

Sustainable Palm Oil Coalition for India (I-SPOC)

Members Meeting

7th December 2021, 1500 to 1700 hours (IST)

1. Meeting Objective

- Welcome and introductions
- Update from the Secretariat
- Update on the activities planned by Government Policy and Domestic Production Working Groups
 - Overview of the activities planned for 2022-23
 - Overview on the engagement plan in the Northeast
- Update on the activities planned by Supply Chain and End-users Working Group
 - Overview of the activities planned for 2022-23
- Update on the Financial Institutions Working Group
 - Introduction of the Group Chair
 - Discussion on the priority areas of the group
- Discussion on identifying areas where the coalition can support the members and observers
- AoB
- Closing Remarks

2. Brief Proceedings

a) Update from the Secretariat (activities undertaken from December 2021 to February 2022)

- Regarding communication and knowledge products, the Working Groups Chairs have worked on developing framework documents, policy briefs etc. which should be finalized and made available by the end of first quarter
 - WWF-India has been working on the Responsible Procurement Guide and a policy brief
 - RSPO and Rainforest Alliance (RA), based on the inputs received from the members and stakeholders, have finalized the Sustainable Palm Oil Framework – A Roadmap for Indian companies
 - CRB is also developing five Policy Input Notes (PIN), two on Domestic Production, one on Sustainable Finance, one on Sustainable Procurement and one on Trade
- The I-SPOC Deck has been updated and will be shared with the members for reference and dissemination in their network
- The LinkedIn page is regularly updated with three posts per week. In case the members/observers want to share anything regarding their work on palm oil, they should reach out to Bhavya
- For 2022, there are 10 planned events including Open Days, Capacity Building Workshops, Members Meeting and Working Group Meetings. The first and second Open Day are scheduled for May 2022 and September 2022 respectively.
- Capacity Building Workshops are scheduled to be conducted in April 2022 and August 2022
- A Commitment Document has been prepared for members and will be shared for reference and dissemination within network
- IDH will be stepping away as the Chair or the Working Group on Policy Engagement and Domestic Production. This was tabled in the last meeting and aligns with IDH's current

focus in the Indian palm oil market. IDH will continue to support some of the ongoing work on policy convening and will at this stage participate as an observer to the supply chain working group

b) Update on the activities planned by the Working Groups

• **Government Policy and Domestic Production**

- Through I-SPOC the Working Group has been working on policy interventions that would be required to promote and incentivize sustainable palm oil and a larger scale
- The group is focussing on building dialogue for increasing policy engagement along with adapting to cross sectoral approach on the production and consumption side
- WWF has been working on a study that focusses on the analysis of the policy landscape looking at it from the lenses of leveraging the current situation of domestic production as well as the trade scenario
- They are also working on developing a policy brief to emphasising the relevant government led mechanisms that would incentivize sustainability in production and trade of sustainable palm oil in India.
- They have had discussions with relevant government stakeholders to gather inputs for showcasing what can be done and identifying methods for incentivizing these mechanisms along with looking at recommendations
- The initial findings of the report along with the policy brief will be shared with the Working Group Members by May
- A meeting with the Group Members to discuss the inputs on the policy brief will be organized in May and the next meeting would be organized in August/September before the launch of the report
- Regarding domestic production, WWF is working with RSPO on a project to certify RSPO ISS small holder production group in India. The work has been initiated with two groups in Andhra Pradesh, however due to the COVID-19 pandemic, trainings have been restricted to only one mill. Trainings for the farmers, small holders as well as the department officials have been conducted. Currently, data on GPS polygon is being collected and in the next phase, internal audits will be conducted for them in June. In the pilot phase, 700 to 800 hectares owned by 300 to 400 farmers will be trained/certified by the end of the pilot phase
- On work related to North-East, since the government has launched the NME-OP mission, WWF along with RSPO is carrying out a baseline study to identify major industry that are relevant in the region, the current situation on crop production, the changes in the socio-economic set up if palm production is adopted. In order to train and build capacity of stakeholders, workshops and awareness generation sessions will also be organized

• **Financial Institution**

- Chandru Badrinarayanan, Founder New Age ESG and Climate Action Private Ltd. has been appointed as the chair of the Working Group
- Chandru emphasized that Finance makes a huge impact whenever something needs to be implemented, it could be in the form of investments, grants and lending. We need to dwell into the motivation for people who are in the financial field to adopt sustainable palm oil along with identifying if the lever/motivation for them would be the same as their international counterparts or we as a

coalition would need to look for specific hooks for domestic institution to get them on board

- As a next step, the Chair will discuss the ToR with CRB and will identify priority areas for the group. He added that most of the times, it's about the incentives than telling an organization that a step in a certain direction will be good to do. That apart, when talking about banking side, how do we get stakeholders to take the plunge, in such cases the regulations play an important role because in banking side whenever this happens, two or three motivations and dynamic factors that drive stakeholders.
- On the investment side, it is based on the portfolios which funds must be having and what are the investors actually thinking, do they want these organizations to make an exclusion. In ESG, there are 11 exclusions that are quite popular, they are industry standards and sustainable palm oil isn't one of them. Apart from that there could be capital, which probably looking at sustainability and not finding the right place
- Arindom Datta, Rabobank added that it is a bit early to introduce a palm oil policy in India. It would be better to look at a policy that addresses biodiversity conservation or forestry policy rather than palm oil policy. If we look at the lending books of private and public sector banks, they would not classify investments into palm oil and monitor that but if we highlight it under deforestation or biodiversity conservation policy then that could be clubbed under that. It is better to start on a broader sustainability agenda and then narrow down to a palm oil policy

- **Supply Chain and End Users**

- Palm Oil Sustainability Framework has been developed and Bhavit will share the document with SC and members
- Shiv spoke about his participation in CosmoProf event in Mumbai, India to create awareness among the relevant players in the cosmetic sector about sustainable palm oil (sourcing) and I-SPOC
- An industry flagship event for creating awareness and orienting members of IVPA regarding sustainable palm oil will be organized by IVPA-CRB and RSPO in May
- The Working Group is starting a campaign in North – East of India on sustainable cultivation and production of palm oil in India. A delegation will be visiting the region in April to take a stock of the situation as well as to start building capacity on the same. Members are welcome to collaborate if they may
- The group is also commissioning a study with WWF on environmental and social impact of adoption of NME-OP
- A procurement framework has been developed with WWF and will be shared with I-SPOC members
- Regarding consumer awareness, the group chairs have started engagements with QSR chains, retail and e-commerce companies such as Zomato
- RSPO has been doing consumer campaign #Knowyourpalm to engage with consumers and raise awareness. They have reached up to 19 million consumers so far out of which 1500 have taken the pledge to ask their brand for sustainable palm oil
- Amongst two- three priority areas that the Working Group aims to work on include launching and disseminating the framework and helping members adopt these strategies into their sustainability journey. Also, capacity building sessions around the execution and implementation of the framework will be conducted for

the members. RSPO and Rainforest Alliance will be happy to collaborate with member companies to provide them guidance and one on one mentorship on the framework

- The group will also be launching collaborative campaigns to engage with consumers on sustainability
- While talking about how sustainability is changing consumer preferences in India, Bhavit highlighted some studies that showed that 86% consumers in India, have stated that buying sustainable products from organizations make them happy along with that 66% of the consumers shared that they have switched to lesser – known brand(s) or organizations whose products/practices according to them are more sustainable. Lastly, there was seen a significant gap in organization perception as compared to consumer preference and willingness to shift to lesser-known brands, only 37% organizations perceive that their consumers are willing to switch to another brand which they think or perceive as more sustainable
- Similarly, based on the study conducted by Rainforest Alliance in 2019, 29% of Millennials and GenZ consumers were concerned about climate change and environment
- Rijit mentioned that it is important to engage with the PSUs as well and engage them with discussions related to public procurement

c) Discussion on Member expansion

- Rijit moderated a discussion to get suggestions from members and observers on how we can increase members in I-SPOC along with looking at if the expectations of the members are aligned on what we are able to deliver as a network and identifying the actions needed by members/observers while taking into account the volatility of the market. The discussion also looked at identifying areas/expectations that the SC might be missing out to address
- Bhavna Yadav, Reckitt mentioned that recently Reckitt has renewed their strategy on how they will get into natural raw materials and what should be the priorities. In the ASEAN region palm oil is an important commodity, however in terms of India, the element that has been missing is traceability. There is a need to adapt the process of traceability from regions where it has matured (like Indonesia and Malaysia). She highlighted that even while looking at the supply chain specially looking at imports, traceability is still an issue there as well. In many cases, these issues aren't a priority for companies but at present, many regulations and processes are coming up and being used in management of supply chain. In the supply chain, many downstream actors aren't aware of traceability and it is important that now supply chain actors should work towards it
- While looking at the solution to the issue Bhavna pointed out, Kamal mentioned we should work towards creating awareness amongst the suppliers and a way to do it is by inviting them to capacity building workshops and open days. He requested Reckitt, Hindustan Unilever Limited (HUL) to invite their suppliers in the next capacity building workshops or open days
- Rijit added that regarding exchange of good practices, I-SPOC has been engaging with a network of global platform on Sustainable Palm Oil to create like a network of networks. The global network consists of networks working on sustainable palm oil in Europe, South- Asia, Latin America. The idea is to see how the networks can come together to share the lessons including information and good practices from their region with a wider community of regional and national network
- Amit Chowdhury, IOM mentioned that currently their main focus is on palm oil industry in Malaysia looking at mitigating forced labour links promoting responsible recruitment

and free labour practices between members of consumer goods forums. They are drawing linkages to identify ethical practices for migrant labourers in Malaysia. He highlighted that it is important to look at not just producers but all actors in the supply chain that are linked to the producing companies. There work emphasises on practices and ideas of Human Rights and Due Diligence

- To Amit's point, Kamal highlighted that RSPO hasn't received any complaint/concerns on migrant labourer issues related to oil palm. The risk now however is now when the agricultural substitution will happen from tea to palm, coconut to palm or rice to palm, that might create issues in the future. He further added that oil palm farmers in Andhra Pradesh are some of the most educated and empowered farmers, the challenge however will now be in the North- East where farmers are relatively less aware/educated. Keeping in mind the potential risk, WWF and RSPO will be conducting a study to measure the risk and identify action that could be taken to reduce them
- Adding to Kamal's point, talking about a report realised earlier, Neha mentioned that WWF had commissioned a study based on Jhoom cultivation in 2009 or 2010 when oil palm started to appear on domestic agenda. There isn't a migrant labourer issue prevalent yet in the sector. It might emerge due to the conversion from one crop to another
- Ian from GAR spoke about visiting a few of his suppliers in Latin America. In Latin America in palm oil development, they are a little more ahead than India. As soon as a mill sets up in a remote region in Latin America, there is domestic migration in that area. He added that the topic on migrant labourers is valid and we could get some experts from Latin America to share their experience
- Loshim from HUL reiterated that getting suppliers to the discussion on sustainable palm oil will help in steering thing in the right direction. Additionally, traceability up till plant level can only be achieved if we have suppliers in the discussion. We may have all the demand but if the suppliers aren't aware or in case, they are willing to make the transition, they don't know the process to formalize. In order to know the extent of challenges in the backend, it would be key to include suppliers in the topic
- In conclusion, Rijit mentioned that there have been various ways in which suppliers, supply chain, sustainability initiatives have been driven and often they have been driven top down (brands and buyers would set suppliers to do something that is required to be done, including compliance). Given that we all are aware of the challenges of using the influence of the buyers/brand in pushing a supply chain initiative down the value chain, we should definitely start to look at those initiatives as we design them. I-SPOC could come up with a supplier engagement initiative, which will not highlight specific tools but rather essentially ensure that suppliers and buyers can come together to promote the idea of collaboration across the supply chain

d) AoB

- Ankita Surabhi from IOM asked the SC if there are any reporting templates and mechanisms in order to keep track of the work members are doing and to identify overlaps if they are any in their work. Rijit mentioned that it is a coalition and it doesn't hold member accountable on the work they do. He added that as part of coalition activities, the SC members have been developing biennial reports highlighting the work that the coalition and the members have done and will be doing in the next year
- Rijit added the commitment document is more for industry participants and provide support to them (if needed) to work towards uptake of sustainable palm oil. For value chain actors such as IOM, ZSL the idea is to act as champion and ambassador of sustainable palm oil and the work that the coalition does regarding uptake and opportunities of sustainable palm oil

- In the SC meeting (which happens before the members), it was highlighted that the capacity building workshops will be open to members as well as observers. Along with that, the next two members meeting would be developed around certain themes and the two themes that the SC members suggested were
 - Overview on various sustainability systems in India in sourcing of sustainable palm oil
 - Domestic Production
- In each of the members meeting, SC will try and bring an external participant (expert) from the government to understand priorities and issues that they are working on and align it with what the coalition is doing as a network