

MINUTES OF MEETING

Market Development Standing Committee

Time : 2100 - 2236 (MYT)

Date : Thursday, 17 March 2022

Venue : Conference Call, Zoom 5

Attendees:

Name	Initial	Organisation	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
Dr Surina Ismail	SI	MPOA/IOI	Grower MY
Harjinder Kler	HK	HUTAN	eNGO
Jose Roberto Montenegro	JM	Agrocaribe	Grower RoW
Julian Walker-Palin	JWP	Retailers Palm Oil Group	Retailer
Marieke Leegwater	ML	Solidaridad	sNGO
Paula Kasprzyk	PK	Natura & Co	CGM
Joseph (JD) D'Cruz	JD	RSPO Secretariat	Chief Executive Officer
Inke van der Sluijs	IS	RSPO Secretariat	Market Transformation Director
Irene Fischbach	IF	RSPO Secretariat	Stakeholder Engagement & Communications Director
Javin Tan	JT	RSPO Secretariat	Head, Standard Design & Innovation
Christine Joan Spykerman	CJS	RSPO Secretariat	Malaysia office

Absent with apologies:

Name	Initial	Organisation	Representative Category
Franka Lakeman	FL	Ahold Delhaize	Retailer
Tracey Gazibara	TG	Cheyenne Mountain Zoo	eNGO

Invited but not in attendance:

Name	Initial	Organisation	Representative Category
Denise Westerhout	DW	WWF International	eNGO
Razuwan Che Rose	RCR	Felda	Grower

Agenda:

Time	Topic
9.00 - 9.01	1.0 Antitrust Statement Reading
9.01 - 9.02	2.0 Approval of the Agenda
9.02 - 9.03	3.0 Approval of the January 2022 Meeting Minutes
9.03 - 9.12	4.0 Secretariat Updates
9.12 - 9.42	5.0 Standard review process 2023
9.42 - 9.56	6.0 Working Group / Task Force Updates 6.1 Updates from Outreach Working Group (OWG) 6.2 Updates from the Supply Chain Traceability Working Group (SCT WG) 6.3 Updates from the Oleo Task Force (OTF)
9.56 - 10.25	7.0 Priority setting 2022
10.25 - 10.32	8.0 AOB 8.1 Palm Trace contract 8.2 Meeting schedule 2022

DISCUSSION:

No.	Description	Action Points (PIC)
1.0	Antitrust Statement Reading	
	<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"> - 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	
	<p>The meeting Agenda was presented. EE pointed out that the focus of the Agenda will be on item number 7 on Priority Setting and the Members were asked to give their feedback. The Agenda was accepted with no additions nor objections from the Members.</p>	

3.0 Approval of January 2022 Meeting Minutes		
	The meeting minutes from the previous MDSC Meeting (12 January 2022) was presented and accepted with no amendments but with some pending action points which will be discussed in the meeting.	RSPO secretariat to upload the minutes to the website
4.0 Secretariat Updates		
	<p>The Secretariat announced the following updates:</p> <p>4.1 New CEO: IS introduced Joseph JD D’cruz (“JD”), the new RSPO CEO who started on 15 March 2022 to the MDSC. JD gave a short self introduction. The MDSC welcomed JD to the meeting.</p> <p>4.2 MDSC Composition: IS shared the MDSC Composition and introduced the Members to JD. IS also welcomed Dr Surina Ismail (representing MPOA) who replaced Lee Kuan Yee to the MDSC.</p> <p>IS informed that RCR (FELDA) has long been absent from the MDSC meetings and the Terms of Reference for the standing committee states that a Member has to attend meetings in order to keep their seats. IS tried to reach RCR again but didn’t receive an answer and explained the need for a replacement if RCR is unable to join. IS enquired if any MDSC Members have a relationship with RCR to help reach out to him.</p> <p>IS further informed that the RSPO secretariat has published an announcement to fill the vacant seats and Tom Hersbach (“TH”) (Planting Naturals) nominated himself as a Smallholder Grower representative. IS flagged that Planting Naturals is registered as a Processors and Trader company, and enquired MDSC Members’ feedback on whether the MDSC can allow TH to join the MDSC. The members agree to this nomination provided that TH nominates an actual smallholder in his region to join as well. The RSPO secretariat will follow up with TH.</p> <p>IS then informed that there are still two (2) vacancies in MDSC, namely in the: sNGO and Financial Institution.</p> <p>4.3 RT/GA: IF informed that RT/GA dates have not been decided as yet but it will be held tentatively on the week of 14 or 28 November 2022 and the idea is to have a physical Roundtable with hybrid elements which lasts for two and a half (2 1/2) days. The GA will be held in the afternoon of Thursday followed by the Board Meeting. The team will look into locations in Malaysia and Indonesia and hope to have a decision on the date and the logistics in the next two (2) weeks so they can start preparations for the RT/GA.</p> <p>4.4 Situation in Ukraine: IF commented that the Secretariat has looked into the situation in Ukraine and have decided that the Secretariat would not go out with a proactive</p>	RSPO secretariat to reach out to TH to invite him for the next meeting with a SH representative

	<p>statement but have prepared a Q&A document for the employees in case they get questions from Members.</p> <p>RSPO has four (4) Members in the Ukraine and have reached out to them to let them know that the Secretariat is there to support them, if needed. RSPO has about ten (10) Ordinary Members in Russia and some associate members and based on current knowledge, RSPO doesn't have any Members that are linked to the government.</p> <p>The operational implications are mainly with regard to certification (i.e questions) whether a company will be up for certification and whether they can expand the scope. More guidance can be found here.</p> <p>4.5 ACOP Reporting: IS reminded the MDSC Members that the ACOP reporting period is approaching and encouraged them to start submitting their ACOP report between March and 20 May 2022.</p>	
<p>5.0 Standard Review Process 2023</p>		
	<p>JT presented a briefing on the upcoming P&C 2023 Review Process.</p> <p>Objective: <i>The objective of this process is to review and streamline the production standard to ensure continued relevance and effectiveness in demonstrating that palm oil produced and sold as RSPO - certified Sustainable Palm Oil (CSPO) are credible and inclusive.</i></p> <p>Focus of the Review will be on the following:</p> <ul style="list-style-type: none"> ● <i>Balancing Standard comprehensiveness and complexity</i> ● <i>Ensuring the desired impact is achieved</i> ● <i>Better clarity on interpretations on all Standards and Indicators</i> ● <i>Enhancement on New technologies and innovation</i> ● <i>How to support Shared Responsibility</i> <p>ML commented that it's good to have a focus of the review in mind and looking at these five points over the last five years, the one thing that really needs strengthening is the enforcement as the Standards are not bad but the major problem is getting it implemented. Looking at the list, i.e “new technologies” and “ensuring the desired impact is achieved”, you could read enforcement. ML advised to make better enforcement the focus of this review, so that we can ensure that whatever is written down, it is implementable on the ground.</p> <p>JT thanked ML for her feedback and informed the MDSC that they are also looking at the gap analysis from the Assurance Division. One of the key issues was also the lack of clarity in the indicators that leads to challenges on the ground.</p>	

SI commented that because of Covid 19, implementation of the P&C 2018 has been challenging.

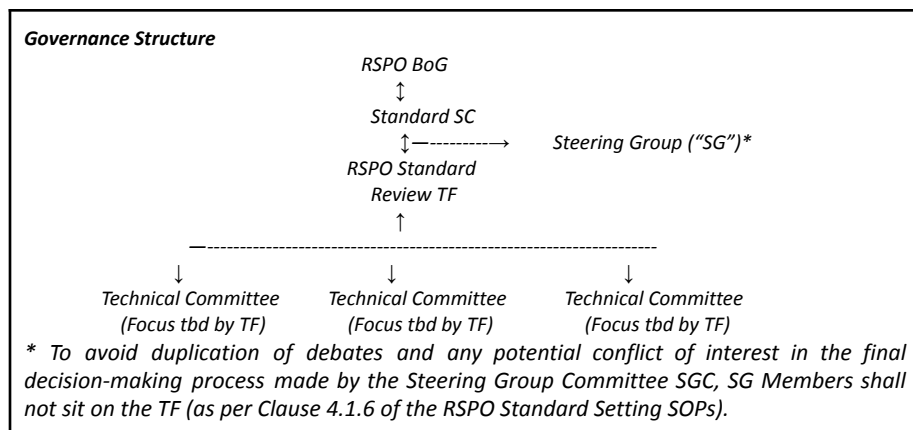
Targeted Milestones:

- April 2022 - First TF Meeting
- May 2022 - First TC Meeting
- August 2022 - First Consultation
- February 2023 - Second Consultation
- August 2023 - SSC Endorsement
- October 2023 - BoG Endorsement
- November 2023 - GA Adoption

JT agreed with SI and continued that the process started off with establishing the relevant task forces and technical committees and a stakeholder survey to understand the key challenges and gaps. The secretariat works towards a **first draft** that will be ready for public consultation in August of this year.

The public consultation will be 60 days, after which a **second draft will be prepared** for public consultations for another round of 30 days which will probably be in February next year. The final draft should be tabled for SSC endorsement in August after which pilots should be conducted. Board endorsement should happen before GA voting in November 2023.

EE assumed that there will also be some attention towards this review during the upcoming RT given that the timeline between the First Consultation and the Second Consultation, is the RT and GA. JT replied in affirmative.



This review will cover the P&C and the Independent Smallholder Standard.

Steering Group ("SG")
Responsibilities
 Ensure that the review and revision of the P&Cs is informed by the needs and knowledge of the wider RSPO and Membership. The SG will also act as the ultimate decision-making body where the Task Force ("TF") has been unable to

reach consensus.

Composition (9 Members)

Made up of the CEO of the Secretariat and the Co-Chairs of the Standards, Assurance, Market Development and Smallholder Standing Committees.

* Standing Committees (“SC”) can appoint other representatives from their SC Membership if the Co-Chairs are unable to attend.

Task Force (“TF”)

Responsibilities

Main decision-making and consensus building element of the revision process. It will direct the Technical Committees (“TC”) to undertake the work needed and make recommendations to the SSC based on the proposals made to the TF by the individual TCs.

Composition (24 Members)

- **Palm Oil Producers**
 - 12 Members (Malaysia (3), Indonesia (3), Rest of the World (3) and the Smallholder and Outgrower (3))
- **Supply Chain and Investors**
 - 6 Members (P&T, CGM, Retailers and Financial Institutions)
- **Non-Governmental Organisations (NGOs)**
 - 6 Members (Environmental (3) and Social (3))

Technical Committee (“TC”)

Responsibilities

The TCs are where the ‘work’ of the Standard revision process will be happening. They will be tasked with developing proposed solutions to achieve the objectives. They will endeavour to develop consensus proposals for the TF to consider - but that will not always have to be necessary.

Composition (To be decided by the Task Force)

- Smaller focus groups.
- Focus subjects and appointments to be determined by the TF.
- May or may not be an RSPO Member.
- Subject matter experts are highly encouraged.
- Each TC shall at least have two (2) Grower representatives.

TC Participants will be selected based on their skills and experiences according to the requirements of the task allocated to each TC.

IS highlighted that both EE and AN as Co-Chairs of the MDSC are automatically appointed as Steering Group (“SG”) members and enquired if there is a need for a consensus or what is the process for that. JT replied that the Co-Chairs will be the members of the SG. If the Co-Chairs want to be part of the Task Force, they need to nominate someone else from the MDSC to be on the SG.

ML enquired whether for the review team that JT just described, will they review the Independent Smallholder (ISH) Standard and P&C in one go or will there be a specific group set up for the ISH Standard. JT replied that the P&C and ISH Standard will be reviewed together, both under the Task Force. The Task Force members will decide in their first meeting how the work is assigned to the Technical Committees. ML recommended to ensure that there is enough expertise on ISH in the committees. HK agreed with ML and queried whether the same consultants were hired or whether there is still a search for consultants going on. JT replied that there is a tender process in place and consultants have not been contracted yet.

HK commented that ML and others who were on the previous P&C Committee in 2018 should be consulted for their input as HK heard good reviews about the way they worked with the Consultants rather than bringing in new people or changing it because it would help with the flow, especially between 2018 and now a lot of years were lost to Covid 19 as SI mentioned, there were things that actually were not implemented well because of Covid-19. JT replied that she will take note of the feedback.

IS thanked ML and HK for their feedback and commented that for the Minutes purposes, it's important to note that there is the recommendation to review the ISH Standard separately and gather a pool of experts that's for JT and JD to take back to internally discuss with the others.

Others:

- i. Standards Review (2023) was launched on 15 March 2022.*
- ii. Get involved : Survey*

Feedback and comments from Stakeholders and Members are crucial in preparing for a comprehensive review of the RSPO Standards. As such, a survey will be conducted in March 2022 amongst RSPO Members via email to collect feedback pertaining to:

- *Implementation challenges of existing / revised Standards (Criteria/Indicator level).*
- *Auditability of existing/revised Criteria/Indicators.*
- *Any emerging issues including latest developments in the Certification industry (Outcome, Impact, and/or Risk based approaches, Climate Resiliency, etc.).*
- *Any emerging issues including developments of the Palm Oil industry.*

JT informed that the website and process for the Review was launched on the 15th of March and encouraged the Members to have a look at the website, share and participate in the survey which has been deployed to help the team in preparing for the Review i.e what are the key things to focused on and how should key points be prepared for the first Task Force meetings.

RSPO secretariat to ensure that the right team of experts is involved in the ISH Standard review

6.0 Working Group / Task Force Updates

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6.1 Updates from the Outreach and Engagement Working Group (OWG)

The OWG met on 22 February which was mainly an update on activities that happened in the secretariat and an update on the revision of the Market Communications and Claims (MC&C) document.

The consultation ended by the end of January. The Secretariat received 113 comments from 23 different organisations and in the end 52 of these comments were accepted and incorporated into the revised document.

Communication re MC&C Document:

- *Final document ready: Going through minor adjustments*
- *Socialising final document with members after BoG approval in April: Secretariat staff as test run; communication approach via various channels, webinars in all markets in English with interpretations, “evergreen toolkit” for Members.*
- *Communication plan crafted and shared with the OWG, but no further feedback received.*

Socialisation of updated MC&C document

Timeline on the socialisation of updated MC&C documents which will be in two (2) Phases starting from April till September 2022.

IF further commented that in regards to the revised document, the Stakeholder Engagement and Communications (“SEC”) division are currently preparing the communication that will follow. The socialising of the content and the revised content of the document will start once the Board has approved the document which was supposed to be in April.

Along with the Web announcements, SEC will create posts for social media mainly on linkedin as well as some articles on ‘Consumer Trends’ and ‘Equal Labels’ and a so-called evergreen toolkit for Members will be produced which includes factsheets, key messaging and some social media assets.

The idea is to enable RSPO to also give this Toolkit to Members who are new joiners. SEC have mapped out the specific plan in a PDF document which will be shared with the MDSC Members after the meeting, so that the Members can have a closer look and provide inputs.

CW enquired whether the Members will get to see the final document because they have seen the document that has gone out for consultation and thinks that the MDSC Members may provide some additional feedback. IF replied that she can share the document right after the meeting if the document has been revised and has been laid out as the team is doing some final minor adjustments at the moment but she’ll be happy to share the current status of the document.

CW further queried whether MDSC, as the Committee should sign off on the documentation in the end or is it a different process. AN commented that the MDSC should be recommending to the Board for their approval in April.

6.2 Updates from the Oleo Task Force (OTF) and Supply Chain Traceability Working Group (SCT WG)

The OTF was revived because of the shortages of certified sustainable palm kernel oil in the market. The Oleo Task Force met on 27 January and the main outcomes of the meeting were:

- There is a new graph on CSPKO supply and sales. The Oleo Task Force asked the SCT WG for approval to publish this on the website.
- Outreach to 73 mills that have not sold their CSPK.
- Need to review the Conversion Rules for CSPK and CSPO.

SI queried why is there this gap, and why is it that they finally found out that there are 73 mills that have not sold their CSPK. IS replied that the Assurance Team called some of the Mills and the answers differed (i.e. “I wasn't aware of a market demand”). There are companies also vertically integrated so they're not selling it as certified to their own crush facilities. But specifically for Africa and Latin America, it was found that there's very limited awareness of the shortage in the market. Hopefully, we can raise awareness amongst these Mills.

SI asked why there is a need to review the Conversion Rules. IS replied that the reason for the review is that some companies are not aware of the existing Conversion Rules and some are opposed to these existing Conversion Rules.

JWP commented that the work of these two groups are utmost important. Particularly CSPKO linking back to the Ukraine situation and it's going to become even more challenging for derivatives and fractions of CSPKO because that is a specific issue for Retailers. Maybe there is some expertise here that could support the effort as well.

The SCT WG met on 24 February and reviewed the reporting methodology and the explanations, but they have not given the approval yet for the publication of the new graph so the information on the website is still outdated and we're working on clarifying all the concerns before final publication of the graphs can happen.

EE enquired on what sort of time frame are we looking at because when looking to review the Conversion Rules, they are quite important and also can have some consequences. IS replied that there are different views on this issue and doubts that the OTF Members will reach a consensus on this matter soon and at the same time, realised that the Board and all of RSPO Members are so keen in the progress on this because there are supply shortages, but these two might be conflicting because if we tighten the Conversion Rules, the only result would be that there will be less material

available. So the OTF needs more time to do the review for conversions and if they can't come to a consensus, then focus again on the solutions that are necessary to address this challenge, rather than working against it.

EE commented that if at any moment there are some developments or discussion going on within this Task Force and also the SCT WG as well, this is of prime importance and urged IS to keep the MDSC closely involved.

IS replied that she has also raised it with the Task Force and Working Group, that if it is a significant change, the Supply Chain Certification Standards need to be revised and this needs to go for public consultation.

7.0 Priority Setting 2022

1. **Communication**

a. *Positioning RSPO*

- *value proposition for stakeholders*
- *narrative; key messages and tailor made messages for markets and target audiences*
 - reputation in mature markets EU/NA*
 - growth in Big 4 (Indo, India, China, Malaysia)*
- *review RSPO brand appearance*

b. *Website*

- c. *Toolkits for members: amplify message of RSPO, ambassador programs*

2. **Stakeholder Engagement**

- a. *Grow member base and support from growers, Financial Institutions, NGO, Retailers*
- b. *Government engagement*

3. **Market Transformation**

- a. *Demand generation, commitment & uptake (suggestion to keep under SCT WG with oversight by MDSC)*
- b. *Big 4 (suggestion to keep under OWG with oversight by MDSC)*

4. **Traceability**

- PalmTrace (suggestion to park under SCT WG with MDSC oversight)*

IS mentioned that an email about the priorities for 2022 was sent out to the Members and wanted to discuss this in more detail today. The Terms of Reference of the MDSC and the work plans of the Market Transformation Division and the Stakeholder Engagement & Communication Division were reviewed and topics for priority were shared.

IF spoke firstly on **topic one** that is related to the **communication issue** which is one of the most important tasks that is also derived from the SEC division's KPIs in the operational plan is the positioning of RSPO and also based on an analysis IF did on how RSPO is positioned amongst it's different

target groups.

RSPO needs to be much clearer on its value proposition. Key messages need to be developed for the different target groups and markets. Once the proposition is defined, a review of the brand appearance can be conducted. The SEC division just started a website relaunch project which should be ready before RT. New toolkits will be developed for the Members, so that they will be able to amplify our messaging.

The **second topic** will be regarding **stakeholder engagement**. The SEC division is currently developing a stakeholder engagement strategy as well as a government engagement strategy. RSPO is recruiting a Head of Government relations.

IS shared **other topics** around **Market Transformation and Traceability**. For Market Transformation, the Division works on demand generation, commitment and uptake under the Supply Chain Traceability Working Group and the MDSC has oversight over that Working Group. We would like to see supply and demand grow but in harmony and Shared Responsibility is instrumental in that. The Outreach Working Group has a focus on increasing the engagement in the large consumption markets like Indonesia, India, China and Malaysia and again the MDSC has oversight.

In the Terms of Reference of the MDSC, there's also **Traceability** listed and the MDSC has not discussed PalmTrace recently but the Members will be updated today if there is sufficient time towards the end of the meeting. This work is under the SCT Working Group with MDSC oversight.

SI recommended prioritising brand positioning and communication over websites and toolkits. From what she has gathered, people are not very clear and unsure about what RSPO is, which is very disheartening. The other thing that is really important is on the Market Transformation because this is the committee for market transformation.

CW enquired whether the PalmTrace contracts is going to be reviewed or renewed. IS explained that the contract with Rainforest Alliance was for five (5) years and when that expired, it went into an automatic two year extension and in November this year, the extension period will end. It is not feasible to have something new or a new contract in place by November, so a one year extension has been requested. The deliverables should be evaluated and an user survey is planned.

ML commented that she really liked the idea to have information which Members can use and that we can use their ambassadorship and their networks to amplify our own messaging and she was particularly alarmed because she received a presentation of the latest Kantar study about the perception of palm oil in Europe and also wider in Russia. The perception is improving but the number of “no palm oil claims” are still rising quite dramatically, and she was surprised to find that one third of these were done by RSPO members. The use of no palm claims by RSPO members has

been discussed before but perhaps we should reopen this discussion.

JWP agreed that these claims are not helping to make the sector more sustainable and thinks the marketeers in different markets feel under pressure from consumers. There is an opportunity to change that.

AN thanked ML for pointing to that study and raising the issue again and commented that having clarity about our positioning as the RSPO and then tooling up the 5,000 Members with those messages and giving them the ability to talk about their Membership of their RSPO and the fact that they're buying certified palm oil or related products is sort of the best offence and defence that we can aim for in tackling both negative perception and the rise of no palm claims. Here we've talked at length in this Committee about whether we can do something on no palm claims.

CW commented that it's really important that we have our value proposition right because the better we have our value proposition, the better we are capable of addressing different customer perceptions, consumer perceptions and at the same time, think there's a big opportunity for us to tell the "Palm Story" in a more positive way. There is an opportunity for the RSPO to talk about sustainable palm, as the best alternative to palm. If we can use all of the Members as ambassadors for our Sustainable Palm story, that should contribute and not lose too much energy on the "no palm" but focus on the positive story and then it will happen. If we continue to focus to defend ourselves, it's not energy gaining, we need to gain energy in the positive narrative.

HK agrees with CW and commented to bring back the stories and share the positive side. A lot of times when the NGOs are on the ground in areas where palm is produced though, for example, like HUTAN, we spend a lot of time telling the palm oil story. We should focus on these voices from the ground and work with credible organisations like zoos to share the positive stories.

IS thanked everyone for their constructive feedback and agreed that the positive stories should be the focus and there's many, and these should be brought to the relevant markets.

IS then read JWP's comments from the chat box so that it gets minuted. "The Retail Palm Oil Group (RPOG), has 3 priorities this year and one is to support halting demonisation of palm oil."

There was a clear preference to move on the RSPO brand positioning. For the other topics, the preference was less clear but the MDSC will also keep a focus on demand generation.

IF commented that with regards to the positioning, we would also want to involve the MDSC's communication experts as not everyone is a communication expert and the idea would be that in the next meeting in May, to come up with a plan on how we want to work and members can invite their companies' communication experts.

	<p>ML enquired as to when the new rules expected to be published. IF replied that once after the Board has approved them in April, but there is no Board meeting in April and the team is currently figuring out how to get approval. ML asked if the Members will get to see the document. IF replied that she will send the current documents to the Members after the meeting or tomorrow. CW asked whether the Board approval can be organised via email. IF agreed. CW commented that they get Board approval via email with other things as well because there's only a Board meeting every two to three months. IF replied that she is aware that the team is working on it and she's not up to date on the final processing.</p>	
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<p>8.0 AOB</p>		
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	<p>8.1 Palm Trace Contract</p> <p>IS commented that she listed this topic under AOB because the topic came in a bit late and as mentioned earlier and explained that a review of the current Rainforest Alliance (“RA”) contract is taking place while asking for a one year extension. The Board and the Finance Committee are asking to revise the fee structure, so we started that conversation with RA as well. This is the sharing session with the MDSC but also the Finance Committee has been presented with the timelines and the ideas about the extension and the survey, so what we as secretariat have to do is, we have to prepare request for proposals and invite RA and other service providers to submit Tender for designing the system or continuing with PalmTrace with improved elements and then we hope to finalise at least the one year extension in the coming period. EE enquired whether the Secretariat needed input from the MDSC as well. IS replied that it would be helpful to get feedback from the users and to discuss what kind of innovations of the system are expected. CW asked whether we will also be reaching out to the Members to check how the experience using PalmTrace because right now it's sort of an inside out review and it would be good to also get the user perspective as part of this review process and maybe have a separate discussion with the SCT WG. RA is developing a user survey to gather feedback as well.</p> <p>8.2 Meeting schedule 2022 19 May 14 July 15 September 16/23/30 November (depending n RT)</p> <p>IS commented that the next Meeting in May will primarily focus on the positioning and hopefully some of your expert colleagues on Communications join if you're not already the expert of the organisation.</p>	<p>The Secretariat will send out calendar invites for the next meeting.</p>
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