

MINUTES OF MEETING
Market Development Standing Committee

Time : 09.10 - 12.26 (CET)/15.10 - 18.26 (MYT)

Date : Thursday, 23 May 2024

Venue : DoubleTree by Hilton, Brussels / Market Transformation Zoom

Attendees:

Name	Initial	Organisation	Representative Category
Eddy Esselink	EE	MVO	Co-Chair, P&T
Ian Suwarganda	IS	Golden Agri-Resources	Co-Chair, Grower IN
Anne-Laure Faure	ALF	WWF International	eNGO
Harjinder Kler	HK	HUTAN	eNGO
Julian Walker-Palin	JWP	Retailers Palm Oil Group	Retailer
Mansuetus Alsy Hanu	MAH	Oil Palm Farmers Union	Grower SH
Marieke Leegwater	ML	Solidaridad	sNGO
Dr Surina Ismail	SI	MPOA/IOI	Grower MY
Inke van der Sluijs	IVDS	RSPO Secretariat	Director, Market Transformation
Lilian Garcia Lledo	LGL	RSPO Secretariat	Head of Shared Responsibility
Muhammad Shazaley Abdullah	MSA	RSPO Secretariat	Head of Certification
Prabhkirat Kaur	PK	RSPO Secretariat	Assistant Manager, Trademark
Christine Joan Spykerman	CJS	RSPO Secretariat	Malaysia office

Absent with apologies:

Name	Initial	Organisation	Representative Category
Jose Roberto Montenegro	JM	Agrocaribe	Grower RoW
Laura Schlebes	LS	AAK	P&T
Oscar Muzilli	OM	Natura & Co.	CGM
Sergio Talocchi	ST	Natura & Co.	CGM
Tracey Gazibara	TG	Cheyenne Mountain Zoo	eNGO

Invited but not in attendance:

Name	Initial	Organisation	Representative Category
Nil			

Agenda:

Time	Topic
9.10 - 9.12 (CET)	1.0 Opening 1.1 Antitrust Statement Reading
9.12 - 9.13	2.0 Approval of the Agenda
9.13 - 9.21 9.21 - 9.22	3.0 MDSC Composition 3.1 Terms of Reference
9.22 - 9.24	4.0 Approval of the Meeting Minutes - 8 February 2024
9.24 - 10.32	5.0 Updates: 5.1 RSPO Secretariat
10.32 - 10.50	Break
10.50 - 11.05	5.0 RSPO Secretariat Updates (Cont.): 5.2 SCT WG
11.05 - 11.21	6.0 Updates: 6.1 Shared Responsibility Working Group (SRWG)
11.21 - 11.45	7.0 Trademark use by Retailers
11.45 - 12.23	8.0 Unsold Independent Smallholders Credits
	9.0 Regional progress and barriers 2024
12.23 - 12.26	10.0 AOB - Meeting schedule 2024
12.26 - 13.30	Lunch

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Antitrust Statement Reading	
	<p>IS chaired the meeting and welcomed Members of the MDSC to the meeting. IS 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 (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 nor objections from the Members. ALF requested for a few minutes during AOB to share the new WWF Scorecard.

3.0 MDSC Composition

Constituency	Name - organisation	Attendance?
Growers (4)	Indonesia Ian Suwarganda - GAR (co-chair)	✓
	Malaysia Dr. Surina Ismail, MPOA	✓
	RoW Jose Roberto Montenegro - Agrocaribe	✓
	SH Mansuetus Alsy Hanu - SPKS	✓
P&T (2)	Eddy Esselink - MVO (co-chair)	✓
	Laura Schlebes, AAK	✓
Retailers (2)	Julian Walker-Palin - Retailers Palm Oil Group	✓
	VACANT	NA
CGM (2)	Oscar Muzilli, Natura &Co LatAm	
	VACANT	NA
B&I (2)	VACANT	NA
	VACANT	NA
eNGO (2)	Anne-Laure Faure, WWF	✓
	Harjinder Kler - HUTAN	✓
sNGO (2)	Marieke Leegwater, Solidaridad	✓
	Tracey Gazibara, Cheyenne Mountain Zoo	X

IS welcomed Pak Mansuetus Alsy Hanu ('Darto') from the Oil Palm Farmers Union who will represent Smallholders on the MDSC.

IVDS shared the MDSC Composition and announced that Oscar Muzilli representing the Consumer Goods Manufacturers ("CGM") had resigned. He will be replaced by Sergio Talocchi ("ST").

IVDS informed that the attempts to bring in large USA Retailers we were targeting for the MDSC were unsuccessful. IVDS will follow up on the Retailers proposed by JWP and ALF with CJS.

The Banks and Investors (B&I) seats are still vacant. IVDS and LGL will reach out to the FIGG again. SI stressed that the Banks and Investors seats are important to the MDSC as it brings recommendations to the BoG and if possible, have one B&I in MDSC and one in SRWG.

3.1 Terms of Reference ("ToR")

IVDS informed that some edits were made to the ToR stated below and reminded the Members to sign the amended ToR and return the same for record purposes.

MDSC advises on the below most critical objectives and develop strategies that address these priorities:

- Demand generation, commitment & uptake
- ~~Shared responsibility for aligning supply & demand upon request by~~ **Oversight of the Shared Responsibility Working Group (SRWG) for aligning supply & demand**

All MDSC members to sign the ToR and send to the RSPO Secretariat

	<ul style="list-style-type: none"> ● Oversight of the Supply Chain Traceability Working Group (SCT WG) ● Engagement of the supporting sustainable palm oil sector ● Traceability of the palm oil supply chain ● Trademark and Communication Rules ● Marketing Communications ● Regional Market Development – with a focus on Asia/Pacific, Europe, Africa and the Americas. ● Supporting the Annual Communication on Progress (ACOP) reporting process, particularly as it relates to the data requirements for the ACOP and communication of the results 	
<h4>4.0 Approval of Meeting Minutes</h4>		
	<p>The meeting minutes from the previous MDSC Meeting (8 February 2024) were presented and accepted with no amendments.</p>	
<h4>5.0 Secretariat Updates</h4>		
<p>5.1</p>	<p>The Secretariat announced the following updates and news :</p> <ul style="list-style-type: none"> ● SPOD EU reflections <ul style="list-style-type: none"> - Great sessions, energy and setting. But need more relevant topics i.e. Oleochemicals in relation to EUDR, best practice sharing, more main player speakers (i.e. Smallholders, Farmers) instead of Policy Maker(s) speaking about concept(s) instead of realities. - Some side meetings were invisible (i.e. prisma). Need to give more advertising / announcements. - Longer breaks for networking. ● ACOP submission rates were above 91% <ul style="list-style-type: none"> - Few Members requested for a Guideline and/or Link on how to check Data and how to estimate the Volume submissions are correct and/or a guide for each sector in the ACOP system. - The ACOP team is Data crunching. The final outcome is not out yet. ● Standards review <ul style="list-style-type: none"> - The Standards revision is a lengthy and slow process. The 4th Draft will be shared with the Steering Committee next week and the team is working towards the deadline of this year’s General Assembly. ● Governance review <ul style="list-style-type: none"> - The BoGs governance review started last year and is in progress. It's a significant review which will change how the Board operates. - One of the proposed changes is to respect the decisions of the Standing Committees. - BoG will have a retreat in June to review the same. - Once there is agreement on the changes in governance, significant changes will need to be brought to the General Assembly. - Smallholders are still not well represented in the BoG. Recently, the BoG agreed to have three SH representatives, this was possible within the current rules. The sNGOs and SH representative on the MDSC will share views with 	

	<p>the co-chairs of the BoG.</p> <ul style="list-style-type: none"> ● prisma <ul style="list-style-type: none"> - A demo session was held during SPOD in Brussels. Data is being migrated from PalmTrace to prisma. Projected to going live in December 2024. ● RT Bangkok 11-13 November <p>ALF gave a brief presentation on the new WWF Scorecard. She explained the methodology and shared the results. Data validation was done by a consultancy. The release had traction in certain markets for example the UK but not in others, like Asia.</p>	
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5.2 Updates Supply Chain Traceability Working Group (SCT WG)

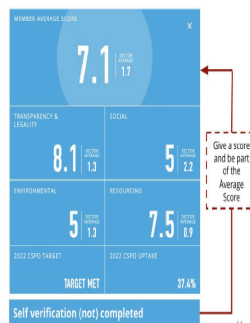
	<p>IVDS gave an update on the SCT WG.</p> <p>Meeting held on 19 March (Virtually)</p> <ol style="list-style-type: none"> 1. Update was given to SCTWG on the new function released in PalmTrace on 11 Feb. This new feature enables users to trace the volume traded with a certified or non-certified Supply Chain Certified Site. 2. Top 15 CSPO and IS-CSPO Credits Buyer countries were shared based on regions. 3. CSPKO Action plan was developed because CSPKO uptake targets were not set due to shortage of supply. The SR Unit reviewed the sales data for Mills, Crushers and ISH. This review showed that crushers sell what was purchased so the focus was Mills and ISH. <ol style="list-style-type: none"> a. The SR Unit worked with the regional Market Transformation teams to reach out to mills with unsold volumes of CSPK, and summarise the findings here: <ol style="list-style-type: none"> i. CSPK is sold to an RSPO Member who demands for certified material but is not RSPO SCC Certified, therefore it cannot send the shipping announcement, the volume is not removed, and remains as certified volume unsold. ii. The Members are selling all their CSPK volume to their own subsidiary as conventional and do not remove it in PalmTrace (PT). iii. Buyers don't want to pay the premium so CSPK is sold as conventional and volumes are not removed from PT. b. Same exercise was performed for the ISH and the following conclusions were drawn: <ol style="list-style-type: none"> i. ISH Groups claim they sell everything as credits, but not recorded in PT, follow up needed. <ul style="list-style-type: none"> ● Next meeting scheduled for 25 June 2024 	
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6.0 Updates RSPO Shared Responsibility Working Group (SRWG)

LGL shared the main updates for the SR Uptake Target 2024, SR Webinars, SRWG, SR Engagement and the SR Scorecard.

- **SR uptake targets for 2024 (Year 5) and Verification Manual (VM)** → Endorsed and socialised:
 - Announcement and e-blast on 3rd April. e-Gazette April. Combined webinars.
 - The VM is being translated into Spanish, Thai, Chinese and Japanese. Bahasa Indonesia - tbc.
- **SR webinars** - including regional performance data, 2024 uptake targets and Verification Manual (VM).
 - Completed: 9 April-India, Pakistan, Sri Lanka, Bangladesh and Thailand, 17 April-China, 18 April-Africa (physical event), 24 April-Japan and Korea, 29 April-Latam, 15 May NASPON (North America).
 - TBD: EU, NA, Indonesia and Malaysia TBD in June.
- **SRWG**
 - 4th physical (33rd) meeting in Brussels on 21 May 2024→ main topics to discuss:
 - Future of SR - rethink the impact to achieve through SR. Draft proposal to change the priority/score given to key topics (Claims and labels, SH Inclusion, Uptake and GHG Emissions)
 - Results of the engagement with the CSPO uptake non-performers engagement (survey)
 - SR session during RT24 - Excellence Awards SR category.
 - New SRWG members:
 - Grower SH rep replacement: Hazmilah Sulaiman - Wild Asia
 - P&T : Selina Winter - Icof group, Musimmas
 - CGM self nomination: Servane Molendini - Biscuits International
- **SR engagement activities** with non performers.
 - 237 members who did not meet the CSPO uptake target (58% of total) have been engaged by one to one emails - request to complete the SR survey. WIP with EU members (171 members).
- **SR Scorecard** - Next update in September 2024 with data available in MyRSPO by 1st July 2024 and ACOP2023 uptake data.
 - Update scoring methodology and visuals (external consultant):

- Add distinction of % of uptake by physical volumes and credits..
- Add self verification (as per the SR VM)



7.0 Trademark Use By Retailers

- RSPO Market Rules on Communication and Claims
- Updates on functionality in PalmTrace and prisma
- Opportunity for retail engagement on Trademark use

PK presented an update on the functionalities of PalmTrace and prisma. She informed that, in the PalmTrace platform built by Rainforest Alliance (“RA”), due to the migration to prisma, the development in PalmTrace is currently on hold as the focus of the Secretariat is on prisma. The Trademark module for the remote audit is in Phase One of prisma.

JWP enquired on the interim solution when a Retailer is required to upload their artwork for approval if they use the trademark on their pack since the system is not fully developed. PK replied that currently, if the Retailer intends to use their trademark licence on pack, the remote audit is excluded for them as the platform is not ready. The Retailers may use their Trademark licence number, but when the functionality is ready in prisma, the Retailers using their own Trademark licence number on pack will be required to undergo the remote audit. The Retailers can seek advice from the Secretariat on their Trademark use but it's not mandatory.

ML enquired on whether the Secretariat is prepared if someone put something on pack to discredit the RSPO. IVDS replied that the producers of the private label products are audited. PK added that for Retailers who wish to use their own Trademark on pack, there were cases where the Retailers submitted their remote audit manually to obtain a form of acknowledgement from the Secretariat.

PK further mentioned that under the previously Communications and Claims (Requirement, 6.8), the remote audit process was done manually but the system was since revised and enhance for Retailers wanting to use their own Trademark licence number on pack and the Secretariat advise the Retailers to use their manufacturer trademark Licence Number on pack if they don't mind disclosing their Manufacturers to their competitors and clients. In prisma, the Retailers are required to upload the Supply chain certificates as in the remote audit, the Retailer and/or Manufacturing submitting their artwork for approval request need to link their manufactured SCC to the product. Therefore, it is

important that the SCC is well-developed and running on prisma before the Trademark development.

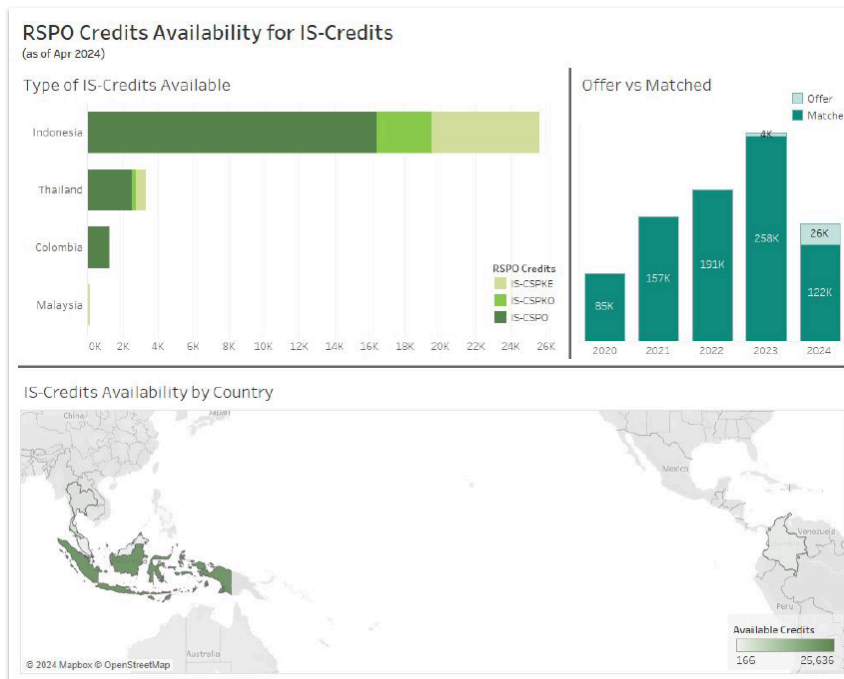
8.0 Unsold Independent Smallholders Credits

1. Introduction

ML explained briefly that there are many unsold Independent Smallholders (“ISH”) Credits. With the EUDR coming into force, Buyers are of the impression that the Credits can’t be bought whilst it can still be bought. ML requested to assess where we are, how many credits remain unsold and to discuss if there is anything that the MDSC can help with.

2. Data

IVDS presented the data on the ISH credits.

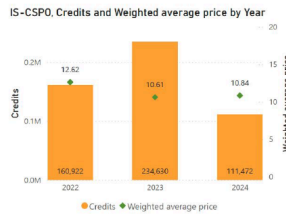


In the different shades of green shades (top right) are Credits which are offered. In the PalmTrace, the ISHs allocates a specific volume to ISH Credits and the system tracks how many were actually sold to the market.

The dark blue represents the sales of the ISH Credits offered. The light blue is the volume that is not matched yet. In 2024, it's still possible that these light blue offered credits are sold because the licence may still be valid.

This suggests that in general, on average, the ISH Credits offered, were bought by the market.

Credit Trades, CSPO/IS-CSPO
Volume & Price, FY 2022-YTD 2024

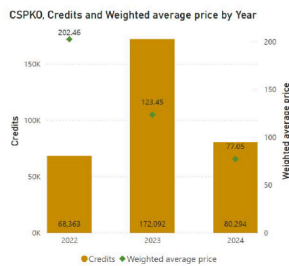


Source: PalmTrace report, YTD April 2024

This bar graph shows the number of CSPO Credits sold with the weighted average price (green diamonds). The left Graph shows CSPO Credits sold by Mills. The right graph shows ISH Credits.

For CSPO Credits, we see a price drop between 2023 and 2024. The ISH Credit price did not significantly change.

Credit Trades, CSPKO/IS-CSPKO
Volume & Price, FY 2022-YTD 2024



Source: PalmTrace report, YTD April 2024

For Certified Sustainable Palm Kernel Oil (“CSPKO”), there was a significant drop in Credit prices. The left hand graph shows CSPKO Credits sold by Crushers. The right hand graph shows CSPKO credits sold by independent smallholders. Again ISH Credits were sold at a higher price compared to regular Credits.

3. Communication

IVDS shared some Communication activities developed by RSPO over the past half year, but also what we are planning to do.

Publications

- July 2023, RSPO published an article promoting Credit use in the Feed sector, specifically explaining the benefits of ISH Credits for smallholders.
- 2023 RSPO surveyed a sample of RSPO Members on ISH Credits and MB for EU
- Media tour in Jambi November 2023 - a crucial opportunity to give media a better understanding about ISH Credits and smallholder challenges
EcoBusiness article, The Edge article and article published on RSPO Stories

Discussion on MDSC support for unsold IS Credits on the agenda for next meeting

- June 2024 - we will publish the third paid editorial in the European Supermarket magazine that has the objective: Inspire retailers to support smallholder inclusion, this will discuss ISH Credits
- November 2024 - timeline for the launch of smallholder social media campaign

Messaging for members to continue buying ISH Credits is being embedded in communications on related topics.

- Yesterday we launched the RSPO and Legislation page which includes a specific question on ISH Credits to reinforce that members can continue to purchase them after EUDR is implemented.
- SPOD 2024 website - we published two factsheets, one on ISH Credits (explainer) and another on potential impacts of EUDR which includes a call to action to invest in smallholders.
- SPOD 2024 - also embedded in SPOD's theme is the need for climate-smart solutions to be inclusive of smallholders who are often marginalised in the discourse.

4. What can the MDSC do to support the uptake of smallholders material (ISH credits or physical)?

IVDS mentioned that in different regions, Mills are considering stopping sourcing from Smallholders in their preparations for EUDR. If they are supplying to Europe, the unintended consequences are already happening and it's a cause of concern and enquired how can the MDSC help support the Smallholders in this regard.

EE enquired about the uptake of ISH Credit due to the effect of the EUDR as in a session organised by ML, clearly states that EU is phasing out Smallholders Credit because of the EUDR.

Some MDSC Members suggested the following:

- 1) the Secretariat to set up a database for ISH to check and monitor the data compliance to meet EUDR requirements;
- 2) Have more outreach activities or avenues for Certified Smallholders to share their messaging and/or Smallholder Credit stories;
- 3) Increase the capacity of the Smallholders Unit in the Secretariat, i.e spread the responsibility of the Smallholders across the different Divisions within the Secretariat and Standing Committees not just in the SH Standing Committee.

IVDS informed that the Smallholder Managers in the Secretariat are currently tasked to develop stories and videos but these take time to develop and socialise. There are already some videos in the Smallholders Engagement Platform which Stakeholders can watch.

EE remarked that if there are ISH groups having ISH Credits, are they EUDR ready and/or are they in the midst of being EUDR ready?

Both IS and IVDS agreed that this topic should be brought back as an Agenda

	item in the next Meeting.	
9.0 AOB		
	<ul style="list-style-type: none"> ● AOB <ul style="list-style-type: none"> ● Next meetings in 2024 <ul style="list-style-type: none"> ○ Tuesday 24 or Thursday 26 September ○ Sunday 10 November ● JWP enquired if RSPO’s Monthly Members Update Meeting (“MMUM”) will still be continued due to the staff restructuring in the Secretariat. IVDS replied that Angeline Camus (the new Government Affairs Manager, Brussels) will be supporting Ruben Brunsveld in these meetings and IVDS will encourage the MMUM meetings to continue as it is beneficial to the Members. 	<p>Secretariat to send out email and Calendar Invites</p>