

MINUTES OF MEETING

Market Development Standing Committee

Time : 2003 - 2135 (MYT)

Date : Tuesday 30 November 2021

Venue : Conference Call, Zoom 7

Attendees:

Name	Initial	Organization	Representative Category
Anita Neville	AN	Golden Agri-Resources	Co-Chair, Grower IN
Eddy Esselink	EE	MVO	Co-Chair, P&T
Caroline Westerik	CW	AAK	P&T
Denise Westerhout	DW	WWF International	eNGO
Franka Lakeman	FL	Ahold Delhaize	Retailer
Julian Walker-Palin	JWP	Retailers Palm Oil Group	Retailer
Marieke Leegwater	ML	Solidaridad	sNGO
Paula Kasprzyk	PK	Avon (Natura)	CGM
Tracey Gazibara	TG	Cheyenne Mountain Zoo	eNGO
Inke van der Sluijs	IS	RSPO Secretariat	Market Transformation Director
Christine Joan Spykerman	CJS	RSPO Secretariat	Malaysia office
HS Yen	YHS	RSPO Secretariat	Sr Data Scientist
Kamal Prakash Seth	KPS	RSPO Secretariat	Dep Director Market Transformation
Ruben Brunsveld	RB	RSPO Secretariat	Dep Director EMEA

Absent with apologies:

Name	Initial	Organization	Representative Category
Lee Kuan Yee	LKY	MPOA/CLK	Grower MY

Invited but not in attendance:

Name	Initial	Organization	Representative Category
Harjinder Kler	HK	HUTAN	eNGO
Jose Roberto Montenegro	JM	Agrocaribe	Grower RoW
Sharyn Shufiyan	SS	Wild Asia	sNGO

Agenda:

Time	Topic
20.03 - 20.05	1.0 Antitrust Statement Reading
20.05 - 20.10	2.0 Approval of the Agenda
20.10 - 20.13	3.0 Approval of the September Meeting Minutes 3.1 Pending Action Points
20.13 - 20.17	4.0 Secretariat Updates
20.17 - 20.27	5.0 Working Group / Task Force Updates 5.1 Updates from the Outreach Working Group (OWG) 5.2 Updates from Supply Chain Traceability Working Group (SCT WG) 5.3 Updates from the Oleo Task Force (OTF)
20.27 - 21.03	6.0 BoG request to discuss market development
21.03 - 21.18	7.0 EC proposal for a regulation on mandatory Due Diligence for deforestation
21.18 - 21.21	8.0 Communications highlighting the benefits & robustness of certification
21.21 - 21.32	9.0 Impact indications
21.32 - 21.34	10.0 AOB Meeting schedule 2022

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Antitrust Statement Reading	
	<p>The Co-Chair (AN) welcomed members of the MDSC to the meeting and reminds 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 (CoI) 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 or objections from the Members.
3.0 Approval of September Meeting Minutes	
3.1	The meeting minutes from the previous MDSC Meeting (13 September 2021) was presented and the following key action points were reviewed:
3.2	<p>Review Minutes of September 2021 Meeting</p> <p>3.2.1 Develop and publish an RSPO position paper on draft US due diligence. This was marked as done. However, AN asked for the link for it is difficult to find the position papers on the website. She further thanked CP for sharing the link.</p> <p>3.2.2 Secretariat to draft dashboards for progress in the Big 4 (OWG). This was marked as work in progress.</p> <p>3.3.3 Develop 2-3 key messages and FAQ on production and uptakes to accompany the new graphs and share final messages for comments with the MDSC (SCT WG). This was marked as done.</p> <p>3.3.4 Develop brief for call for nominations for a subgroup to work on the positioning of RSPO Credits Including ISH credits. This was marked as not started. IS informed that this action was pending due to some time limitations. AN thanked IS and commented that it's been a busy period since September with the RT series, GA and Due Diligence.</p> <p>3.3.5 The Secretariat to revive the Oleo Working Group. This was marked as done with the comment that the first meeting was held on 8 November 2021 and MDSC will be given an update later in the meeting.</p> <p>There were no other additions, amendments nor objections from the members.</p>
4.0 Secretariat Updates	
	<p>The Secretariat announced the following updates:</p> <p>4.1 Interim Coordinators (“IC”): Both Mr Adam Harrison and Dr Gan Lian Tiong have agreed to extend their agreement with RSPO until the end of March 2022.</p> <p>4.2 New CEO: The new CEO will start in mid March 2022.</p>

	<p>4.2 New Staff Recruitment: An offer was made to the Director of Stakeholder Engagement. The new Director is expected to start next week.</p> <p>4.3 RT2021 IS hoped everyone enjoyed both the regional and global RT sessions and requested feedback as the Comms Team are currently gathering feedback to improve the RT series.</p> <p>4.4 GA18 IS announced that it will be held on 2 December 2021. IS hopes that the MDSC members have registered and reminded everyone to ensure that their voting is done on time and mentioned that if those who have registered to actually attend, the GA18 have a quorum to proceed.</p> <p>4.5 Public consultation revised RSPO Rules on Market Communication & Claims has been opened from 24 November and remains open for 60 days. IS requested members to put forward their suggestions and concerns or any issues during that period, if they haven't done so.</p> <p>AN encouraged all members or representatives from the Growers to the Retailers to be proactive and submit their outstanding comments which had not been initially adopted through the formal channels.</p>	
<p>5.0 Working Group / Task Force Updates</p>		
	<p>5.0 Working Group / Task Force Updates</p> <p>5.1 Updates from Supply Chain Traceability Working Group (SCT WG) IS mentioned that their main focus of work was around the graphs (actual production and sales of CSPO and CSPKO) that were now published on RSPO Impacts page, shared through email blast and announcement. The graphs will be updated on a regular basis.</p> <p>IS further commented that the SCT WG has not met since the last meeting due to resource limitations that the secretariat has and furthermore there's no Chair to move work forward. IS mentioned that a new meeting should be scheduled and a Chair selected to ensure progress is made.</p> <p>5.2 Updates from the Outreach Working Group (OWG) KPS shared the following on OWG :</p> <p>5.2.1 Previous Workstream The Market Communications & Claims document was revised based on feedback from MDSC and OWG members before the public consultation process. KPS mentioned that more details have been shared with MDSC and OWG members by RSPO's Assurance division via</p>	

email and provided a Link for the announcement - <https://rspo.org/news-and-events/announcements/public-consultation--rspo-rules-on-market-communications-and-claims-document-2021>

KPS explained the timeline by the Assurance Unit on the whole 60 day public consultation process which started on 24th of November, and is ongoing till January 2022 and thereafter it will be shared across the relevant WG, SCs and presented to the Board by April 2022.

AN requested that the timeline be sent out to Members and urged the Secretariat to ensure that there is a communications plan being developed at the same time, as that is in the late stages of design work, etc. at the end of April 2022, there is a significant communications push to all RSPO members, not just those in the working groups nor, in standing committees but to all RSPO Members about what the new rules are as this was part of our push to have positive messaging to counter the no palm oil claims.

AN mentioned that the Board is frustrated at the speed of execution and it's really imperative that the RSPO have communications being planned for and executed when it goes live. KPS replied that once the Director for Stakeholder Engagement is on board they will make this one of the top priorities at the highest level for socialisation of the document.

5.2.2 Current Workstream

- i) OWG members discussed potential topics which could be part of the RT APAC event dialogue. There was a consensus on doing more with 'Shared Responsibility' education awareness and toolkits for members to be effective ambassadors for RSPO was highlighted as some of the areas. Ideas from members about how to do better moving forward on the outreach for shared responsibility were collected during their meeting yesterday.
- ii) Some members are also supporting the outreach efforts for the upcoming virtual 'Global Youth for Sustainable Palm Oil Summit 2021' on 4th Dec 2021 .

KPS was grateful for members' support in recommending speakers or promoting the event on social media and is expected to be the biggest of the additions is the third edition of the summit the name change was from the Asian Youth Summit to the Global Youth For Sustainable Palm Oil Summit and currently registrations from about 18 countries, so it is moving beyond the Big 4 and, hoped that there will be participation from youth worldwide and more updates will be shared in the next MDSC meeting.

- iii) RSPO has been approached to explore the usefulness of supporting the creation of a global network of national/regional sustainable palm oil

initiatives. The secretariat asked OWG members for advice and many members felt that it can be done if it adds value. RSPO can advocate that certification has a role to play to address deforestation and remain consistent with its position on this across markets. The secretariat joined the first introductory meeting on 18th Nov and will be discussing this further.

KPS informed that they have been discussing the feasibility or the usefulness of a global network of national or regional sustainable initiatives and are at the initial stage and they just had an introductory meeting with National Coalition of Sustainable Palm Oil from the Netherlands, UK, India, China and Singapore, and we have asked Efeca from the UK, which is trying to coordinate this process to develop terms of reference to evaluate the merit on what additional value will be created.

KPS further mentioned that once they have some documents worth sharing, he will share it with the OWG members to examine if there are any merit in proceeding further. One of the works in progress is the Big 4 Dashboard. A discussion on this with the impacts team will be held to move the Big 4 Dashboard forward.

YHS committed that to follow up on the Big 4 dashboards, the Impacts and the Assurance team have requested for changes to be made in the PalmTrace Traceability platform to better capture destination of trades within so that should provide the OWG with a better and more regular update on trade flows in terms of destination, as opposed to the current situation where they are very reliant on an annual process to deliver those results. They have started some of the data structure work in motion, but it is dependent on the portion working together with Palm Trace to capture the data.

5.3 Updates from the Oleo Task Force (OTF)

IS updated that the Task Force held its first meeting on 8 November and the ToR was drafted. There were some suggestions to add a clause which is decision making in the ToR. The OTF had reviewed the current nominees and had invited a few more CGM, NGOs, Member, Retailers and was looking to elect a Chair for the Task Force.

IS presented the Objectives of the OTF which are :

1. To study the CSPKO supply chain and identify where loss of certified material and shortage of supply occurs.
2. Identify barriers for example in logistics or certified status of supply chain actors and work with (potential) RSPO members to resolve these.
3. To review whether a shortage in CSPKO and/or its derivatives in the

	<p>market can be compensated for in other ways.</p> <ol style="list-style-type: none"> 4. Develop an action plan to ensure market demand for CSPKO is met by certified supply. 5. To conduct reviews and propose revision where necessary on rules relating to RSPO oleochemicals and downstream derivatives to the SCT WG. <p>The OTF is working on the first Objectives to fully understand CSPKO in the Supply Chain to understand where the losses of certified material are; to identify barriers, logistics, certified status of supply chain actors and look to resolve these issues. The OTF have to review whether it is possible to compensate for the unavailability of the CSPKO or derivatives in other ways and develop an action plan to ensure that market demand is met by supply and there's a possibility to review supply chain certification standards where rules are laid down for all oleochemical downstream derivatives.</p>	
--	--	--

6.0 BoG request to discuss market development

	<p>IS shared that the Board has requested the MDSC to look into the market dynamics specifically on why when demand increases, the supply is not significantly increased. IS then briefed on the graphs published on the RSPO Impacts website.</p> <p>IS came up with the following trends:</p> <p>(i) Trend: more CSPO supply than demand Production increases year by year:</p> <ul style="list-style-type: none"> - Growers (incl. SH) implement their mandatory Time Bound plan (ACOP2020 CSPO is 49% of the total volume) - New growers join RSPO - Yield increases <p>Sales increases year by year:</p> <ul style="list-style-type: none"> - RSPO consumption approx. 65% - Dual certified volume sold through other schemes uptake approx. 25% - Main markets EU and North America <p>Why is the increased demand not met by more supply?</p> <ol style="list-style-type: none"> 1. Premium is not incentivizing enough 2. There is not sufficient demand yet 3. RSPO certification is (perceived) to be difficult or costly 4. Land title rights are difficult to obtain (esp. HGU) 5. Compensation costs for liability 6. Other markets that do not demand CSPO 7. Local schemes are promoted (biofuels in Indo) 8. Higher premium for other markets (biofuels in EU) 	
--	---	--

9. Joining RSPO can give public exposure for NGO campaigns and complaints
10. Delays in becoming member and certified

How to increase CSPO supply?

- action on TBP
- recruit new growers
- improve RSPO reputation
- communication around benefits and cost of certification
- change the compensation for liability?
- change the requirements for land title rights?
- create more demand/better incentives

How to increase CSPO demand?

1. Socialise and implement Shared Responsibility
2. Work with our CGM/RT/P&T members to develop strategies for Big 4 (Indonesia, India, China, Malaysia)
3. Maintain EU/US markets
4. Improve RSPO reputation

(ii) Trend: CSPKO demand is higher than supply.

How do we increase supply?

1. Ensure there are no losses of CSPK to CSPKO: optimise existing supply chain
2. Increase yields on existing plantations
3. Compensate CSPKO use by CSPO credits with conversion ratio?
4. Certify more plantations and smallholders (bigger kernels)

Risk: committed members move away.

Barriers to increase supply:

- CSPK is 5% of the FFB, plantation companies do not certify their plantations for the demand of CSPK only -> increase CSPO demand
- long and complex supply chain: end user not in touch with plantation companies
- integrated companies

Solutions to break trends? Short term solution?

AN enquired what it is that the Board is expecting the MDSC to do with this discussion. IS informed that the Board wants the MDSC to review what is happening in the market, list barriers and come up with solutions. IS further mentioned that she'll list out potential barriers which are probably the most challenging and then come up with some solutions and/or action plans.

CW suggested conducting a workshop to look at what is the root cause that is seen and how it can be addressed and to check if it is already being addressed in other initiatives and RSPO should avoid duplicating efforts and

building on everything that's already ongoing and reinforcing what has already been worked on. And to understand what are the dynamics behind this and also have discussion on what are the steps that MDSC can take instead whether this is MDSC's responsibility or is it the responsibility of other standing committees or initiatives within the RSPO.

AN enquired if it is possible to map some of barriers against the strategy that was signed off by the Board last year and commented that if there are initiatives that have already been identified that would tackle some of these barriers to growth in the market then. And as a committee, MDSC needs to remind the Board that they signed off those initiatives and that they should be appropriately resourced and prioritised. And if there are gaps remain, then having a longer more substantive conversational workshop around those gaps is reasonable.

AN summarised that anything that is done should be with data but currently, most data are aggregated. RSPO is aware that Europe and America, North America are large markets in terms of CSPO purchasing and we need to have the same insights about the other markets. There is a need to map the challenges or barriers against the five year strategy that the Board signed off last year, particularly any priority activities that would help address some of those barriers or challenges, so the Board should be reminded of what they set out to do, to address some of these problems.

AN also suggested that both she and EE have an onboarding session with the new Director of Stakeholder to pick up on common thread about proactive, positive palm oil communication and prioritising the development of such a communications plan or branding plan and the need to have shared messaging and toolkits to enable members to communicate consistently about the benefits of being in the RSPO and purchasing RSPO certified products.

IS further mentioned that she will have to identify the barriers and the solutions and that the Board had expressed that they wanted a short term solution for CSPKO situation and to think of some compensation as a short term solution, try to optimise the supply chain, certifying more plantations but that will not be a quick solution for our members that are downstream and demanding CSPKO or derivatives.

7.0 EC proposals for a regulation on mandatory Due Diligence for halting deforestation

RB gave an update on the debates around deforestation and mandatory due diligence. RSPO has been following the discussions and tried to influence the draft proposals. RSPO published two letters leading up to the proposal from the Commission, together with other schemes and through cooperation in ISEAL. The current proposal does reflect some of the positive changes that

RSPO wanted to see compared to the earlier drafts.

RSPO came out with a formal position on the mandatory [due diligence](#). It lines out that RSPO is supportive of the commission's ambition to make supply chains of commodities to enter the market free of deforestation. RSPO emphasises that this is part of the P&C of RSPO. The main concern about the current proposal is about the negative social impacts that it would have if it goes through unamended. It makes Mass Balance and RSPO Credits defacto impossible for small producers to come onto the market.

RB mentioned that the Commission for the first time actually acknowledged that it was their intention to end multiple supply chains by 2024. The text currently speaks of the fact that, if there is a non-negligible risk that the product is not deforestation free, it cannot be put on the market. There's no definition of what non-negligible is, but for RSPO Credits and MB, additional due diligence would be required. There is also a requirement for geo localisation down to plot level, which makes it very difficult, especially for smallholders. There are also concerns around different interpretations by the national competent authorities of individual Member States that could actually implement this regulation differently.

This is now going to Parliament and the Council, where we will also engage, both as RSPO individually, but also through our cooperation with other schemes and ISEAL.

RB further updated that the next large proposal to come out of Brussels is still scheduled for the 21st December on sustainable corporate governance including due diligence on human rights across commodities.

EE questioned whether there will also be a reaction from ISEAL on the mandatory due diligence proposal.

RB replied over email after the meeting that ISEAL will publish a position paper and the main elements will be:

- Lack of incentives for operators to go beyond the minimum sustainability requirements before placing forest risk commodities on the European market.
- The proposal does not distinguish between self-reported and verified information.
- Absence of minimum credibility requirements for certification or other third party verified schemes that can be used in the due diligence risk assessment procedure
- The exclusion of smallholder producers of forest-risk commodities from European markets
- Risk mitigation and the risk of “cut and run”
- Policy sequencing and the need to embrace a smart-mix policy approach

Following on from this first position paper, which will address these concerns

	<p>with specific text proposals, ISEAL will produce a more in-depth policy paper to which we will also have the possibility to contribute.</p> <p>FL explained that some other voluntary sustainability schemes are adjusting their systems to ensure that mass balance is deforestation free and asked whether RSPO is doing something similar.</p> <p>AN replied that it depends on the outcome of the resolution to strengthen mass balance specifically looking at how to provide more confidence that it constitutes deforestation free supply being voted on at GA this week.</p> <p>RSPO secretariat is also closely following the developments in the US and the UK.</p>	
--	--	--

8.0 Communications highlighting the benefits & robustness of certification

	<p>JWP explained that he brought this matter up to the MDSC to ensure it is in MDSC’s consideration. From a retail perspective, the retailers are getting a lot of pressure, particularly from Greenpeace campaign around how Certification isn’t achieving what it set out to achieve and he was wondering if this is an item MDSC should have on their agenda because if it starts to gain traction it could really undermine the whole certification system. He further explained that it is quite obvious that it is linked to the previous discussions around branding and reputation of the RSPO and wanted to flag this because he doesn’t think the MDSC is watching this closely and maybe we should.</p> <p>AN commented that this is a good reminder and suggest to put this as a standing item for the MDSC to look for risk factors because when these NGO reports come, before they hit, RSPO should be discussing how/whether we respond and better communicate positive stories, reports or other activities proactively.</p> <p>AN further commented that this matter needs to be discussed with the incoming Stakeholder Engagement Director and/or Fay Richards and Sara Cowling.</p>	
--	--	--

9.0 Impact indicators

	<p>YHS presented that the aim of the Impact indicators is to show and narrate RSPO’s direct and indirect impacts in a more comprehensive and holistic manner. At this stage, the impact indicators concept is a shortlist of 10 Impact Indicators developed using the existing RSPO data systems and data points as a preview of the framework and proof-of-concept of the idea.</p> <p>The proof-of-concept uses proxy calculations, weightages and data; the exact definitions, algorithms and measurements will be finalised through further development, with validation through research and research partners. After an initial round of feedback internally and with relevant shareholders, this</p>	
--	---	--

	<p>shortlist will be expanded into a longer launch list of Impact Indicators over the first half of 2022 to include other important topics that were not fully developed in time for this proof-of-concept.</p> <p>These topics for potential impact indicators include:</p> <ul style="list-style-type: none"> - Smallholder Livelihood - Deforestation Risk - Compensation and Remediation Progress - Public Perception of the RSPO <p>The development of the RSPO Impact Indicators is expected to be completed by end Q2 2022, accompanied by a parallel review of the Theory of Change and the underlying causal chains that map the theoretical logic flow from certification to outcome to impact (as an attribution or a contribution) to strengthen the Impact Indicators framework. The RSPO Impact Report 2022 scheduled to be released in Q3 2022 is intended to be the reset point for this and a platform to communicate this fresh start to reporting and narrating on the RSPO's impacts.</p> <p>AN commented that the RSPO Impact Indicators is something to look forward to in 2022 and hoped that it will make a good communications points and glad that HS will add qualitative elements to the quantitative data and it would be useful on how they can be sort of stories from the field, that are brought through to demonstrate each of these impact indicators.</p> <p>IS commented that HS proposed holding longer briefings on these Impact Indicators and opening up the briefings to more members and/or Working Groups. HS replied that the Board and other Working Groups have expressed interest. He is looking at January 2022 to have a conversation on how we can enrich some of the underlying details and components in the indicators.</p> <p>AN, ML, and CW indicated interest in the longer briefing workshop.</p>	
<p>10.0 AOB</p>		
	<p>MDSC Meeting schedule 2022</p> <p>IS mentioned that she wants to schedule the MDSC meeting dates for year 2022 so that the MDSC meets before the BOG and other Standing Committee's meeting to align MDSC's work and be ready for the BOG and other SC meetings.</p>	<p>The Secretariat will send out notice of scheduled meeting dates for entire 2022</p>