

Market Development Standing Committee (MDSC) Meeting Draft Agenda

Date: 16 July 2020

Start Time: 7 am Guatamala/Colorado Springs, 8 am New York, 1 pm London, 2 pm Amsterdam, 8 pm Singapore/Kuala Lumpur/Hong Kong

Venue: Zoom call

Invited Attendees	
<p>MDSC Representatives Anita Neville, GAR - co-chair Eddy Esselink, MVO - co-chair Harjinder Kler, HUTAN Jonathan Escolar, Natura Logistica E Serviços (Body Shop) Jose Roberto Montenegro, Agrocaribe Julian Walker Palin, Retailers Palm Oil Group Lee Kuan Yee, Kuala Lumpur Kepong (KLK) Marieke Leegwater, Solidaridad Tracey Gazibara, Cheyenne Mountain Zoo</p>	<p>MDSC Alternates Caroline Westerik, AAK Sharyn Shufiyan, Wild Asia Franka Lakeman, Ahold Delhaize</p> <p>RSPO Secretariat Beverly Postma Dan Strechay Margareth Naulie Panggabean Inke van der Sluijs Ashwin Selvaraj</p> <p>Invited Consultants Aimee Rusillo Bilge Daldeniz</p> <p>Absent Razuwan Che Ros, FELDA Ian Hay, HSBC</p>

Item	Description	Focal Point / Action Items
1	Introductions from the co-chair and the reading of the antitrust statement.	
2	<p>BoG Request: <i>The MDSC will make a proposal on the use of Credits to the BoG after its meeting in July 2020. The BoG will then convene a conference call to discuss the recommendation by the MDSC and revert to the SRWG in August 2020.</i></p> <p>Announcements on the WGs for the MDSC have been put out. Secretariat to send emails to former T&T and C&C</p> <ul style="list-style-type: none"> - Credits had an originally mandate to be a “transitional tool” while working to move companies to 100% physical - The Shared Responsibility Task Force (SRTF) recognized that the environment has changed quite a bit and identified areas where credits can be an important tool: <ul style="list-style-type: none"> - Smallholders - Jurisdictional approaches - Markets/ingredients where physical CSPO is less available 	<p>A.Rusillo, B.Daldeniz</p> <p>The BoG has mandated the MDSC to develop the credits position statement (by the end of August)</p> <p>Secretariat to take the role</p>

	<ul style="list-style-type: none"> - One challenge identified is in pricing <ul style="list-style-type: none"> - Credits are sometimes viewed as the “cheap” option while still being able to promote contribution to sustainable palm oil - Need to change the narrative around Credits from the “cheap” option to a genuine contribution to sustainable palm oil - SRTF concluded that physical CSPO is still desired outcome to achieve the RSPO vision, but credits may always play an important role for specific strategies (smallholders, jurisdictional approaches, lack of physical material in markets, etc.) - BoG commits to develop a position statement on the use of credits in the first year of implementation of Shared Responsibility <p>Questions/Comments:</p> <ul style="list-style-type: none"> - Need to recognise the unique situations each business upstream and downstream is in, so ensuring we promote all four supply chains is important. Volumes are more important than which supply chain is used. - Derivatives still present challenges for many companies to source physical, so credits are needed for companies with complex ingredients to continue meeting commitments - Switching to only IS credits would create cost challenges for many companies, and the supply of IS credits wouldn't be able to cover the volumes demanded wither. All credit options need to continue being offered - Some MDSC members support the idea of a time-bound phase out approach for credits to encourage shifting to physical 	<p>of drafting the statement – no objection from the MDSC</p>
3	<p>Acceptance of Notes from 25 March 2020 meeting</p> <ul style="list-style-type: none"> - No comments on the notes - Notes accepted 	<p>Secretariat</p>
	<p>MDSC Risk Register</p> <ul style="list-style-type: none"> - In March 2020, the RSPO BoG identified the Risk Register as a useful tool - The MDSC will add the Risk Register to the agenda for each meeting going forward to identify risks to be observed and mitigated 	<p>Secretariat</p> <p>Secretariat will add the Risk Register to the minutes going forward</p>
	<p>Secretariat updates</p> <ul style="list-style-type: none"> - O&E Budget Overview and workplan <ul style="list-style-type: none"> - No MDSC budget in the current O&E budget - O&E activities are designed to support activities of the MDSC 	<p>KPIs to be set in WG meetings in</p>

	<ul style="list-style-type: none"> - Shifting strategy to focus on consumers, including ramping up the RSPO homepage with a consumer landing page - O&E will be more proactive in promoting positive stories, such as smallholder stories, use new social media channels - Budget is a 50% reduction to reflect the Covid-19 situation - RT 2020 will be virtual this year and will bring in new voices, potentially even some that disagree with us. Less internally focused and more focused on impact <ul style="list-style-type: none"> - GA will still take place as well, but will be virtual as well. More information to come soon - Supply Chain Traceability Working Group Status Updates <ul style="list-style-type: none"> - Reviewing how to collect and report on uptake data - Outreach Working Group Status Updates <ul style="list-style-type: none"> - Reviewing and updating the Market Communications and Claims document - BoG endorsement to phase out RSPO NEXT - EU Parliament/EU Commission Update <ul style="list-style-type: none"> - EU Parliament developing ways to improve environmental responsibility in sourcing inside and outside of EU - Active outreach with RA, ISEAL, FSC, Fair Trade that are commenting on the legislation to make sure we are being a part of the conversations - We know partnership with other schemes and multi-stakeholder groups is needed to achieve our goals of achieving no deforestation 	<p>May/June 2020</p>
<p>5</p>	<p>Independent Smallholder (ISH) Credits and Smallholder Engagement (Crossover from Smallholder Standing Committee)</p> <p>The Secretariat shared slides focusing on:</p> <ul style="list-style-type: none"> - Smallholder roadmap and objectives - Focus on objective three: The business case for smallholder inclusion in the RSPO is made through increased support - Most independent smallholders rely on credit sales to support their sustainable initiatives. Few smallholders sell physical. - Of the 737 RSPO members registered to buy credits: <ul style="list-style-type: none"> - 86% have purchased credits 	<p>Secretariat (A.Selvaraj)</p> <p>A joint working group of the MDSC and Smallholder Standing Committee will take up marketing IS credits as a ToR objective</p>

	<ul style="list-style-type: none"> - Represents a huge gap, but an opportunity to increase smallholder support through credits - Need to increase demand for smallholder credits - Prices for ISH credits have come down over the last few years - ISH credits can help smallholders to cover costs for becoming certified - Possibility of differentiating claims between credits could incentivize companies to buy ISH credits - ISH – Palm Kernel Expeller faces the largest shortage in demand, so we need to find ways to find markets for these credits <p>Questions/Comments:</p> <ul style="list-style-type: none"> - As markets continue to move towards SG or physical, how can ISH credits show value for RSPO members? - Cost of ISH credits compared to CSPO credits is prohibitive - There is a need to reduce the cost of certification overall so that there is less need for smallholders to sell as many credits - When buying ISH Credits, buyers want to know who they are buying credits from so that they can connect to impact stories 	(with no objections)
6	<p>Next Meeting Dates</p> <ul style="list-style-type: none"> - Moving to bi-monthly meetings - Possibly extending meeting to two hours - Meeting materials to be distributed a week prior to meetings 	Secretariat to set dates for future meetings
7	<p>AOB</p> <ul style="list-style-type: none"> - European Sustainable Palm Oil Dialogue – virtual conference this year that will take place on September 2nd. Register at https://www.spodeurope2020.eu/ 	