000	4.8%
North America	300	10,000	0.0%
Malaysia	0	120,000	0.0%
Indonesia	0	548,000	0.0%
China	0	1,200,000	0.0%
India	0	47,000	0.0%
Latin America	2,119	535,000	0.4%
Africa	11,730	679,000	1.7%
Rest of the World	1,782	4,950,000	0.0%
Total	106,204	9,974,000	1.1%

*Leakage – Volumes not captured as certified by trade or reported data; includes CSPKE downgraded to conventional, but also CSPKE in stock, storage or transit
Unidentified – Extrapolation for non-reporting Supply Chain Associates *National/Regional Total – RSPKO estimates based on national sources/USDA

Observations

- CSPKE represents only 1.1% of global PKE consumption
- A significant amount of CSPKE is produced (1.9 million MT) from CSPK by kernel crushers, given strong CSPKO demand
- Sales patterns are patchy, only a few regular buyers (Norway, UK) purchase CSPKE Credits (Mill and ISH); since 2021, low levels of MB has been used in Europe
- Growth in CSPKO and efforts to stimulate CSPKO supply will increase CSPKE volumes, but consumption interest is low; CSPKE uptake is only 5.5%
- The Secretariat notes that PKE is subject to the EUDR (also the draft US FOREST Act), which may cause a shift in the CSPKE market; the EU (and the UK and Norway) imported 1.9 million MT of PKE in 2022

10. Certification, Trade & Traceability System (CTTS)

KL and NG presented an overall on the Certification, Trade & Traceability System (CTTS) (previously named Digital Framework) which is being developed by the Secretariat and vendors. KL informed that the CTTS is a system where the procedures of the Palm Trace, Certification audit reports, trade and traceability are amalgamated into a single platform. HS informed that the CTTS team will be conducting a session during RT2023 to introduce the CTTS to the Stakeholders.

The MDSC asked whether geolocation data will be uploaded in the system to support EUDR compliance. This is indeed the case.

11.0 AOB	
11.1	<p>When will the new RSPO Rules on Market Communications and Claims go live, interim changes planned & amends previously agreed status?</p> <ul style="list-style-type: none"> ○ 3 October 2022 released, 1 year transition
11.2	<p>Use of the words “segregated” and “mass balance” are unique to palm oil and so cannot be used on pack without prior approval from the RSPO?</p> <ul style="list-style-type: none"> ○ Discuss with MDSC
11.3	<p>Next MDSC Meeting:</p> <ul style="list-style-type: none"> • Monday 20 November, 2023 (Physical Meeting Jakarta) <ul style="list-style-type: none"> ➤ In person confirmed: Julian, Laura, Anne-Laure, Jose Roberto, Inke ➤ Declined: Marieke, Caroline ➤ Pending: Eddy, Surina, Harjinder, Oscar, Tom, Laura, Tracey, Ian
11.4	<p>JWP flagged that The Guardian newspaper has been doing a series of articles on ‘Ultra Processed Foods’ (“UPF”), and basically how bad they are for us and in the last article they specifically mentioned palm oil as being a UPF. Palm Oil was specifically linked but not other oils. JWP will try to find the link and share it with the Members.</p>