

**Assurance Standing Committee  
19th Meeting (via Zoom)  
Minutes of Meeting**

Zoom Link: Zoom Meeting (<https://zoom.us/j/93856590882>)

Date and time: 29 May 2024 at 3.00 pm – 5.35 pm (GMT+8)

**Members Attendance:**

<b>Growers</b>		
<b>Name</b>	<b>Organisation</b>	<b>Group Representation</b>
Anita Neville (Co-chair) (AN)	Golden Agri-Resources (GAR)	Indonesian Growers (IGC)
William Siow (WS) <i>(absent with apology)</i>	IOI Group	Malaysian Growers (MPOA)
Florent Robert (FR) <i>(absent with apology)</i>	SIAT SA	Growers RoW
Lawrence Quarshie (LQ)	Golden Star Oil Palm Farmers Association (GSOPFA)	Smallholders Group
<b>NGOs</b>		
<b>Name</b>	<b>Organisation</b>	<b>Group Representation</b>
Kamal Prakash Seth (KS)	WWF International	E-NGO
Paul Wolvekamp (PW)	Both ENDS	S-NGO
Marcus Colchester (MC)	Forest Peoples Programme	S-NGO
<b>Supply Chain Sector / Downstream / Others</b>		
<b>Name</b>	<b>Organisation</b>	<b>Group Representation</b>
Olivier Tichit (OT)	Musim Mas Holdings	P&T
Michal Zrust (MZ) <i>(absent with apology)</i>	Lestari Capital	Financial
Lee Kuan-Chun (LKC)	P&G	CGM
Vivi Anita (VA) <i>(alternate member)</i>	Musim Mas Holdings	P&T

**RSPO Secretariat Attendance:**

Name	Position
Aryo Gustomo (AG)	Director, Assurance
Mohd Zaidee Mohd Tahir (ZT)	Acting Head, Integrity
Freda Manan (FM)	Assistant Manager, Integrity
Haziq Ikram Rahmat (HI)	Executive, Integrity
Muhammad Iqbal Jailan (IJ)	Specialist, Environment
Kasih Putri Handayani	Specialist, Environment
Nur Amirah Nabilah Mohd Radzi	Senior Executive, Environment
Muhammad Shazaley bin Abdullah (MSA)	Head, Certification
Ahmad Amirul Ariff	Manager, Certification (P&C)
Sarsongko Wachyutomo	Manager, Certification (Smallholders)
Faizzatul Nadia Nasir	Executive, Certification (P&C)
Jasmine Ho Abdullah	Manager, Standard Design & Innovation (P&C)

**Other attendance:**

Name	Organisation	Role
Matthias Winhammer (MW)	ASI	Operations Director
László Máthé	ASI	RSPO Accreditation Program Manager

Description	Action Points
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**1.0 Introduction**

**1.1 Welcome Remarks**

KS mentioned that results of the de-linking study will be discussed and members should attempt to reach a consensus on it or at least debate the pros and cons. ZT briefly shared the agenda of the meeting.

**1.2 RSPO Antitrust Guidelines, Consensus-Based Decision-Making, Declaration of Conflict of Interest (CoI)**

ZT reminded the members of the above. No CoI was raised during this discussion.

**1.3 Acceptance of Minutes from the 21 February 2024 Meeting**

ZT asked the ASC for comments or feedback on the minutes. AN asked if there was a full agreement to approve it. The ASC accepted the minutes.

**2.0 For Discussion**

**2.1 Analysis of RSPO P&C CAB (Conformity Assessment Body) Performance**

MW presented an overview of the RSPO CAB performance for P&C. The analysis aimed to understand trends & risks, identify calibration needs in training or standards adaption, adjust oversight focus, inform certificate holders (CHs) in choosing certification bodies (CBs), and distinguish RSPO towards other schemes in transparency & oversight levels. ASI used a CAB System Score and calculated the number of social and environmental non-conformities (NCs) and sanctions issued to CBs.

A tabled overview of RSPO P&C CAB performance (2023) showed:

CB Name	1. Internal Audit	2. Impartiality Management	3. Organizational set-up	4. Dispute Management	5. ASI Social NCs	6. ASI Environmental NCs	7. ASI Sanctions per CB
BSI	Orange						
BVC MY	Orange				Green	Green	Suspension, Formal warning
CU(MY)			Orange	Green	Orange	Orange	Suspension
GGC			Orange	Green	Orange	Orange	
IBD			Orange	Green	Orange	Orange	Formal Warning (2), Intensified Surveillance, Suspension, Show Cause
Intertek				Green			Formal Warning
MUTU	Orange					Green	Formal Warning, Show Cause Note
SGSID	Orange				Orange		Suspension
SIRIM					Orange		
TRID							
SCS					Orange		
Average					Orange		

beyond requirement
conformant
needs improvement

IBD and MUTU withdrew voluntarily after ASI issued a sanction and show cause notice asking them to justify why withdrawal should not be imposed. The analysis concludes that ASI's level of rigour is high, leaving only high-performing CABs in operation, as they address key NCs, strengthening the

system. MW also recommended using the data to calibrate CABs and auditors, and for it to be made publicly available.

**Discussion Points**

A member pointed out the high number of NCs related to social aspects and asked for recommendations to address it. MW responded that calibration would be key. For example, ASI will compare its data on the implementation level for the Labour Auditing Guidance (LAG) with what is found by Proforest (the consultant) in the independent review. Differences in interpretations of RSPO requirements between ASI and CBs could have contributed significantly to these NCs. Therefore, clearer interpretation and good calibration between ASI, RSPO and CBs are major steps to take.

Another member raised the need for ASI and RSPO to look into the financial viability of meeting RSPO’s expectations for CBs. The member clarified that it was a request to consider:

- The feasibility of the recommended number of audit days (*reference: RSPO Certification Systems document Nov 2020: 5.2.3, 9 man-days for 1 mill, 1 estate*)
- The option of having observers accompany CBs during audits and share their recommendations with ASI and RSPO.

A member noted a clear trend of social NCs and asked for short-term actions that can be taken by ASI. MW suggested implementing risk-based audit processes (not a short-term approach) instead of evaluating every requirement every year. Most auditors are trained in environmental and agriculture fields so more calibration and training is needed for social elements such as living wage and FPIC.

A member asked what ASI is currently doing to increase the number of social auditors. MW responded that ASI has conducted social training sessions for its assessors, CBs and scheme owners such as the Aquaculture Stewardship Council and Forest Stewardship Council (FSC). To address the root causes of auditor shortages, MW mentioned the Marine Stewardship Council (MSC) now collaborates with a university to train students in auditing. ASI is open to working with RSPO to develop a customised solution moving forward.

A member commented that RSPO should focus more on auditor development in the next financial year. Another member emphasised the need for immediate consideration on risk-based auditing which has been raised many times before. Another member reiterated that 6 out of 12 CBs have faced warnings and suspensions from ASI for social NCs. While ASI is attempting to fulfil its role, the current shortage of social auditing expertise globally impacts the quality of audits, leading to numerous social NCs. The member emphasised the need for further discussion on the solutions.

**2.2 De-linking Commercial Relationships between RSPO-Accredited Certification Bodies (CBs) and Auditees - Results Presentation**

AG presented a summary of the main findings based on questions posed in the study:

- 1) **What does the current situation look like?** - Auditees select and pay CBs, and CBs appoint auditors. CBs operate competitively with increased expectations, while dealing with a limited availability of qualified auditors.
- 2) **What are the challenges to the credibility of the certification process?** - Most stakeholders recognise the risk of conflict of interest (CoI) but the scale of malpractice is unclear.
- 3) **Is delinking the most effective way to address these challenges?** - The question assumes that delinking will address the credibility challenges but most stakeholders mentioned that this may not be the case.
- 4) **What alternative models could work for RSPO?** - A central fund model where a fund manager collects and distributes payments and allocates CBs based on their performance and auditee risk level.
- 5) **Under what conditions could an alternative model improve the current situation for RSPO?** - The fund to be managed by an independent entity, context and location-specific approach, audit processes & budgets to be predictable, transparent performance ranking and sufficient capacity for stakeholder engagement processes.

25 stakeholders were consulted. Those directly within RSPO's assurance system mostly challenge the concept (12/15 against, 3/15 in favour). External experts provide a more balanced view (4/10 in favour, 1/10 against, and 5/10 neutral).

**Arguments in favour (7/25):**

- Delinking may address challenges and reduce the risk of conflict of interest by breaking direct commercial dependency. Instances have occurred where audit impartiality was compromised, central fund model could increase audit quality by encouraging CBs to compete on quality, increased control over audit allocation and payments improves assurance system monitoring.
- A central fund could facilitate shared responsibility for audit costs among supply chain actors, while improved data insight and quality can strengthen the risk-based approach.
- A delinked model is deemed necessary to ensure impartiality.

**Arguments against (13/25):**

- Insufficient data to show how and at what scale linkage affects audit integrity and quality, such as overturned NC decisions.
- Central fund could shift the CoI risk to new relationships, especially if the fund earns a margin from audits.

- Considerable effort and resources for implementation and challenges in different regions due to varying requirements and local conditions.
- Changes to business model and potential additional costs could reduce willingness to participate in RSPO certification.

Most stakeholders support a central fund model with specific characteristics i.e RSPO sets a standardised fee structure considering factors like audit complexity, auditees pay into a central fund managed by an independent entity to ensure impartiality and transparency, the fund manager allocate CBs to auditees, using a ranking system that favours high-performing CBs, payment to CBs would be withheld until audits meet RSPO's quality criteria, ensuring accountability and credibility.

Alternatively, improvements can be made to the current model to strengthen RSPO's assurance system e.g. enhancing clarity through comprehensive training for auditors and clearer guidance from RSPO; integrating a more cohesive oversight mechanism with improved transparency & collaboration; robust monitoring & data collection to address the lack of focus and risk-based selection in audit scope and mandatory CB rotation at certification cycle ends.

NewForesight's recommended prioritising stakeholder-recommended measures through broader consultation, gathering data to strengthen the case for delinking, and for RSPO to lead industry-wide peer learning initiatives to address auditing challenges.

**Discussion points**

A member commented that the study aimed more at answering whether delinking was the best course of action, rather than how delinking should be implemented. The member had expected a deeper exploration of the mechanism, such as how remuneration for the audit team should be set, given that it is not directly negotiated with the client. The member also raised questions about the interviewee dataset of 25 people; Who do they represent? How were they selected? Do they know the subject matter? Do they have a conflict of interest? Another member found that slide 26 (in the pre-read, referred to as "Findings (4/6): Central Fund") was the most helpful, as it begins to unpack what the system could look like. It describes the fee structure, CB allocation, other practical aspects and the advantages. The member suggested that the Secretariat ask NewForesight for further elaboration on this.

AG responded that NewForesight did explain the possible mechanism for the central fund. The ToR also required them to understand the current business model, which is part of what they have demonstrated. Additionally, NewForesight was meant to look into the challenges of implementing delinking. AG acknowledged that it is not ideal that NewForesight did not declare the groups the stakeholders were representing but the Secretariat



<p>can confirm that the interviewees understand the current system and are familiar with the central fund model. However, from the beginning of the interviews, most stakeholders immediately disagreed with delinking. Although they agree that the central fund model is the most feasible option for delinking, they have significant concerns about the challenges of implementing it. In particular, they question how the fund should be set up and managed, and whether conflicts of interest can truly be eliminated.</p> <p>A member stated that the study was quite equivocal - the findings were unsure and not helpful in meeting the objectives, leaning towards not advising delinking but providing a solution at the same time. The member commented that the alternative recommendations to improve the credibility of the assurance systems such as CB rotation have come up before and in some parts can be seen from ASI's earlier presentation. The member asked if we have fully explored or pushed forward action on those recommendations? AG responded that some of the issues have been addressed in the existing RSPO's certification systems. For example, lead auditors are required to rotate after 2 audits to mitigate potential conflicts of interest (RSPO Certification Systems 2020, 4.6.7). A few other issues are also being addressed in the current certification systems revision.</p> <p>A member asked if the study had strongly recommended delinking and with the BoG's approval, would the Secretariat have the willingness, capacity, and resources to implement the central fund model within the next 12 months? AG said the Secretariat would not as it is currently using a lot of resources to provide support in the development of Prisma and the ongoing Standards Review.</p> <p>Another member stated that the resistance to implementing delinking may be due to the feeling that audits themselves could be improved, and perhaps this is where the focus should be placed. For example, a risk-based approach could be a better way to improve audit quality, rather than experimenting with delinking via the central fund model, which, as the ASC has heard, may not be compatible with the Secretariat's current capacity and may potentially shift the problem elsewhere.</p> <p>A member cautioned that delinking does not imply a complete decoupling. Whether it is the central fund or any other model, the issue of merely transferring the conflict of interest remains. Another member noted that the cost of certification has been increasing, leading auditees to seek the most affordable option. The report has presented the idea of standardising the cost of certification. The member suggested that there should be a way for auditees to see how CBs determine the cost of certification.</p> <p>Additionally, a member mentioned that although delinking may not be feasible now and despite the risks highlighted in the study, it also indicated benefits. Delinking may still be a key element in strengthening RSPO's</p>	<p>The Secretariat to ask NewForesight to elaborate further on the characteristics and conditions for the alternative delinking model, i.e., the</p>
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<p>Another member asked about the initiative for addressing shortage of auditors as discussed with ASI earlier, specifically whether there have been conversations with universities about potential joint initiatives involving ASI or RSPO alone. AG responded that no such discussions have taken place but suggested they could be initiated with those responsible for intermediary organisations (IMO). The member proposed that this be discussed at the management level to determine the most suitable division to anchor it, since such a significant task would require KPI-setting and budget allocation.</p>	<p>with universities aimed at expanding the pool of auditors.</p>
<p><b>3.0 For Decision</b></p> <p><b>3.1 Code of Conduct for RSPO Auditors - Recommendations from Internal Analysis</b></p> <p><i>Note: Due to a lack of quorum, this item was not extensively discussed. However, the full list of proposed solutions has been provided in the meeting pack dated 23 May 2024. The ASC decided that approval should be conducted online. A summary is provided below for the purpose of these minutes.</i></p> <p>Based on the feedback gathered in March &amp; April 2024, some clauses were found to be unimplementable, while others require editing for clarity or are better suited to be incorporated directly into the new RSPO Certification Systems.</p> <p><u>1. To be absorbed as one of the clauses in the new RSPO Certification Systems (actual wordings to be determined by the Standard Design &amp; Innovation (SDI) team)</u></p> <p>These include clauses on compliance &amp; oversight, audit scheduling, presence of representatives from the client’s organisation during audit and unfavourable consequences for participating in interviews.</p> <p><u>2. To remain in the Code of Conduct but edited for clarity.</u></p> <p>These include clauses on acting in the best interest of RSPO, confidentiality of information gained during audits, logistical arrangements, receiving gifts and facilitating commercial relationships between the client and the CB.</p> <p><u>3. To be omitted from the Code of Conduct.</u></p> <p>These include penalties for deviation (which has been absorbed into the new certification systems), misrepresenting qualifications, making own arrangements for transportation, meals &amp; accommodations, observing ILO conditions, upholding the UDHR and other subjective clauses that should be handled internally by the CBs.</p> <p><b>Discussion points</b></p> <p>A member raised concerns about the omission of clause 7.3 i.e <i>Maintain neutrality and independence from the client by making your own arrangements for transportation, meals, and accommodation when</i></p>	<p>The Secretariat to get online approval for the Code of Conduct revision. (Update: Action completed. The online approval process started on 6 June and was finalised on 13 June - shorter timeline given to make it in time for the public consultation in</p>



<p><i>conducting on-site audits, where possible. Elements of cost-effectiveness shall be considered, and all associated costs shall be consulted with the certification body you represent and agreed upon by the client beforehand.</i> They emphasised that this clause is crucial for auditors to maintain independence and perceived independence, avoiding any impression that auditors are acting in concert with or being chaperoned by the auditee. The member asserted that the revised clause 6.5 does not address this issue i.e <i>The CB's procedures should include ensuring, to the best of the audit team's knowledge and capability, that the organisation and any threats to the interviewees are not present during the interview.</i> They also stated that clause 6.5 has been made less clear than before, not ensuring that interviewees, especially those from vulnerable groups, do not fear reprisals for participating in interviews. The member suggested that the ASC be given two weeks to provide written feedback on the proposed revisions, followed by an online approval process.</p>	<p>July-August 2024. The Secretariat has incorporated the selected clauses into the revised certification systems and annexed the draft Code of Conduct to it.)</p>
<p><b>4.0 For Update</b></p> <p><b>4.1 Certification Systems Revision - Updates &amp; Key Changes</b> MSA shared the updates and key changes of his team's work in the Certification Systems Revision project which aims to improve credibility, enhance clarity and improve processes. Process improvement is being done here alongside Prisma's development. <i>Note: The full list of key changes have been provided in the meeting pack dated 23 May 2024 so only a few are highlighted here.</i></p> <p><b><u>Key proposed changes include:</u></b></p> <ul style="list-style-type: none"> <li>• <u>Transfer of Certification between CBs</u>: Companies appeal via PRiSMA for a second transfer with justification, aiming to reduce frequent CB switching, improve transparency and simplify database tracking.</li> <li>• <u>Impartiality Requirement</u>: CBs and audit teams, including subcontractors, must remain independent from the UoC for one year after the audit. Some freelance auditors or experts have provided training or advisory services after audits, compromising audit integrity. This change increases transparency and credibility, with a three-year ban as a deterrent.</li> <li>• <u>Mandatory Audit Checklist</u>: Integrate the Audit Checklist into PRiSMA as normative, mandating audit reports to include the checklist requirements to improve consistency and provide essential guidance for auditors.</li> <li>• <u>Audit Personnel &amp; Apprentice Auditor</u>: Define roles and qualifications for additional positions like Peer Reviewers, Technical Experts, Administrators, and Scheme Managers, while introducing Apprentice Auditors with limited field experience but qualifying educational backgrounds to broaden the auditor pool.</li> </ul>	

- Semi-announced audits: This will give the UoC only 6 weeks scheduling window to minimise notice, prevent alteration from normal activities and realistic practices.
- Workers Sampling: Add requirements and sampling methodology for worker interviews. This ensures proper sampling and helps auditors gain deeper insights into social and human rights issues.
- Sampling of Previous Land Users: introduce sample calculations to guide CBs in interviewing previous land users during audits, ensuring compliance with FPIC requirements.
- Time Bound Plan (TBP): Enhance TBP management by implementing a deviation process for plan year certification, ensuring auditability across units, monitoring TBP records for certification milestones, and facilitating RSPO members' TBP deviation requests in PRiSMA. This supports achieving 100% certification for all grower members through analysis of TBP monitoring data.
- Audit Duration Guide: Replace the current nine (9) man-day requirement for site audits of management units with one mill and one estate, providing clear minimum day allocations for CBs with flexibility based on risk justification, aiming to streamline audit planning and reduce minimum days.
- Licence Management: adding license management to Certification Systems, clarifying user types and key functions within to guide the licensing process.

MSA informed the ASC that this document will undergo public consultation concurrently with P&C 2024, so full access will be available at a later date.

#### **4.2 Remediation and Compensation Procedure (RaCP) - Scale of Outstanding Liabilities**

IJ presented to the ASC an update on the RaCP's improvements recently.  
*Note: The full data has been provided in the meeting pack dated 23 May 2024 so only selected data is highlighted here.*

##### Comparing outstanding liabilities to the last 5 years of processed liabilities

- Total FCL identified since 2014: 169,555.29 ha
- Total FCL with completed RaCP for 2014-2019: 4,255.97 ha
- Total FCL with completed RaCP since 2020: 108,697.76 ha
- Total FCL with ongoing status since 2020: 50,506.32 ha

##### Does RaCP processing meet the mandated speed? What improvements have been made since increasing secretariat capacity?

Improvements to RaCP Capacity involved the transition of RaCP from the Biodiversity Unit to the Integrity Unit in 2021. Outside of RaCP, Drainability Assessments and Peat Inventory were also transferred responsibilities. The team more than doubled over 3 years since then, starting with 2 staff in the Environmental Specialist team and 2 staff in GIS team to now 5 environment and 4 GIS staff respectively. The implementation of Salesforce (2019) and



<p>ASANA (2023) to streamline and track tasks contributed to the following improvements:</p> <p><u>RaCP Progress</u></p> <ul style="list-style-type: none"> <li>• Ongoing cases as of April 2024: 652</li> <li>• Disclosure received in the last quarter: 35</li> <li>• RaCP completed in the last quarter: 29</li> <li>• Active compensation panel: 8</li> <li>• LUCA reviewer (external): 12</li> <li>• Cases subject to LUCA: 1,330</li> <li>• Cases subject to Concept Note: 576</li> <li>• Cases subject to Remediation only: 109</li> </ul> <p><u>RaCP Process Indicative Turnaround Time</u></p> <ul style="list-style-type: none"> <li>• Avg days for LUCA to be approved: 656 (pre-2021), 124 (post 2021)</li> <li>• Avg days for Concept Note to be approved: 195 (pre-2021), 168 (post 2021)</li> <li>• Avg days for Compensation Plan to be approved: 306 (pre-2021), 147 (post 2021)</li> </ul> <p><u>Improvement Plans</u></p> <p>IJ mentioned plans to include in the FY2024/2025 work plan and budget tasks for conducting socialisations and alignments with Compensation Panel members, independent evaluators, and LUCA reviewers once RaCP v2 is ready. Additionally, the team will socialise RaCP v2 during CB and Members Interpretation Forums in collaboration with the Certification Unit, in addition to supporting the Standards and Sustainability Division in developing and socialising RaCP (v1 and v2) in PRiSMA for CBs and members.</p> <p><b>Discussion points</b></p> <p>A member said that they would like to see similar insights and progress reporting for the social liabilities part. Another member recommended that the Secretariat present a detailed example of RaCP progress on the ground. Perhaps a company is keen to show what it looks like, and that would be good for RSPO to share and profile. Another member noted that 300 days is still far too long but is still heartened to see improvements made, and expressed that they hope improvements continue.</p>	
<p><b>5.0 Any Other Business</b></p> <p><b>5.1 Vacant Seats in the ASC (E-NGO and Retailer)</b></p> <p>ZT reminded the ASC that there are still vacant seats in the ASC and that the call for participation was published in May 2024.</p> <ul style="list-style-type: none"> <li>• <a href="#">Web announcement</a></li> <li>• <a href="#">LinkedIn announcement</a></li> </ul> <p>Expressions of interest can be sent to <a href="mailto:freda.manan@rspo.org">freda.manan@rspo.org</a> by 14 June 2024. ASC members were encouraged to share the announcement within their networks. A member asked for the actual post to be shared with the ASC member to be circulated within their networks.</p>	<p>The Secretariat to share the announcement for vacant seats in the ASC for members to circulate it within their networks.</p> <p>The Secretariat</p>



<p><b>5.2 ASC Meeting during RT2024</b>                  ZT proposed the meeting on Sunday, 10 Nov 2024 either in the morning or afternoon. A Doodle poll will be sent after the meeting.</p> <p><b>5.3 Other matters</b>                  A member raised a point in relation to the Labour Auditing Guidance review: 2 years ago (<i>correction: a year</i>), the Secretariat tabled proposals from the WageIndicator and Ulula to assist RSPO in enhancing Worker Voice. They are not sure what has happened since then and suggested that the ASC discuss how workers could have an independent tool to voice their concerns and that can be used as a survey tool for growers also. This is especially important considering the challenges currently faced by auditors on labour issues. FM said the work is being handled by the HRSS unit under the Standards Division and offered to check with the unit and provide a separate update on the progress, to which the member agreed.</p>	<p>to send a Doodle poll for the physical ASC meeting around RT2024.</p>
<p><b>End of meeting</b>                  AN gave the closing words of the meeting. The meeting adjourned at 5.35 pm.</p>	