



Sustainable Palm Oil Coalition for India

I-SPOC

Third Members' Meeting Report

24 April 2020

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1. Background

The Sustainable Palm Oil Coalition for India (I-SPOC) organized its third meeting of Members virtually on **April 24, 2020 from 10 AM to 1:30 PM¹**, which was attended by the Members² and Observers³ of the Coalition. I-SPOC (<http://www.indiaspoc.org/>) is a business led multi-stakeholder initiative created with the goal of promoting sustainable consumption, import and trade of palm oil and its derivatives along the supply chain. The Coalition through industry collaboration aims to a) create broader awareness on sustainability issues within industry and among consumers, b) facilitate multisector industrial dialogue on sustainable palm oil uptake, c) build and grow sustainable trade partnerships through links with similar platforms and d) encourage engagement in policy dialogue for a supportive policy environment and regulation.

I-SPOC was conceived by four (Founding) organizations; Centre for Responsible Business (CRB), World Wide Fund for Nature India (WWF-India), Roundtable for Sustainable Palm Oil (RSPO) and Rainforest Alliance (RA) and was formally launched in September 2018. Since its launch, 20 organizations including Hindustan Unilever Limiter (HUL), IDH – The Sustainable Trade Initiative, L'Oréal, P&G, Ferrero, AAK Kamani, Rabo Bank, HSBC Bank, CDP amongst others have joined as members. The Coalition consists three working groups based on the focus areas of work namely, Government Policy, Supply Chain (including Traders & Refiners) and End Consumers (FMCGs, Retailers and Consumers). All members are organized among the working groups and responsible for developing the Action Plan 2020 for their respective group. The Chairs for the groups for the year 2020-21 are as follows: The Working Group on Government Policy will be jointly chaired by WWF- India and IDH, Supply Chain Working Group will be chaired by Rainforest Alliance while the group on End Users will be chaired by RSPO. The Chairs submitted their annual action plan to the Steering Committee for their respective groups defining the activities that are to be undertaken in the year 2020-21.

The objective of this meeting was to formally introduce the members to their Working Group and their Group Chairs and finalize the Action Plan. The agenda of the meeting and the list of participants are attached as Annexure 1 and 2 respectively.

2. Summary of the Proceedings

Rijit Sengupta from CRB commenced the meeting by welcoming the participants. This was followed by a round of introductions and context setting. He gave a brief background of I-SPOC describing the objective of the Coalition, the activities that have been undertaken by the Coalition since inception, the development of action plans and the organization of members into Working Groups. In his opening comments, he highlighted that since the start of I-SPOC in 2018, a considerable amount of time has been spent in expanding the network for the coalition. In the current year, the members including the Founding Members will focus on implementing the activities delineated under each Working Group.

The welcome and introductions were followed by opening comments by the Steering Committee Members.⁴ **Bhavna Prasad from WWF-India** mentioned that the current pandemic will have implications for businesses, NGOs and organizations in the sector, affecting their operations and sourcing of edible oil. COVID 19 will also have an impact on the demand of goods, effecting the imports further. As businesses struggle to keep afloat, the sustainability agenda may get pushed to the backburner. Therefore, she emphasized that as members of Coalition, there is a greater need to focus on identifying partnerships, ideas, ways and to propel sustainability. She further added that the onus of promoting the uptake of sustainable palm oil amongst producers and consumers lie on members of the Coalition.

¹ Agenda attached as annexure

² Members: Organizations that have formally joined the ISPOC Coalition

³ Observers: Organization that have interest in the ISPOC Coalition, but have not yet joined it formally

⁴ Steering Committee of I-SPOC consists of 8 Members, as per the Constitution of I-SPOC. Currently, there are 7 Members comprising 4 Founding members, HUL, IDH and AAK Kamani. 1 spot in the Steering Committee is vacant at the moment

Kamal Prakash Seth from RSPO mentioned that I-SPOC follows an inclusive approach by addressing the issues and activities of both Supply Chain actors as well as End Users actors. While speaking on the issue of sustainable palm oil in his presentation, he highlighted that there has been a growth in the purchase of sustainable palm oil. Indian businesses today are purchasing 25- 30 times more sustainable palm oil from the suppliers. The number of companies with sustainable certifications for their factories and refineries that process or produce sustainable palm oil products have increased by two folds. He concluded by saying that there is a positive momentum that can be seen towards the uptake of sustainable palm oil, emphasizing that in 2020 encouraged by the trend, the Steering Committee members will be leading initiatives on policy advocacy, palm oil farmers training in Andhra Pradesh, Consumer Awareness amongst others.

Rosy Choudhury from Rainforest Alliance shared her perspective on sustainable palm oil and said that with India being the largest importer of palm oil apart from promoting sustainable imports, there lies a large responsibility on the users (producers, suppliers and consumers) on promoting uptake of sustainable palm oil. While giving an overview of her organization, she highlighted that Rainforest Alliance has been a pioneer in the certification process globally for multiple products. More than 80 products including nuts, cashew, tea, coffee and palm oil are certified by the organization. For palm oil which is one of the priority sectors for the organization, RA is working with various actors from the industries to assure that the palm value chain is sustainable and inclusive. In conclusion, she stated that certification is just one of the methods or tools that can be used to make or mark a product sustainable, there is a need to identify method(s) that will help in promoting a future where both nature and people can co-exist.

Neha Simlai from IDH while giving an overview of IDH and the projects that are undertaken by the organization in across 50 geographies globally and 16 states in India mentioned that the palm programme of IDH was initiated in July 2019. The work of the programme is focused on enabling a coordinated effort within the Indian industry to promote inclusive, action- oriented ideas and methods to promote the uptake of sustainable palm oil in India.

Mitesh Thakker from Hindustan Unilever Limited (HUL) began by stating that according to HUL's palm policy they now use 100 percent sustainably sourced palm oil for their products. He added that the pandemic might have disrupted the operations of the supply chain and also caused a demand shock but he believes that every crisis brings with it an opportunity. This is the time to identify the available opportunities and take the sustainability agenda to the next level. On sharing his perspective on I-SPOC, he mentioned that the Coalition has made good progress from the time of its initiation. The Coalition now with defined work streams has gained clear momentum with FMCGs however, there is a need to find processes through which refiners and even farmer associations could be made members of the Coalition making I-SPOC more inclusive. Lastly, he added that for the world to become a better place, we need to progress towards more sustainable sourcing of products.

2.1. Presentations by Working Groups

The Coalition through its three Working Groups has been able to define and set qualitative and quantitative targets that the members of each of the Working Group along with the chairs have to work towards in the year 2020-2021. Each group chair presented their action plan along with specific timelines. The summary of the presentation along with the discussions are as follows:

2.1.1. Government Policy Working Group

Group Chair – Co chaired by Bhavna Prasad, WWF India and Neha Simlai, IDH

Group Members – HUL, AAK Kamani, ECube Investment Advisors, Rabo Bank and CDP

Anjana Shanmugavel from WWF India set the context by giving a broad overview of the Working Group including, group members, goals and objectives and a detailed account of the activities undertaken by the group. She added

that there is consensus among the members that policy intervention would be required in order to promote and incentivize sustainable palm oil at a larger scale.

In terms of the activities she added that the intended outcome of the group is to conduct a study with a detailed analysis on the policy landscape looking at it from the lens of how to leverage the current situation with focus on domestic production and geopolitical scenario looking at relationship between India and key producers and how the input tariff system be positioned in order to incentivize the import of sustainable palm oil. For this, she mentioned that the internal research on policy landscape particularly on input tariff as well as domestic production has been completed by the group so far. There is however, a need to design an effective pitch that will help in promoting or incentivizing the uptake of sustainable palm oil along with identifying an ideal government led mechanism and recognizing the suitable department that could be approached for the study. For the study, the group plans to work jointly with a research institute that have had an engagement with government agencies preferably with the Ministry of Corporate Affairs (MoCA) and develop the government engagement strategy to incentivize import of sustainable palm oil. She further highlighted that in the initial stage the group plans to keep the scope of the study broad and look at edible oils which have the largest import volumes in India.

Keeping in mind the existing global standards on palm oil, the group will aim to work towards identifying methods that will help in understanding the receptivity of the government towards responsibly sourced palm oil. A stakeholder mapping will be carried out to recognize all the key government and non- government actors across ministries and departments who will have to be influenced on sustainable palm oil. Regarding the timelines, the ToR for the study has been drafted and will be shared with the group members for their review. The group has also shortlisted research institutions who will conduct the study. Once the study is completed, it will be shared with the members for review and to discuss with them the pitch to be made to the government should be designed. In the meantime, the working group will also continue to focus on keeping track of all the relevant scenarios in terms of industry dynamics as well as geo-political scenarios to understand how the global market might have an impact on the work undertaken by the group.

Neha Simlai from IDH, the co-chair of the Government Policy Working Group while sharing her views on the group and its activities mentioned that there is a need to understand the intent of the government on the topic of sustainable palm oil and a policy dialogue with the government along with consumer awareness and discussions with the actors could help in increasing the uptake of sustainable palm oil. She further added that the ideology of the Working Group is aligned with the work that both WWF-India and IDH have carried out in multiple geographies across the globe, however in the Indian context there is still a need to measure the level at which companies in the palm oil market are operating and the alignment of their actions towards attaining a sustainable supply chain.

Lastly in the current phase, the action plan needs to focus on policy landscape, identifying interventions and initiate engagements in a strategic manner with the relevant agencies to promote a dialogue on palm oil with the government. As an end goal, the group envisions that I-SPOC is able to be at the helm of all policy discussions related to palm oil in the country.

Damandeep Singh from CDP a member of the Working Group while giving a feedback on the action plan mentioned that the activities of the group need to be more inclusive. To do so the inclusion of good practices from businesses as well as case studies from private sector along with including a green financing perspective with the policy mapping for the study will make the study more effective and will help in finding success with the government.

Chandru Badrinarayanan from ECube Investment Advisors another member of the Working Group added that the Ministry of Agriculture could be one of the relevant agencies with whom the group could initiate conversation on palm oil. However, it is important for the group to identify levers related to palm oil that will help push the government into action.

Arindom Datta from Rabo Bank, member of the group pointed out that the Indian financial institutions don't have a view on sustainability or palm oil, it isn't part of their credit system because of this it is important to influence the policy makers that can then push the actors to take the sustainability route.

2.1.2. End Users Working Group

Group Chair – Kamal Prakash Seth, RSPO

Group Members – HUL, AAK Kamani, ECube, Colgate Palmolive, P&G, HSBC, L'Oréal, Karnataka Aromas

Kamal Prakash Seth from RSPO began by acknowledging the contribution made by members in the finalization of the action plan. He mentioned that the mission of I-SPOC is to promote sustainable palm oil and its derivatives in India along the supply chain through industry collaboration. The members of RSPO and I-SPOC have also grown by two times and five times respectively over the last two years. Twice the number of facilities catering to the demand of palm oil in India are now RSPO certified. The neighboring South-Asian countries like Pakistan, Sri Lanka and UAE have stepped up in their activities and are producing sustainable palm oil. He was of the opinion that for sustainability to be on the agenda of the policy makers, there is a need to nationalize the issue and follow a more inclusive approach. The inclusion of farmers (through capacity building, incentivizing) in the approach can help in making a strong case to the government.

According to the Constitution of I-SPOC, the Working Group on End Users has to work on setting time bound targets, propose strategies to educate consumers on SDG 12 – Responsible Consumption and Production and through supplier capacity building and training programs educate them about the trade of sustainable palm oil and its derivatives. He emphasized that there is a need to create a business led consensus before approaching the government for policy recommendations. Some of the broad areas that the group will work on in the year 2020-21 include activities facilitating multi stakeholder dialogue for sustainable procurement of palm oil, educating the suppliers on sustainable palm oil and sustainability norms by developing toolkits and conducting workshops for them, providing support to businesses on multi stakeholder lead responses to government to incentivize imports and production of sustainable palm oil and lastly, supporting the onboarding of mass influencers for creating consumer awareness on sustainable palm oil, SDGs specially SDG – 12 : Responsible Production and Consumption.

While discussing about the sustainability commitments, he also mentioned that in the current situation, it might be difficult for businesses to meet their sustainability commitments for the year 2020. Many businesses however, still might try and work towards their commitments and not push it to the next year or the year after. To gain a clarity on the effects of the crisis on businesses and their commitments, he invited **Reuben Blackie from PepsiCo** to share his view on the pandemic and its effects on the commitments made by his organization. Reuben mentioned that as end chain buyers they rely on the supply chain actors and their commitments to deliver. However, in spite of the crisis, the organization will continue to work with the same intensity towards their commitments.

He further invited **Mitesh Thakker from HUL** who echoed the same thought and added that HUL fulfilled its 2020 commitments in 2019 itself. The pandemic might have disrupted the supply chain specially with the palm oil that is coming from Indonesia and Malaysia but in spite of that the organization is fully committed to its sustainability agenda. **Nikhil Fernandes from Allana** also added that there have been no major changes as far as commitments on sustainability are concerned.

According to the segment/industry wise consumption, palm oil is used in different sectors like Bakery Industry, Chocolates and Confectionary Industry, Dairy Industry, Snacks Industry including Ready to Eat (RTE) and Ready to Serve (RTS), Food Processing Industry, Food Service Industry and Oleo Chemical Industry. 13 percent of the total palm produced goes into non – food production and nearly 44 percent of palm oil consumption is in blended or indirect form. The End Users Working Group through their consumer campaigns will highlight the importance of shared responsibility that both the businesses and the consumers will have to take in order to promote the uptake of sustainable palm oil. The campaigns will ask the consumers to be mindful of the ingredients they consume and the impact they have on the environment as well as the society.

He highlighted the result of the study conducted by Climate Advisers Better Palm Oil Index showing that the companies that have made a commitment to palm oil have shown a stronger equity returns, however, nearly 70 to 80 percent of the buyers of palm oil in India haven't yet committed to buying or procuring sustainable palm oil.

Explaining the link between equity and returns, **Chandru Badrinarayanan from ECube Investment Advisors** added that the ESG industry is a 30 trillion dollars industry worldwide a 10 billion dollars industry in India. Over the years the ESG indexes have been diverging away from composite indexes and been outperforming other existing indexes. Companies which have been doing well in their environment , social and governance practices have been able to perform well and deliver dividends to their shareholders.

As part of the activity for 2020-21, along with other activities including development of the toolkit, facilitating multi stakeholder dialogues, Need Assessment and ToRs , conducting workshops for Palm oil suppliers, the End Users Working Group along with RSPO (India and Global), WWF – India and CRB with support from other group members and brands also plans to run/launch an end consumer awareness campaign or an initiative involving social media campaigns, videos, newsletters, webinars, outreach programs and influencers market strategies.

2.1.3. Supply Chain Working Group

Group Chair – Dr. Paula den Hartog, Rainforest Alliance

Group Members – Haldirams, Navabharat Ltd, Galaxy Surfactants, Manorama Industries

Paula from Rainforest Alliance (RA) began by giving an overview of her organization which, recently merged with UTZ a Dutch based label for sustainable coffee, cocoa and tea. Post the merger, the global strategies on products including palm oil were rethought and restructured keeping in mind the global trends and the areas where the organization can add value in the capacities of supply chain methods. She added that 70 Million MT of palm oil is produced and only 19 -20 percent of that is certified (primarily RSPO certified). However, most of the small holder farmers responsible for 40 percent of the global production of palm oil are not certified as yet. The organization plans to focus on developing a toolkit to enhance the skills of the small holder and give them access to the global markets.

In their strategy Rainforest Alliance works closely with RSPO to support them in their certification program and traceability system to push them forward in their sustainability journey. They also work with consumer goods manufacturers mapping the supply chain actors and identify and evaluate their sustainability commitments. Furthermore, RA's endeavor is to strength the economic position of small holders through establishing stable market linkages for them.

The action plan of the Working Group aims to enable an environment for uptake of sustainable palm oil and look for strategic partnerships within the industry and NGOs to push sector transformation. The plan supports interventions related to communications on sustainable palm oil as an option in the market, stakeholder mapping to identify companies to engage with in the shortlisted activities related to supply chain. The group also plans to partner with National and Local government on work and practices with stakeholder engagements for better livelihoods, develop stepwise approach (toolkits) to lower the threshold on the sustainability journeys of companies in India.

Chandru Badrinarayanan from ECube Investment Advisors posed a question to Paula asking if the Working Group considered the usage of block chains in the supply chains to bring in more efficiency and credibility to the system. In her response Paula mentioned that Palm Trace is using the block chain technology (Palm Trace is a tech based traceability system for certified oil palm products. It is developed and managed by UTZ, based on the RSPO's business rules and in close cooperation with the RSPO Secretariat and the Trade & Traceability Standing Committee. UTZ is a program and label for sustainable coffee, cocoa, tea and hazelnut, and a partner sustainability standard to the RSPO). She added that for supply chain actors getting access to reliable data is more of an issue than the data that is entered and managed through the system. She concluded by saying that in the current scenario, there is a need to identify how we can best deploy available technology to drive sustainability.

Lingaraj Dinni from Wipro accoladed the members including the Founding Members to have been working together as a Coalition and taking the sustainability agenda ahead. He added that for members who have been able to adapt to sustainable palm oil in their supply as well as procurement activities should share the

methodologies and roadmap adopted by them in achieving the targets. In the current circumstances, it is important for businesses to identify the challenges and see as to how they will overcome them in the near future.

3. Conclusion and Next Steps

Neha Simlai from IDH emphasized that the idea is to strengthen I-SPOC as a coalition through identification and addition of new members who could join the coalition or with whom the coalition can partner in the near future. While updating the group on the activities that the I-SPOC members have been undertaking she mentioned that IDH along with CRB, RSPO and Rainforest Alliance is looking to develop a pitch for potential funding opportunity with the coalition being at the focus for the opportunity. The 4 organizations will apply to the funding opportunity as a consortium with CRB being the lead. For this, the consortium will need Letter of Endorsement or a Letter of Support by the members for the work being undertaken by the I-SPOC.

While concluding **Bhavna Prasad from WWF-India** brought to light that the meeting and discussion with the members and observers have become cohesive and more action oriented over the years. However, there is still a need for members to be more participative and involved in the activities of the Coalition and the Working Groups. She added that the overall agenda of I-SPOC has evolved in a positive way however, the agenda can further be made more robust in order to involve more industry players. Furthermore, it will also be helpful if the members of the Working Groups can provide support in identifying the companies/businesses that the Founding Members of I-SPOC can associate or initiate conversations with. Lastly, all the new strategies that the members of the groups or the chairs will be designing this year should be developed keeping in mind the effects of COVID 19 on policy, business engagements and consumer awareness and behaviour change.

Kamal Prakash Seth from RSPO thanked everyone for joining the meeting and added that every crisis brings with its opportunities and it is important that businesses remain optimistic even in this difficult time. He highlighted that India has the purchasing power and we as a country can take lead in creating deforestation free supply chain and help in driving the sustainability agenda specifically in South East Asian countries. We as a Coalition should intensify our engagement with businesses to give further impetus to sustainable palm oil uptake and sustainability as a whole. He reiterated the point that the Coalition members should introduce their Working Group Chairs to companies with whom conversation related to sustainable palm oil can be initiated.

Rosy Chaudhury from Rainforest Alliance concluded by saying that along with the outreach, there is also a need to enhance the visibility of the Coalition and recognize the value proposition for a business to become a member of the Coalition.

3.1. Action Points

- All Working Group Chairs to share the final action plan for 2020-21 with the members and initiate discussions on the same
- Each Working Group Chair to initiate discussions with the members on the action plan and the activities each of the member will undertake
- Each member to support the chair in identifying potential members for the Coalition
- The next I-SPOC meeting will be held in October 2020

Annexure 1

Agenda

    	
Agenda	
Third Members' Meeting of Sustainable Palm Oil Coalition for India	
I-SPOC	
Date – 24 April 2020	
Time- 10 AM to 13:30 PM	
Timings	Programme Details
10:00 – 10:15	Welcome & Introductions of All Participants
10:15 – 10:50	Opening Comments by the Steering Committee Members
10:50 – 11:20	Presentation of Working Group Action Plan (Govt Policy)
11:20 – 11:30	Discussions and Finalization
11:30 – 12:00	Presentation of Working Group Action Plan (End Customers)
12:00 – 12:10	Discussions and Finalization
12:10 – 12:40	Presentation of Working Group Action Plan (Supply Chain)
12:40 – 12:50	Discussions and Finalization
12:50 – 13:20	Discussions with Members on the Way Forward (Engagement/Role of Members in WG Action Plan, Mobilization of New Members, Outreach and Visibility, Mobilization of Resources for I-SPOC, Any Other Issue)
13:20 – 13:30	Summary & Closing Remarks

Annexure 2

List of participants

Name	Organization	Status
Gaurav Mahajan	Haldirams	Member
Mitesh Thakker	HUL	Member
Harshal Thakare	Galaxy Surfactants	Member
Aloka Mazumdar	HSBC	Member
Arindom Datta	Rabo Bank	Member
Chandru Badrinarayanan	ECube Investment Advisors	Member
Dheeraj Talreja	AAK Kamani	Member
Neha Simlai	IDH	Member
Sneha Maheshwari	IDH	Member
Bhavna Prasad	WWF-India	Member
Anjana Shanmugavel	WWF-India	Member
Ayush Sharma	WWF-India	Member
Sanjana Das	WWF-India	Member
Rosy Choudhury	Rainforest Alliance	Member
Paula den Hartog	Rainforest Alliance	Member
Saji M Kadavil	Rainforest Alliance	Member
Kamal Prakash Seth	RSPO	Member
Ruchie Kumar	RSPO	Member
Damandeep Singh	CDP	Member
Lingaraj Dinni	Wipro	Observer
Nikhil Michael Fernandes	Allana	Observer
Bhawna Yadav	RB	Observer
Reuben Blackie	Pepsico	Observer
Prabuddha Sen	Havmor	Observer
Chakresh Jain	Bunge	Observer
Rijit Sengupta	CRB	Member
Devyani Hari	CRB	Member
Nandini Sharma	CRB	Member
Bhavya Sharma	CRB	Member