

**Assurance Standing Committee
10th Meeting (via Zoom)
Minutes of Meeting**

Venue: Zoom Meeting (<https://zoom.us/j/92181857433>)

Date and time: 9 February 2022 at 4.00 pm – 6.00 pm KL time

Members Attendance:

Growers		
Name	Organisation	Group Representation
Agus Purnomo (Co-chair) (AP)	Golden Agri Resources (GAR)	Indonesian Growers (IGC)
Lee Kuan Yee (LKY) <i>(absent with apology)</i>	Kuala Lumpur Kepong (KLK) Berhad	Malaysian Growers (MPOA)
Mariama Diallo (MD) <i>(absent with apology)</i>	SIAT Nigeria	Growers RoW
Marie-Rosine Nsegbe (MRN) <i>(absent with apology)</i>	Goldtree Holdings	Smallholders Group
NGOs		
Name	Organisation	Group Representation
Joko Sarjito (JS)	WWF Singapore	E-NGO
Paula den Hartog	Rainforest Alliance	E-NGO
Paul Wolvekamp	Both ENDS	S-NGO
Marcus Colchester (MC)	Forest Peoples Programme	S-NGO
Supply Chain Sector / Downstream / Others		
Name	Organisation	Group Representation
Emily Kunen (EK) <i>(absent with apology)</i>	Nestlé	CGM
Hugo Byrnes (HB)	Royal Ahold Delhaize N.V	Retailers
Olivier Tichit (OT)	Musim Mas Holdings	P&T
Michal Zrust (MZ)	Lestari Capital	Financial
Lee Kuan-Chun (LKC) <i>(alternate member)</i>	P&G	CGM

RSPO Secretariat Attendance:

Name	Position
Gan Lian Tiong (GLT)	Interim Coordinator, Operation
Aryo Gustomo (AG)	Deputy Director, Compliance
Wan Muqtadir Wan Abdul Fatah (WM)	Head, Assurance Integrity Unit
Zaidee Mohd Tahir (ZT)	Manager, Assurance Integrity Unit
Freda Manan (FM)	Sr. Executive, Assurance Integrity Unit
Ashwin Selvaraj (AS)	Interim Head, Shared Responsibility
Joyce van Wijk (JVW)	Manager, Shared Responsibility
Shazaley Abdullah (SA)	Head, Certification
Amirul Ariff (AA)	Manager, Certification
Shafiqul Syaznil (SS)	Data Analyst, Certification
Citra Hartati (CH)	Head, Risk
Leena Ghosh (LG)	Head, Human Rights and Social Standards

Facilitation Team Attendance:

Name	Organisation	Role
Bilge Daldeniz (BD)	Proforest	Proforest Associate Director / Lead Facilitator
Shinta Puspitasari (SP)	Proforest	Proforest Senior Project Manager / Facilitation team member
Claire Reboah (CR)	Proforest	Proforest Project Manager / Facilitation team member

Other attendance:

Name	Organisation	Role
Matthias Wilnhammer (MW)	ASI	Operations Director
Jan Pierre Jarrin Peters (JPJP)	ASI	RSPO Program Manager

Item	Description	Action Points
<p>1.0</p> <p>1.1</p> <p>1.2</p>	<p>Introduction AP welcomed everyone to the ASC meeting. BD briefly shared the agenda for today’s meeting.</p> <p>RSPO Antitrust Law, Recap ASC ToR (Objectives, Consensus-Based Decision Making, Declaration of Conflict of Interest, Col) BD reminded the members of the RSPO Antitrust Guidelines and the objectives of the ASC. BD stated that the ASC follows the RSPO consensus-based decision-making process, in accordance with the ASC Terms of Reference. BD highlighted the ASC Col obligations. No Col was declared at this meeting.</p> <p>Acceptance of MoM from 22 October 2021 Meeting BD asked the members for comments or feedback on the final minutes from the previous ASC meeting on 22 October 2021. A member asked who is responsible for RaCP implementation review because it seems that actions have not been taken. WM responded that the review is in progress and confirmed that Khing Su Li (KSL) from Standards Development Division is in charge of it. WM will check with the said focal person and inform the ASC of latest updates. There were no other comments apart from this and the members accepted the minutes.</p>	<p>The Secretariat to check with KSL & inform the ASC on progress of RaCP implementation review.</p>
<p>2.0</p> <p>2.1</p>	<p>For Discussion</p> <p>Independent Smallholders (ISH) Certified Through Mill’s P&C AG shared that only existing certificates (with ISH included) are allowed to continue to be certified and the Secretariat will work on the relevant guidance needed, which is to be endorsed by the SHSC with input from the ASC. AG added that the next steps will be to:</p> <ul style="list-style-type: none"> ● Update the Certification System Document (CSD) ● Provide transition period to existing certificate holders ● Develop compliance guidance (audit requirements) to be inserted into the updated CSD <p>AG explained how section 5.1.2 and 5.1.5 of the CSD will be updated and that the guidance will assist the certificate holder and Certification Bodies (CB) to implement adequate monitoring systems to ensure that the ISH comply with P&C requirements. AG continued with recommendations on the transition period for existing certificates:</p> <ul style="list-style-type: none"> ● Mill with 1 up to 500 ISH within scope of a single certificate - 1 year from the date of announcement ● Mill with >500 ISH within scope of a single certificate - 2 years from the date of announcement 	

	<p>AG raised two points for discussion:</p> <ol style="list-style-type: none"> 1. What are the risks involved when 200 ISH tag along with mill's management (no separate Internal Control System, ICS)? <ul style="list-style-type: none"> o Individual ISH as single supply base (i.e., 100 ISH as 100 supply bases) o Sampling applied as per 5.7 of CSD (sampling size will be larger) o Chances of some ISH not being audited - based on the sampling audit requirements o (At minimum - during initial audit), evidence that all ISHs have legal or customary rights to use the land in accordance with national and local laws, and customary practices; and are located outside of areas classified as national parks or protected areas, as defined by national, regional or local law, or as specified in National Interpretations. 2. Grouped ISH as a single supply base (i.e., 100 ISH as one supply base), managed by a group manager (separate ICS) <ul style="list-style-type: none"> o Sampling within the group through internal audit process o Auditor to audit the ICS - Will this group be part of the sampling for RSPO audit? Must they have a separate ICS? How different is this requirement from RISS? <p>A member commented that an element that is currently missing when it comes to sampling, is what has worked so far. The member suggested that for sampling, it would be useful to look at some mills that are quite consistent, for clues on what can function. The member added that in Papua New Guinea (PNG), auditors pick sampling of the estates, then another sampling of ISH to ensure not missing out too much. BD stated that the suggestion is consistent with what was presented in the Lead Auditors' course; that is, for ISH sampling to be done separately.</p> <p>AG responded that the Secretariat is still discussing how guidance should be provided for the sampling mechanism and is looking at several formulas (RISS, Group Certification and Certification System). If ISH can follow P&C, can they follow sampling of P&C, or stick with Group Certification or RISS method. The Secretariat is also considering the risks for each ISH certified under P&C.</p> <p>Another member questioned whether it is contradictory to say a smallholder (SH) is exclusively contracted to supply to a particular mill, because this makes it a scheme SH. AG responded that this depends on local or NI definition. AG mentioned that in Indonesia, those are considered scheme SH, which is different from Africa whereby the contract can just be for FFB.</p> <p>The member continued by stating the importance to clearly define ISH so as not to confuse it with other definitions that appear in different NIs. For example, in PNG, there is a term called associate SH. BD commented</p>	<p>The Secretariat to clearly define ISH to avoid confusions</p>
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	<p>that SH definition has been slightly tweaked in RISS 2019. WM shared RISS definition of SH: https://www.rspo.org/library/lib_files/preview/1127 (page 8).</p> <p>A member informed that the SSC has also looked into this matter and a subgroup will be created between SSC and SHSC to discuss it. The term 'exclusively contracted' has been raised and there is a need to ensure less confusion between ISH or scheme SH, and for ISH, need to be mindful of the situation in PNG.</p>	<p>with scheme SH and other terms in different NIs.</p>
<p>2.2</p>	<p>RSPO Shared Responsibility</p> <p>AS explained that Shared Responsibility (SR) requirements are applicable to all ordinary, non-grower members except those whose operations only involve trading or distributing RSPO products without processing or transforming it. AS gave an overview of the 29 SR requirements with four thematic topics which are transparency and legality, social, environmental and uptake.</p> <p>The Secretariat proposes to split the contents of the 2021 draft implementation manual into a verification manual and guidance documents. The verification manual will be similar to the P&C Certification system describing the verification process of SR requirements and will include scope and applicability, verification process, incentives for compliance, implications of non-compliances as well as complaints and grievances (if applicable). SR guidance documents will be developed for each stakeholder category on the implementation of SR requirements and implications of compliance and non-compliance.</p> <p>AS continued with a draft concept for the verification process that will have two collection mechanisms which is through MyRSPO and ACOP. This will be followed by completeness and compliance checks by the Secretariat as well as annual independent third party verification of a sampling of members before the performance data is published on the website.</p> <p>Lastly, AS explained the next steps which are for the SRWG to review the verification manual before it is finalised for initial consultation with CBs in February and public consultation in March/April.</p> <p>Discussion points</p> <p>A member commented that the main focus for SR should be to increase uptake of certified palm products among non-grower members and asked if a target can be set for non-grower members to report their use of certified products. AS assured that volume uptake is still central to SR work. There is a requirement in SR for annual increase of uptake target where members report annual consumption of CSPO and CSPKO through ACOP reports. For the first year of analysis on compliance (2020)</p>	

	<p>which was done at the end of 2021, performance on volume of uptake target was analysed and good performance can be seen across CGM retailers and P&Ts. Some RSPO members exceed the target while some have fallen short, the most common reason being the pandemic.</p> <p>Since then, outreach & engagement activities have been planned for members that have not submitted ACOP or not complied with the uptake target. Survey was launched (closed on 10 Feb 2022) to find out why members have not complied. From the findings, proactive engagement will be conducted, with priority on members that have recorded a drop in their volumes to familiarise them with the target and increase their uptake. BoG have also decided that there will not be any sanction for non-compliant members for year 1. The verification will look at the volume uptake target as well as other SR requirements.</p> <p>Another member asked if this verification is based on the current process or if a new process is being added. AS responded that ACOP primarily focuses on volume, but the SR team has added an extra step - to assess ACOP and see what members report in terms of compliance to SR. The team also found a disconnect whereby some members stated in ACOP that they have SR policy but when checked, the policy cannot be found in MyRSPO. AS added that a lot of manual work is involved to check against both data; whether the evidence is uploaded in MyRSPO and if ACOP responses are accurate. In addition, the team found that the wording of the questions did not really align with the SR requirements. As part of this year's ACOP cycle, the SR team has been working with the ACOP team to improve the questionnaire for the SR section to ensure more clarity and guidance for members.</p> <p>Another member reminded the floor that from the beginning of discussion on SR, two key elements were distinguished. The first is the responsibility for all member categories to see the uptake improving. The second is for all members to ensure the P&C is being adhered to. This aspect was emphasised in the last physical meeting (in Bali) and during the assurance session with Membership. AS responded that the SR team will focus on engagements to increase members' awareness on all the other SR requirements.</p>	
<p>2.3</p>	<p>Gap Analysis Work Plan - Focus Areas</p> <p>WM highlighted some activities under the three thematic areas identified in the gap analysis that are being implemented such as:</p> <ul style="list-style-type: none"> ● Deforestation & Land Conflict - Remote Sensing and NPP monitoring, and stakeholder database through pool of experts ● Labour & Human Rights - Labour Auditing Guidance, workers access to grievance processes, and collaboration with IMO on SEPA's recommendations ● Cross-cutting Assurance - training for stakeholders on NPP, RaCP, LUCA & Social Auditing, CBs performance monitoring and effective engagement with AB 	



	<p>WM asked the ASC of common goals that the Secretariat should focus on in 2022 and mentioned that any further deliberation will be done via working group or engagement with some ASC members for input.</p> <p>Discussion points</p> <p>A member asked why the focus for RaCP is being put on training for all stakeholders since the issue is much broader and how the independent review of RaCP is aligned with the Gap Analysis work plan. WM responded that the independent review provided guidance on critical elements that need to be revised in the RaCP document while the work plan also took it into consideration. The training will focus on increasing members' understanding of the four key elements in RaCP.</p> <p>Another member asked how RaCP works with jurisdictional approaches when there has been deforestation and land clearing without HCV assessments as it is important from both community's perspective and achieving the goal of sustainable landscapes. The member added that there are opportunities and challenges to do restoration, for example, along riparian strips to create wildlife corridors, therefore restoring HCV for local communities and creating habitat connections.</p> <p>Another member shared that the jurisdictional working group is trying to establish guidance for jurisdictional level HCV-HCS assessment. It is important that the CB checklist has jurisdictional level check in mind so the steps can be synergised and not have to strengthen the checklist after the jurisdictional level HCV-HCS guidance is done, especially since some jurisdictional pilots are already waiting for the guidance to be developed so that particular element can be completed. WM responded that the Secretariat will consider synergy between the HCV-HCS guidance and the CB checklist at jurisdictional level.</p>	<p>The Secretariat to discuss with SDD on recommendations from the independent review of RaCP.</p> <p>The Secretariat to consider synergy between the HCV-HCS guidance and the CB checklist at jurisdictional level.</p>
<p>2.4</p>	<p>RSPO Metrics Template Dashboard</p> <p>SA shared that under criteria 3.2.2 of the 2018 P&C, annual reports are to be submitted using the RSPO metrics template. SA explained that the template needs to be submitted to CB before certification, re-certification and annual surveillance audits. This is effective on 1 June 2021, but version 2.1 was enforced on 1 August 2021:</p> <ul style="list-style-type: none"> • All audits against the 2018 P&C or the relevant National Interpretation conducted from 1 June 2021 onwards shall submit the Metric Template during the licence request stage on PalmTrace. • For audits conducted during the transition period (1 June to 31 July 2021), members and CBs are encouraged to use the updated version (version 2.1) but are also allowed to use the previous version (version 1.0). <p>SA continued to explain the 5-step submission process and gave an</p>	

	<p>update of the current situation:</p> <ul style="list-style-type: none"> ● Since 1 June 2021, 52 metrics templates received during New License Request submission via RSPO IT Platform. ● Lack of completion and understanding by UoC and CB in filling up information. ● The templates are extracted from the RSPO IT Platform and compiled into Tableau® for analysis and data visualisation. ● Dashboards are created based on complete samples of Metric Templates, for the purpose of presentation to the ASC. <p>Discussion points</p> <p>A member asked if there is a plan to include the CSPKO value in the dashboard and make it consistent with the Impacts page that is available publicly. SA responded that the RSPO Metrics Template is only applicable up to mill level and only for P&C. However, the CSPK information can be brought forward for CSPKO uptake by downstream members to the Supply Chain and Traceability (SCT) working group and the Market Development Standing Committee (MDSC). The CSPKO information will also be published on the Impacts page and the Secretariat will consider linking the information on CSPK produced and sold to the CSPKO page on the Impacts section. The member added that this is critical since it is connected to SR and the industry’s understanding of supply and demand of CSPKO and hoped that it will be prioritised to ensure completeness of the dashboard.</p>	<p>The Secretariat to consider linking the information on CSPK produced and sold from the Dashboard with the CSPKO page on the Impacts section of the website.</p>
<p>2.5</p>	<p>ASI CAB Performance Appraisal 2021</p> <p>MW explained the objectives of the ASI CAB Performance Appraisal Framework such as to ensure a fair and independent assessment process and incentive mechanism for continuous improvement amongst RSPO accredited CABs and adjust ASI oversight (sampling level, sampling targets) according to performance and risks.</p> <p>The following methodology was used:</p> <ul style="list-style-type: none"> ● Evaluation is based on applicable ISO and RSPO requirements, as well as ASI Procedures. ● Appraisal takes place once a year. ● CABs are scored for various areas based on 5-tier system (e.g. Outstanding = 5, Weak = 1) ● Note: Procedure is being updated but current scores are based on prior methodology. <p>MW explained the results of the ASI CAB Performance Appraisal 2021:</p> <ul style="list-style-type: none"> ● Majority of CABs has “average” or “above average” scoring ● Trend shows a slight deterioration of scores from 2020 to 2021 ● Few outliers (below average) for overall performance ● For Social and Environmental findings: several outliers but revision of methodology needed (see last presentation to ASC), 	



	<p>data comparison with RSPO NC analysis to improve representativeness</p> <ul style="list-style-type: none"> • Need for calibration: scores for CAB competent resources vs. Social + Environmental NCs vs. ASI witness effect • CABs with weak performance have received a sanction <p>MW also presented the following recommendations:</p> <ul style="list-style-type: none"> • Sharing information with CABs, beyond individual results, for calibration • Publishing results together with RSPO, at least within CAB group <p>Particularly for ASI:</p> <ul style="list-style-type: none"> • Enforce incentivisation mechanism more • Further adjustment of methodology (as presented to ASC on 22 October 2021) • Better account for the CABs’ reaction to formal and informal complaints in the scoring methodology • Better reflect real CAB performance in the scoring methodology • Adjust assessment targets and approaches based on identified CAB performance patterns and risks • Work with RSPO secretariat towards targeted CAB calibration and training (e.g. based on critical environmental and social findings) • Compare CAB performance scores with patterns identified in ASI’s NC data analysis (e.g. research question: do CABs with weak scoring in social findings also raise few NCs to their CHs?) <p>Discussion points</p> <p>A member commented that the Complaints Panel felt many of the cases picked up should have been addressed by CBs. The member asked for ASI’s opinion on how to improve CBs’ performance with respect to identifying social non-conformance during audits. There are concerns about how CBs are directly funded by clients, which is believed to skew the independence of the auditors. In addition, the way on-site audits are conducted seem to impede CBs from identifying problems (accompanied by the company’s staff, therefore perceived as consultants for the company). This makes the communities reluctant to bring up issues that may lead to conflict or reprisal. The member added that much more work is needed to improve auditors’ independence.</p> <p>MW responded that despite it being a risk, ASI cannot comment on the financial link between CBs and clients. However, ASI plans to have a more holistic but targeted overview of the CBs. For example, to have more particular assessment projects on social findings. Based on the scores and information collected, ASI will have a script for a specific audit to evaluate certain weak spots. Instead of witness audits to observe CBs, ASI can conduct compliance assessments. This is because if CBs are observed, they normally perform at their best so witness assessment is not always fully representative. The alternative is for ASI to conduct</p>	
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	<p>compliance assessment by going to the CHs after the audit was done and match CBs' findings with ASI's.</p> <p>In terms of raising a non-conformity, ASI will conduct strict evaluation of the CB root-cause analysis. Scores marked in red for social and environmental findings have been raised to CBs, for example failing to evaluate involvement of external stakeholders as required, to involve smallholders, no safety officer was assigned, needs of new mothers are not addressed and so on. Since there is a broad pattern, ASI will ensure that such non-conformities are only closed if there is effective response from the CBs.</p> <p>Another member asked if ASI's ToR with RSPO prevent them from providing more radical advice on how the system can be improved to ensure auditors perform more independently. MW responded that ASI is not prohibited from making those recommendations. One of the key outcomes for such data analysis is that ASI can work with RSPO and CBs on certain training mechanisms, for example when ASI worked on the social labour auditing guidance a few years ago.</p> <p>Another member highlighted the importance of carefully going through the findings and ensuring elements that need improvement are fed into the Labour Auditing Guidance that is being updated. Another member asked if there can be a systemic review of the whole system of auditing, especially on elements such as relationship between CBs and auditees, assigning good performing CBs based on risk levels of UoCs. The member added that a group discussion that includes ASI and stakeholders with expertise can be conducted to come up with plans for improvement on some of the issues.</p>	<p>The Secretariat to plan for a systemic review of audit system document to come up with an approach to improve the elements and the gaps identified.</p>
<p>3.0</p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p>	<p>For Updates</p> <p>BD reminded everyone that as per agreement after the last meeting, this section will not be discussed in detail since the information has been provided in the pre-read sent prior to the meeting. BD asked for questions or comments on the following topics.</p> <p>Labour Auditing Guidance No comments received on this topic.</p> <p>Decent Living Wage (DLW) No comments received on this topic.</p> <p>Risk Unit - Updates on Live Cases No comments received on this topic.</p> <p>Pool of Experts</p> <p>A member shared that a session on Labour was held in the last BoG meeting which discussed useful insights from RSPO members dealing</p>	<p>The Secretariat to confirm the date for</p>

	<p>with realities on the ground and the BoG agreed to have a deep dive session in January (initially, but will be moved to March). The HRWG and the Secretariat were asked to organise a semi-open session to invite RSPO members that presented in the BoG meeting and involve interested Board members, CP members and other RSPO-related experts such as CNV and others. The member will report to the BoG meeting on Monday (14 Feb 2022) that the session will be conducted ideally in early March 2022. The member suggested CNV, OxFam and the Secretariat to deliberate separately on the agenda to focus on strengthening the following elements in the Labour Auditing Guidance:</p> <ul style="list-style-type: none"> • Approach for vulnerable groups such as women and migrant labours - some vicious human and women’s rights violations that have been unresolved and getting worse, especially in Africa • More creative and empathic approach to help CBs be more sensitive towards vulnerable groups • Learnings from focus group discussions - having female workers meet with auditors to feel more confident to speak up • Realities of the pandemic - measures being undertaken with lack of physical presence of auditors in the field 	<p>the deep-dive session in March 2022 (to consult with TR).</p> <p>The Secretariat to cascade the concerns with the respective personnel working on the Labour Auditing Guidance.</p>
<p>4.0</p> <p>4.1</p>	<p>Any Other Business</p> <p>Announcement from the Government of Indonesia</p> <p>AP shared that on 5 Jan 2022, the Indonesian President Joko Widodo announced that 192 land use permits with a total area of over 3.1 million hectares for forestry, mining and agriculture are being revoked or re-evaluated. Licenses and permits that are not developed, not productive, transferred to other parties, and not in accordance with the designation will be revoked.</p> <p>The affected companies are being requested on a one-to-one basis to submit an update on whether or not they have abandoned or undeveloped lands. The permits will not be revoked if the companies can prove that the area is properly managed or developed. A few of the permits that are being evaluated (not yet revoked) are palm oil plantations that have obtained RSPO certifications.</p> <p>AG explained that the Ministry of Environment and Forestry can only cancel permits that they issued, not the HGU or IUP for plantations that were issued by different ministries. However, AG cautioned that since some of the HGU and IUPs are based on the decision of the Ministry of Environment and Forestry to release areas that used to be forest lands into non-forest lands, there will be a lot of confusion. Finally, AG reiterated that this topic was presented only to inform the members of the process that has started and will continue for a few months.</p>	
<p>4.2</p>	<p>ASC Subgroups Formation</p> <p>WM informed that there have been very low nominations for the ASC</p>	<p>The Secretariat to revert to ASC member (MC) on the</p>



	<p>subgroups to date so the Secretariat is proposing three options:</p> <ul style="list-style-type: none"> i. Extend the call of interest (announcement on the RSPO website) ii. Cancel formation of the subgroups and later create on an ad hoc basis iii. Seek ASC members' participation in the subgroups or nominate individuals from the members' respective organisations <p>A member commented that it is hard to nominate for different subgroups because the remits are unclear. The member expressed interest to join a subgroup that will look into CBs performance and independence.</p> <p>Another member stated preference for option (i) but with more clarity on the ToR. BD confirmed a decision was made for option (i) and encouraged members to reach out to their own networks to get more nominations as the subgroups are critical to the ASC's work plan.</p>	<p>specific subgroup that will discuss CBs performance and independence.</p> <p>The Secretariat to extend the deadline for call of interest for ASC subgroups on the website and provide more clarity on the ToR.</p>
	<p>End of meeting</p> <p>BD thanked all participants and handed to JS for closure of the meeting. JS thanked the facilitation team and all the ASC members who attended the meeting, for their feedback and comments.</p> <p>The meeting adjourned at 6.00 pm.</p>	