

## MINUTES OF MEETING

### Market Development Standing Committee

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**Time** : 2115 - 2230 (MYT)

**Date** : Wednesday 12 January 2022

**Venue** : Conference Call, Zoom 7

**Attendees:**

Name	Initial	Organisation	Representative Category
Eddy Esselink	EE	MVO	Co-Chair, P&T
Caroline Westerik	CW	AAK	P&T
Franka Lakeman	FL	Ahold Delhaize	Retailer
Paula Kasprzyk	PK	Avon (Natura)	CGM
Tracey Gazibara	TG	Cheyenne Mountain Zoo	eNGO
Inke van der Sluijs	IS	RSPO Secretariat	Market Transformation Director
Cameron Plese	CP	RSPO Secretariat	Head of North America
Christine Joan Spykerman	CJS	RSPO Secretariat	Malaysia office
Irene Fischbach	IF	RSPO Secretariat	Director, Stakeholder Engagement
Kamal Prakash Seth	KPS	RSPO Secretariat	Dep Director Market Transformation

**Absent with apologies:**

Name	Initial	Organisation	Representative Category
Anita Neville	AN	Golden Agri-Resources	Co-Chair, Grower IN
Julian Walker-Palin	JWP	Retailers Palm Oil Group	Retailer
Lee Kuan Yee	LKY	MPOA/KLK	Grower MY
Marieke Leegwater	ML	Solidaridad	sNGO

**Invited but not in attendance:**

Name	Initial	Organisation	Representative Category
Denise Westerhout	DW	WWF International	eNGO
Harjinder Kler	HK	HUTAN	eNGO
Jose Roberto Montenegro	JM	Agrocaribe	Grower RoW

**Agenda:**

Time	Topic
21.16 - 21.17	1.0 Antitrust Statement Reading
21.17 - 21.18	2.0 Approval of the Agenda
21.18 - 21.19	3.0 Approval of the November Meeting Minutes
21.19 - 21.27	4.0 Secretariat Updates
21.27 - 21.35	5.0 Working Group / Task Force Updates 5.1 Updates from the Supply Chain Traceability Working Group (SCT WG) 5.2 Updates from Outreach Working Group (OWG) 5.3 Updates from the Oleo Task Force (OTF)
21.35 - 22.02	6.0 BoG request to discuss Market Dynamics
22.02 - 22.15	7.0 Communications highlighting the benefits & robustness of certification
22.15 - 22.25	8.0 AOB - Next Meeting

**DISCUSSION:**

No.	Description	Action Points (PIC)
<b>1.0</b>	<b>Antitrust Statement Reading</b>	
	<p>The Co-Chair (EE) welcomed members of the MDSC to the meeting and reminded the members of the following:</p> <ul style="list-style-type: none"> <li>- All MDSC members will have to abide by the RSPO Antitrust law</li> <li>- MDSC follows a consensus-based decision making as outlined in the ToR</li> <li>- Members have to declare Conflict of Interest (Col) under any items and excuse themselves to remain objective to the discussion.</li> </ul>	
<b>2.0</b>	<b>Approval of the Agenda</b>	
	The meeting Agenda was presented and accepted with no additions nor objections from the Members.	
<b>3.0</b>	<b>Approval of November Meeting Minutes</b>	
	The meeting minutes from the previous MDSC Meeting (30 November 2021) was presented and accepted with no amendments but with some pending action points which will be discussed in the meeting.	

## 4.0 Secretariat Updates

The Secretariat announced the following updates:

**4.1 Interim Coordinators (“IC”):** Adam Harrison and Dr. Gan Lian Tiong have extended their contract till end of March 2022 to help with the onboarding of the new CEO.

**4.2 New CEO** will start Mid March 2022.

**4.3 Director of Stakeholder Engagement:** IS introduced Irene Fischbach (“IF”) to the MDSC. IF gave a short self-introduction. The MDSC welcomed IF to the meeting.

**4.4 [Public Consultation](#)** on the revised RSPO Rules on Market Communication & Claims is still open from 24 November 2021 for 60 days. The first Webinar to socialise the Public Consultation was held yesterday (11 January 2022) and the next will be held on the 19th of January. IS hoped everyone has submitted their comments after all the revisions that have gone through.

**4.5 MDSC Composition:**

IS informed that there are two (2) vacancies in MDSC, namely in the:

- SNGO
- Financial Institution

IS mentioned that ML is unwell hence was unable to join the Meeting. IS will ask ML whether ML knows of anyone from the SNGO constituency who would like to join the MDSC.

IS flagged that in the ToR, it is stated that if a Member has not attended meetings for consecutive three (3) meetings, the MDSC is allowed to open up their seat(s) to allow for other Members.

IS sought approval from the MDSC to contact Jose Roberto Montenegro (Agrocaribe) and Razuwan Bin Che Rose (FELDA) both of whom have not attended any MDSC Meetings in a long while and the input for the Grower and Smallholder constituencies are important. IS asked if she can talk to them to check if they are still keen or will attend the next meeting and/or suggest any of their colleagues or someone in their constituencies are interested to join the MDSC.

EE agreed that it’s the right thing to do and suggested that IS send them an email / administrative message to get their ideas / input. IS replied that she will do as suggested.

**4.6 GA Resolutions adopted**

IS revisited the GA 2021 and informed that the following three (3) resolutions were brought up in the GA in December 2021 and were

RSPO secretariat to follow up with ML for nomination SNGO.

RSPO secretariat to follow up with Agrocaribe and FELDA on participation in the MDSC.

adopted by all the Members during the GA. The different Working Groups and Standing Committees will be responsible for the execution of the plans in the Resolution.

**4.6.1 Resolution GA18-2b:** Strengthening the Code of Conduct to clarify that it embraces all stages of the Supply Chain, in particular refineries. The *Shared Responsibility Working Group (“SRWG”)* is tasked to come up with a plan within six (6) months. IS has instructed the SRWG to put it on their Agenda for the next Meeting.

**4.6.2 Resolution GA18-2c:** Enhancing the robustness of the RSPO Mass Balance model to accelerate uptake of Certified Sustainable Palm Oil. The *Standard Committee (“SSC”) and Assurance Standing Committee (“ASC”)* need to review this resolution and work on the communication. IS foresees that the MDSC will need to be involved in some stages of the development. IS mentioned that she’ll connect with other Directors to see how the MDSC can contribute to the development of more robust communications.

EE enquired regarding the timelines involved in Resolution GA18-2c, what are the current ideas of the SSC and ASC because it is relevant especially to what is going on in Europe and the proposal over there, the Mass Balance plus. IS replied that there is a timeline stated in the Resolution but she doesn't have it at hand, she’ll look it up and inform EE later. EE requested IS to bring this Resolution back for discussion as it is relevant to the MDSC as it has to do with market development. IS agreed.

**4.6.3 Resolution GA18-2d:** Resolution to review and amendment of the Remediation and Compensation Procedure (RaCP) process as applied to scheme smallholders. *BHCV Working Group and Compensation Task Force* is to work on this Resolution. IS commented that before work starts, a revision for the process of voting is needed because during the discussion in the GA, there were few incorrect statements (i.e. the Secretariat has approved this Resolution already) and this was corrected by the Secretariat during the GA. The Secretariat needs to check and ensure that proper procedure is followed and the votes are indeed in favour of this Resolution. IS commented that this was the case and unfortunate case about this Resolution.

**5.0 Working Group / Task Force Updates**

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**5.1 Updates from Supply Chain Traceability Working Group (SCT WG)**

IS informed that the SCT WG has not met since their last meeting, hence there is no update now but will have for the next meeting.

## 5.2 Updates from the Outreach Working Group (OWG)

KPS presentation updates of the OWG.

- **5.2.1 Previous Workstream**

The [Public Consultation](#) period for the C&C document will finish on 23 January 2022 and the document is expected to be sent for BoG endorsement (after review by the OWG, MDSC and SSC) in March-April 2022. The Secretariat's Assurance Division organised a webinar for Members on 11 January to highlight the key changes and also to encourage Members to submit comments and/or feedback. Another webinar, specifically to cater to the Members in the Americas will be organised on the 19th of January.

The communication plan (webinars, online/social media campaigns, mailers etc) to socialise the Endorsed document to Members (plus to encourage positive communications) from April/May onwards is being discussed with the incoming Director, Stakeholder (Irene Fischbach) and it will be finalised in the near future.

KPS informed that both he and IF had a conversation regarding the Communications plan and will submit the drafts of the Plans to the MDSC and Working Groups in the coming weeks, hopefully before the next meeting in March to get feedbacks on how to socialise the C&C documents to all the Members across time zones across the world.

The Webinar held yesterday was only focused on encouraging Members to submit their comments but the final documents need to be socialised and to encourage positive communications for CSPO. Some of the elements in the Plan are obvious such as series of Webinars, online Social Media templates, mailers but will have a more substantial plan in the coming weeks.

- **5.2.2 Current Workstream**

The OWG has not met since the last MDSC meeting on 30 November 2021. The next meeting will be organised in February and we will discuss the plans and priorities for 2022.

The Secretariat organised the 'Global Youth for Sustainable Palm Oil Submit 2021'on 4 December 2021 (Virtual). This year we decided to do live streaming besides the Webinars and this has helped in increasing the participation especially in China, where people found it difficult to join via Zoom, especially the youths. More than 8,000 people participated from 20+ countries (mostly for BIG4) and the overall response was good. More details in the [press release](#).

RSPO's Head of China (Lifeng Fang) joined the Secretariat in December 2021 and will be leading our Market Transformation, Stakeholder Engagement and other efforts in this region. Wan Jian (Stakeholder Engagement Manager) is on maternity leave and will be back in about 3 - 4 months. The Market Transformation Executive (Shivnayan Aggarwal) for India had joined us in November 2021.

KPS further presented slides on the Main Activities and Timelines for C&C Document Revision from the beginning of the process till the final document in April 2022.

EE enquired if there are any number of reactions and/or are there any reactions which include major change proposed. KPS replied that the OWG is waiting for the Assurance Unit to compile all the comments which will only be done after the deadline but so far, OWG haven't spoken to the Assurance Unit yet as they are still in the midst of the Public Consultation. But KPS will report back later.

CP informed that the OWG will be hosting one more Public Consultation for the Americas time zone next Wednesday (19 January 2022) and will get more comments and have more to report on this as well. IF informed that there were 196 participants in yesterday's webinar. Both EE and CW commented that it has a good number of participants.

IS commented that procedure wise, Assurance Unit will collect the comments, and will discuss that internally and will bring recommendations to the OWG first and then it will be brought to the MDSC. KPS affirmed and replied that once they create the summary of comments received from the Public Consultation, they will start to change the document, then they will go to the OWG for comments and then to the MDSC and after that to the SCC before going to the Board.

**5.3 Updates from the Oleo Task Force (OTF)**

IS updated that the OTF held its first meeting on 8 November 2021 and the second meeting was held on 13 December, 2021. The Terms of Reference (ToR) was finalised. There are still vacancies for eNGO and Retailers constituencies as well as the Chair position which has not been filled yet.

**Objectives** shared previously are:

- i. To study the CSPKO supply chain and identify where loss of certified material and shortage of supply occurs.
- ii. Identify barriers for example in logistics or certified status of supply chain actors and work with potential RSPO Members to resolve these.
- iii. To review whether a shortage in CSPKO and/or its derivatives in the market can be compensated for in other ways.
- iv. Develop an action plan to ensure market demand for CSPKO is met by certified supply.
- v. To conduct reviews and purpose revision where necessary on rules relating to RSPO oleochemicals and downstream derivatives to the SCT WG. Current rules for oleochemicals and its derivatives are published in Annex 6 of the RPO Supply Chain Certification Standard.

IS tried to come up with some short term solutions as requested by the BoG. There is a huge shortage in the Market and we risk losing the commitment of the Members. So far, the OTF has not come up with any short term solutions that are supported by the OTF so this is something that needs to be addressed in the next Meeting which is on 27 January 2022.

## 6.0 BoG request to discuss market development

### 6.1. Discussed trends, challenges, barriers and opportunities last meeting

IS informed that the BOG has requested the MDSC to look into the market dynamic failures and IS had presented some insights in the previous MDSC November 2021 meeting.

### 6.2 MDSC recommended to link these with the 5 year operational plan and budget

The MDSC has suggested that IS bring it in line with the Operational Plans and review where progress is made and where gaps still exist. IS shared a little on the Operational Plans as it was already published in 2020 and Secretariat may not have socialised it amongst the Members. Some of the important developments for the Market Transformation Division are:

#### **Win on these localities:**

##### ***Winning on Supply:***

Conversion to CSPO in Indonesia and Malaysia - who are producers

##### ***Winning on Uptake and Demand:***

Conversion to CSPO in Indonesia, India, China and Japan

##### ***Winning in Inclusion:***

Conversion of Smallholders in Indonesia and Thailand - markets for smallholders

##### ***Winning in Prevention:***

Latin America and Africa - where expansion is taking place

##### ***Winning on Reputation:***

Driving further demand in EU and North America

Once these modalities are proven to work, they will be scaled up in other locations.

### **Pillar 4 Transform Markets**

The Market Transformation Division specifically looks at matching Supply and Demand while growing the global market through increased purchase of Sustainable Palm Oil to incentivise and support implementation of sustainable production. Now that we have better data, we can see that there

is still more supply than demand but that the gap is not as big as we initially thought because we were not analysing sales under other schemes before. Matching supply and demand, IS identified three (3) work streams as follows to transform markets:

**Work stream #1**

Recruit New Members to match supply and demand

**Work stream #2**

Convert existing Members from using conventional CPO to sustainable CSPO

**Work stream #3**

Commit all Members as Ambassadors to bring levels of change (SR)

**Operational SMART Objectives for 2025**

**Objective 7** - More than 24% of Global supply is certified

**Objective 8** - More than 16% of Global consumption is from sustainable sources.

At this moment, the Secretariat is doing a half year review because we ended the first half of the Secretariat’s financial year which runs till June 2022. This is measured after Q3 in 2021 and we are actually on target.

Base	Target December 2021	Status Q3 2021
Global Supply - 17%	18%	18.5%
Consumption - 8%	10%	10%

We are on track which is good news and at the same time, we realised that we have to be more successful in the bigger new markets in order to change these trends.

CW enquired what does it mean by “Winning: Prevention in Latin America”. IS replied that Latin America is the biggest growing market in terms of sustainable production but we have to ensure that expansion is happening in a sustainable manner. It is not a reputation market and it's not an uptake market in that sense but it's the phase we are in where we prevent the expansion to happen with environmental and social risks.

EE enquired whether the respective modalities, once it is proven to work it will be scaled up in other locations but it may not be needed. Will it be in a way of reporting or sub-reporting in the coming months to be expected, how it should work?

IS replied that it is also difficult to measure the progress in these modalities because most of our reporting is done on a Member level and digging into the data per regional country is quite challenging. It is quite difficult to



measure and it's something that we need to improve but we have better views on specific growth or stabilising trends in specific regions but these are the focus areas at this moment and we have identified these countries and trends as priority countries and regions.

CW enquired whether "Winning on reputation" is definitely an issue in Europe and North America. Do we win our reputation by driving further demands as the demand is going down in Europe and/or is the over consumption is sort of going down in Europe.

IS agreed that the overall consumption is going down in Europe. IS commented that to her, winning on reputation is a signal which comes from specific markets to other markets because if sustainable palm has a poor reputation in these markets, it will affect the perception in other markets, what we have to do is come up with a proactive positive media plan and it's definitely something that IF can discuss later in the meeting. It is not necessary driving further demand but we are still working with our team on that and CP can speak on that, to ensure more volumes in Europe and North America which are currently consumed as conventional should be converted to sustainable but we need to do more on the reputation of RSPO to address this better.

FL whether the new EC proposed legislation to prevent deforestation will improve the reputation of palm oil. IS replied that the discussion in the EU Commission is a crucial one for RSPO and we are following it closely. We organise monthly meetings with our members to see whether we can do more in terms of outreach. The legislation will come into effect in 2024, and whether it will help the reputation of palm or RSPO depends on the final text. EE commented that we have to build and work on this reputation and shoulder the positive story as always mentioned from sustainable palm oil which may be the particular interest in Europe and North America and also true for the other markets.

CW commented that it is both an opportunity and a threat as long as you are able to tell the narrative in a positive way and also get the recognition. There has been some positive communications about lower deforestation rates in Indonesia also supported by NGOs which is positive and that is what we as an industry have been working on and we need to be proud of those achievements.

CP commented that they are seeing similar discussions in North America legislation, it's now shifting a lot more to focusing on beef and soy.

KPS added that the Government of India, Ministry of Commerce, was discussing palm and soy sustainability with the business stakeholders and NGOs and the general feeling was that palm and RSPO has set a high benchmark on sustainability and a lot more needs to be done for soy in India and around the world and India is the largest importer of soybean oil as well.

IF asked whether we, as RSPO, can deliver on the promises in terms of enforcement and assurance.

EE enquired if the Pillars / Work streams will be shared with the public. IS replied that it can be shared with the MDSC but it is not prepared for public sharing. IS and IF can discuss what can be shared publicly.

EE commented relating to the discussion which the MDSC just had about the European legislative also probably in North America and other regions. It is important to show what is achieved especially since the role of certification schemes of RSPO is sometimes heavily debated / discussed and here we have the opportunity to show that there are some good effects going on.

IS then shared on the Operational plan on what is being done to grow the Market Transformation team and discussed the impact of Covid and limitations in Market Transformation (MT) staff in key territories.

**Recruited in 2021**

- 1 Head of China
- 1 Executive MT India
- 1 Shared Responsibility (SR) Manager (Global)
- 1 Maternity Leave cover for Head of SR Unit (Global)
- 1 MT Manager North America
- 1 Deputy Director EMEA
- 1 Deputy Director Indonesia (Starts February 2022)

**In Progress:**

- 1 Deputy Director Malaysia & Thailand
- 1 Senior MT Manager EU

**Not started but part of the Plan:**

Head of India, MT Manager Indonesia (largest Market), MT Manager Malaysia, Assistant SR Manager, Admin/Membership support for regional teams but this will need new Board approval.

**Indirect reports to regional heads, relevant for Market Transformation recruited:** SH Manager Africa, Assurance Manager Europe.

**In progress:** SH Manager Latam, SH Manager Thailand (confirmed yesterday).

These are the developments for the Market Transformation Division and the growth that we are seeing is all according to the Organisation Chart as approved by the Board.

**7.0 Communications highlighting the benefits & robustness of certification**

IF commented that she understands that item 7 - Communications highlighting the benefits and robustness of certification has been asked to be a standing topic on the Agenda of the MDSC. IF updated the MDSC on the following:

**Pillar 3 : Engage Stakeholders**

An enabling environment that helps bring in growers, buyers, investors and partners to participate in the sustainable palm oil sector. Working with government and jurisdictional approaches to drive scale and sector transformation.

**Work stream #1**

***Build the Enabling Environment***

Engage NGOs as well as Communities, Financial Institutions, Think Tanks, Universities and some other stakeholders and supporting sectors, build partnerships

**Work stream #2**

***Influence / Taking care of Governments.***

Government relationship is something that is missing in the past or that was not done on purpose but it should be done more in the future. IF wants to hire a Head of Government Relations and see how to move forward with this team and activities.

Multilateral, National and Jurisdictional Approaches.

**Work stream #3**

***Drive Awareness and Reputation*** - defining the brand positioning of RSPO

Attract new Members, Inspire Consumers.

IF commented that her predecessor had left a few months ago. Many things have not been worked on, so we just started to define with the team where they actually stand in reaching their objectives.

**Operational SMART Objectives for 2025**

***Objective 5*** - RSPO referenced in more than 10 Government policies

***Objective 6*** - More than 15% improvement in positive stakeholder sentiment for RSPO.

IF further commented that in order to achieve these, we need a baseline, so this is on the Stakeholder Engagement’s Agenda. For this year, we want to design and then conduct a Stakeholder Engagement survey so that we have a baseline of where we want to start from and over the years, we want to increase. The operational plan is a five (5) year plan.

	<p><b>Activities from Operational Plan with biggest impact on business imperative</b> IF then presented the activities / divisional plans from the Operational Plan which she felt will help the better positioning of RSPO.</p> <p>The secretariat and the MDSC have to agree on the activities that the MDSC can actively contribute to and operate as a sounding board for the Stakeholder Engagement Division.</p>	
<p><b>8.0 AOB</b></p>		
	<p><b>8.1 MDSC Year 2022 meetings</b> IS informed that the MDSC meetings have been scheduled for 2022 and these are scheduled in advance of the BoG meetings. The proposed schedule is (adjusted after the meeting) 17 March 19 May 14 July 15 September 17 or 24 November or 8 December (depending on RT) Calendar invites will be sent after the meeting</p> <p><b>8.2 Suggested Action Points for Next Meeting</b></p> <p>IS commented on suggestions for the next meeting in March and mentioned that in the previous meeting with AN and CW last year, what is useful in the March meeting is to identify the activities that we want to do for 2022.</p> <p>IS gave a brief update on Shared Responsibility:</p> <ol style="list-style-type: none"> <li>1) The Board has accepted the Year 3 Target and next week (Wednesday) there will be a communications around that; and</li> <li>2) The Workshop on Shared Responsibility will be organised with the SRWG and the BOG. We want to talk about (i) <b><i>“What does success look like?”</i></b> and (ii) <b><i>“When have the requirements of Shared Responsibility been successful?”</i></b>.</li> </ol> <p>CW enquired on the <b>Roles of RSPO Credits</b>. Is that something that the MDSC will again pick up and plan for next year, especially if we look at the uptakes in the new and big Markets like India, China, we have always said that there is a role for credits in the starting phase? IS replied that she was supposed to start a sub group on positioning RSPO with regards to RSPO Credits but it hasn't been done as IS is managing many WGs and SCs hence, she hasn't started it.</p> <p>CW suggests that the MDSC put it on the list as it can be something that IF can integrate in the positioning and communication plans, etc. CW thinks there is where it fits and we can see what are the tools available to stimulate uptakes etc. IS agreed and thanked CW for the reminder. EE commented that</p>	<p>The Secretariat will send out calendar invites for the next meeting</p>

	<p>ML should be involved as it involves Smallholder credits. IS replied that nobody has challenged the importance of Smallholder Credits but there should be better promotion around it.</p>	
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