

Minutes for RSPO BOARD OF GOVERNORS Meeting 04-23

Date: Thursday 23 November 2023
 Start Time: 8.30 am – 5.30 pm (JKT)
 Location: Hotel Mulia Senayan Jakarta

BOG MEMBERS AND ALTERNATES IN ATTENDANCE

<p>SUBSTANTIVE MEMBERS</p> <p>Anne Rosenbarger (AR), WRI Tim Stephenson (TS), AAK Marcus Colchester (MC), FPF Lee Kuan-Chun (LKC), P&G Martin Huxtable (MH), UNILEVER Anita Neville (AN), GOLDEN AGRI RESOURCES Paul Wolvekamp (PW), BOTHENDS Kamal Seth (KS), WWF INTERNATIONAL Lee Jwee Tat (JT) STANDARD CHARTERED BANK H. Narno Sayoto Irontiko (NS), ASOSIASI SWADAYA AMANA Ku Kok Peng (KKP), MPOA Julian Walker-Palin (JWP), RPOG Jose Roberto Montenegro (JM), AGROCARIBE</p> <p>ADVISORS</p> <p>Prof. Bungaran Saragih (BS) Mr Mavath R Chandran (MR)</p>	<p>ALTERNATE MEMBERS</p> <p>Eleanor Spencer (ES), ZSL Sander Van den Ende (SVE), SIPEF Olivier Tichit (OT), MUSIMMAS Steni Bernadinus (SB) KALEKA Laila Wilfred (LW) CARGILL Nursanna Marpaung (NM), HUKATAN Rukaiyah Rafik (RR), GAPOKTAN TANJUNG SEHATI Dr Surina Ismail (SI), MPOA Quentin Meunier (QM), OLAM Sougata Niyogi (SN), GODREJ AGROVET Dr Fadhil Hassan (FH), PT. INTI INDOSAWIT SUBUR</p> <p><u>Virtual Attendance</u></p> <p>Harjinder Kler (HK), HUKATAN Mario Abreu (MA), FERRERO</p> <p>ABSENT WITH APOLOGIES</p> <p>Harry Brock (HB), UNIVANICH Imogen Jamie (IJ), STANDARD CHARTERED BANK</p>
<p>SECRETARIAT</p> <p>Joseph D’Cruz (JD), CEO Dr Inke Van Der Sluijs, Director-Market Transformation Ashley Tang, Special Officer <u>Virtual Attendance</u> Irene Low, EA to CEO</p> <p>PRESENTERS</p> <p>Yen Hun Sung Francesca Morgante Muhammad Shazaley Nikki Gee Kenny Lee</p> <p>Lim Sian Choo Henry Barlow</p>	<p>LANGUAGE INTERPRETERS</p> <p>Irma Nurhayati Ray Pahlevi</p> <p>OBSERVER</p> <p>Catherine Brown, Consultant on Governance Review</p> <p>CTTS Consortium</p> <p>Cheng Zhi Wei, AGD Nathan Eaton, NGIS</p>

ITEM	DESCRIPTION	FOCAL POINT
1.0	<p>Introduction and RSPO Antitrust Caution, Quorum and Conflict of Interest Anne initiated the meeting as co-chair and the meeting convened. After the election of several Board members during the General Assembly the night before, Anne invited all Board members to introduce themselves. The Agenda for the day was also approved.</p>	
2.0	<p>Approval of Minutes of Board of Governors Meetings The Meeting Minutes of BoG Meetings 17 October 2023 and 03-23 were approved.</p>	
3.0	<p>Actions Arising from Previous Meeting Board members highlighted that they did not receive the list of vacant positions in the SG, TF and WG. The secretariat promptly sent out the list.</p> <p>Marcus inquired about the next steps on Socfin and the P&C review. JD clarified that Socfin will be addressed later in the agenda, while the P&C review will be discussed during the Secretariat Update during the CEO session.</p>	
4.0	<p>Changes in Board Representation</p> <p><u>Feedbacks & Inputs:</u></p> <p>John Clendon from Univanich has resigned from this position, and Harry Brock has been appointed as his replacement. Univanich still retains their Board Alternate seat.</p> <p>The lack of representation from certain caucuses was also brought up. Marcus noted that MH does not have an alternate Board representation, and the challenge in finding representation.</p> <p>JT sought clarification from Board members on the reasons for the lack of participation/ representation from certain caucuses.</p> <p>Julian cited the reasons for the lack of representation such as 1) investment of time, 2) internal support from stakeholder’s company, 3) Travel budgets consideration & limitations. However, there are ongoing efforts to encourage more retailers to engage. JWP opined that retailers’ involvement in the Standing Committees are a better option as they can help shape the work that RSPO does rather than having a Board position.</p> <p>Marcus proposed a more proactive outreach.</p> <p>Anne raised concerns about the market transformation team's role and highlighted a longstanding issue regarding the absence of a membership services team. She emphasized the need for an approach to support members in broader decision-making functions and Secretariat activities.</p>	

	<p>Anita suggested considering membership services at both the international and regional levels, not limiting to only international players but also second and third-tier national leaders in spaces like retail and consumer goods manufacturing.</p> <p>On smallholder representation at the Board, Board concurred that there are no concerns to have three smallholder alternates at the Board.</p> <p>AR clarified that alternate appointments do not need to be a Board decision and are up to the constituency. As such, the smallholders are within the statutes to nominate three alternates at an interim basis, in which subsequently they can be formally elected at the next GA.</p> <p>Kuan Chun noted that the Smallholder Standing Committee will implement this to obtain different representatives.</p> <p>Kamal proposed selecting representatives based on countries where there is a lack of representation in the Board, particularly those that are not even covered by the 'Rest of the World' representation.</p> <p>Action Plan:</p> <ol style="list-style-type: none"> 1) Newly appointed Board members to contact Irene to be added to the email list for Board matters and message Anne on WhatsApp to join the Board's WhatsApp group. 2) Smallholder Standing Committee to facilitate on the decision of the three smallholder alternates at the Board <p>Decision:</p> <ol style="list-style-type: none"> 3) Board approved additional smallholder representation. 	
5.0	<p>Digitalisation - CTTS development</p> <p>Nikki, Kenny and Zhi Wei presented the current status on the development of the CTTS platform in which they outlined the estimated timeline of completion and key development highlights todate.</p> <p>Kok Peng expressed concerns about the adequacy of the external stakeholders that were interviewed.</p> <p>Kuan Chun emphasized the need to deliver the minimal requirements for achieving EUDR compliance and proposed for the pilot to be no later than June next year.</p> <p>Anita raised concerns about the Dec 24 timeline and also asked about the lag time and interoperability of retrieving reports as well as the input of datasets into the system. She also wanted to know if RSPO was bidding for CTTS to be part of a EU's data system pilot that will start in January. Anita believed that it was of paramount importance to see the CTTS report before Dec 16 as she noted that most people would be off for christmas holidays by then.</p> <p>Julian questioned the solution of potentially extending RA if there is a delay. If the RA system is using the system that currently stands then the system will not give them the data that they need.</p>	

JT wanted to know what will a non supply chain member see if they log into CTTS, adding that if all the information can be accessed from one site would be helpful.

Martin raised concerns for the entire focus to be centered on EUDR, noting that it is of importance to build an interoperable system that is going to manage global RSPO. He suggested doing a benchmark to see where this should go and if that is the goal, what is needed to get there.

Tim called for the processes to be set right - on approvals, business costs, total CTTS costs, and for communications to be clearly communicated to build confidence. The governance also has to be set right in terms of board direction. He pointed out that there should be a subgroup meeting that is set for the second week of December.

Anne recommended for the CTTS report to separate issues based on outreach and socialisation plans versus the development of timeline plans.

Marcus raised an issue about the legal liabilities of RSPO in terms of the accuracy of the data that is provided. He called for a legal review to be conducted.

Paul pointed out that the centralisation of information can also create vulnerabilities. He explained the importance of having a firewall against cybercrimes, adding that there is also a need for a crisis scenario if a data breach occurs. In consultation with external stakeholders involving the CBs, he asked to what extent has HCSA, HCVN and ASI been involved in this process?

Olivier expressed concerns about how data is transferred considering that CBs have their own IT systems, emphasizing on the importance of data integrity.

Kamal proposed for Martin to lead the BoG subgroup and for ASC to have an oversight of the pilot and testing next year. A grower representative in the subgroup is much encouraged.

Dr Surina raised concerns on data protection, pointing out the sensitivity of government sensitive information, such as mapping. She also called for a grower representative to be in the discussions relating to CTTS as they will be ones who will have to implement it.

Sander urged for RSPO certification not be put at risk or be affected by the transition to a new database system. He called for a focus on ensuring that RSPO trading remains active and not be interrupted by potential expiration of certificates.

In response to the questions posed by the BoG members, Zhi Wei pointed out that the external stakeholders that they have interviewed were three certification bodies and four subgroup members. Additionally, he added that non priority modules will also occur in the second phase. On interoperability, it is visioned for the platform to have that functionality to support data ingestion and extraction via API or a system. When these functionalities are opened up, it would be done in phases and will prioritise specific cases that members are already interested in. He noted that they would be happy to work with members if they already have a used case that they have in mind.

On the transferring of data and with CBs having their own IT systems, Zhi Wei clarified that the current design is complementary to the CB's processes as currently they are managing their data aggregation manually.

For the initial step, he proposed to allow the CBs to download the aggregated data and to input it into their system, but overtime, they will strive to have a more streamline integration and flow between systems.

	<p>While ensuring delivery timelines, Nikki notified the Board that they will start the pilot perhaps much earlier than the June timeline and aims to have it fully operational by November/December 2024. There will also be quarterly user testing to ensure that the project is heading in the right direction. She emphasized that they aim to deliver the system on time and not use a mitigation plan.</p> <p>Kenny also clarified that the digitalisation of most of the data such as the audit reports, obtaining data in a structural format and others are currently happening concurrently in which about 40% is completed.</p> <p>In terms of risk assessments from the EU fundamental datasets looking at deforestation, Nathan noted that they are focusing on an open architecture that can incorporate those changes. With EUDR, he added that they are not starting from a blank piece of paper, and will be working with each partner who has been working with other organisations and products on how to apply that to the RSPO perspective.</p> <p>JD raised concerns on the strong focus on EUDR by the Board, reminding them that the CTTS system is also a replacement for PalmTrace which manages RSPO’s entire trade. As such, it is of paramount importance to also ensure that the CTTS system would be fully functional to allow RSPO to continue its trade.</p> <p>Action Plan: Subgroup Task: –</p> <ol style="list-style-type: none"> 1) to reevaluate what are the governance and decision making that is needed for different issues. 2) to have a follow up discussion with Martin leading the subgroup. 3) to review the scope of the subgroup 	
6.0	<p>Future Strategy Update</p> <p>The Secretariat team consisting of HS, Francesca and Shazaley presented on the future strategic plans of the organisation that are aligned to the renewed RSPO vision and the revised Theory of Change. (ToR)</p> <p>Anne sought clarification on the merging of two subcategories into sustainability leadership and the focus on RSPO playing a role of transforming the palm oil sector towards sustainability beyond certification and membership. She questioned if convening and defining priorities are still precedents in sustainability leadership, expressing observations about the focus on the advisory role.</p> <p>Anne also wanted to know how effectively the Board can provide additional input from now till its next meeting in March.</p> <p>Jose wanted to understand the concept of a modular standard, expressing interest in real-life examples.</p>	

Marcus urged for more balance in the three pillars of sustainability. . With the risk based approaches, there must be consideration done on who assesses the risk. Additionally, on the modular approach, caution has to be made and not to create double standards that would result in an uneven playing field.

Paul questioned whether RSPO is providing a safe platform for shared learning, emphasising that the organization has a convening role to play amongst not just peers but also across constituencies by offering a safe space for those with less power in an environment where constructive dialogue is possible.

Kok Peng suggested for the vision statement to be more expansive and more impact driven, pointing out that the vision now lacks emotional depth. He proposed injecting the element of purpose into the vision on how to make people, the planet and businesses thrive. He argued that sustainable palm oil should not be viewed as a goal but as a given. He emphasized that thriving is not just about providing livelihood and avoiding deforestation but on improving lives, protecting, and nurturing. It is also to not just on enabling businesses to grow but also on how growth can impact society. He proposed that the vision statement should demonstrate that it is a global partnership that aims at making people, the planet, and businesses thrive with sustainable palm oil.

Olivier highlighted the need to form partnerships from non-RSPO members to bring technical solutions that may enhance the value for smallholders and integrating them into the supply chain system.

Pak Bungaran felt that the strategy presented was not a new strategy but merely an old one with new action plans. Without a new strategy forward, he believed that the organisation would become irrelevant. He urged to address the new landscape challenges that are seen today.

Martin criticized the strategy claiming that it maintains the status quo due to compromises. He urged for the need of a more compelling and transformative approach.

Kuan Chun noted that RSPO needs to be recognised as a leader in the sustainability field and for the organisation to become a preferred partner for governments and other organisations. He highlighted the need for horizon scanning to be conducted, noting that it is an important tool to enable one to understand and have a foresight into the current situation and be able to evaluate future needs. He added that horizon scanning should be connected to the advisory services. He reiterated that horizon scanning is critical to direct the strategy, the needs, and the impact that the service will provide.

JT felt that the strategic focus was completely disconnected as he reflected on his experience being on the task force discussion for the P&C review. He advocated for a risk-based and outcome-driven approach, expressing dissatisfaction towards the current certification system. He hoped that the Board too when faced with criticism from their constituents would reflect on those criticisms and return to the vision statement to set their focus right on where they intend to take the organisation.

Kamal highlighted the absence of biodiversity, iconic species, nature, and climate that the world is now concerned about especially when companies are committed to SDGs. He proposed steering away from competing on market share and instead focus on leadership and inspiration.

Eleanor echoed the views made by members of the Board, noting that the impact is not being given enough focus and attention on how actions being taken by RSPO leads to outcomes, particularly in the social environmental side. She suggested that perhaps consideration can be taken to look at how to integrate a research agenda into the theory of change. On the advisory services, she asked if there would be any potential conflict of interest, and if this would fit within the structure of the secretariat. She also asked if there would be an opportunity to have further discussions with the Board on these issues.

Sougata was impressed with the progress in the modular space within RSPO, addressing the longstanding issue of a one-size-fits-all approach. He highlighted the relevance of fundamental pillars in emerging markets such as India, emphasising the need to tailor sustainability efforts to geographies where it is not currently prominent. He also pointed out the challenge of making sustainable certified oil affordable in developing markets like India, noting that the modular approach can adapt stringent requirements to suit specific regions' needs. He also saw immense possibilities for cross-learning in the advisory space, leveraging RSPO's global reach.

Tim wants the board to focus on high-level strategic goals and the overall vision instead of getting into detailed discussions about specific operational aspects, noting that the secretariat needed to take responsibility for outlining how to achieve the goals set by the board.

Dr Surina proposed for enablers such as technology innovation to be included in the strategy document.

In addressing questions by the Board, HS pointed out that a lot of the issues mentioned are in the revised theory of change, adding that there is a vision statement there that is under the global partnership. He noted that they are experimenting with changing the wording of the theory of change to be more impactful and emotional to include elements such as preventing pollution and disasters, safeguarding health as well as protecting lives. On Bungaran's view that the strategy was not new, HS clarified that they have not considered how the market transformation activities will accompany these actions and will have to better connect these to the revised theory of change. HS suggested coming back to the Board in January after the public consultation of the revised theory of change.

On the decision to merge 20 to 80 and future sustainability, HS clarified that this was because they believed that they should focus on short term and long term perspective as well as leveraging on what they can achieve within 20 to 80 and the capability to align with other stakeholders from other commodity sectors. There are also collaborations in the pipeline with various commodities, including an ongoing project with FSC on downstream emissions.

	<p>HS noted that a discussion with FSC also found that standards collaborate well on projects but organisations working on sustainability face challenges in working together. To overcome this, he suggested perhaps to have MoUs or multilateral partnerships at organisational levels. More details on this will be presented during the March Board meeting.</p> <p>On the concept of modular standard, Shazaley believed that the current standard is a one-size-fits-all framework citing an example where the same standards are currently applied across the board regardless of the size of the land. The modular standard is to transition from this approach, recognising differences in issues in different regions. An example of this is that EUDR compliance will only be applicable to those that want to sell into the EU market, or India’s water management compliance will only be relevant for members in that country. Therefore, any members or interested parties that would like to use the RSPO mechanism as part of their sustainability compliance, are able to choose these different issues as an add-on.</p> <p>JD also sought clarification from the Board on their expectations from the Secretariat. He noted that he would be happy to work with the team to turn this into a strategy document first that lays out and captures what they aspire to do and to subsequently roll out the operational and business plan.</p> <p>Action plan:</p> <ol style="list-style-type: none"> 1) HS to make changes to the revised theory of change to ensure that it is more impactful and involves manageable emotions in areas such as preventing pollution and disasters, safeguarding health as well as protecting lives. 2) HS to check-in with the Board in January 2024 after the public consultation of the revised theory of change. 3) JD will work with the team to develop a strategy document that will capture the aspirations and operational procedures based on the Board’s expectations. The next steps will also involve refining the document before the Board meeting in March. 4) Research agenda is also being updated and is connected to the revised theory of change. It is expected to be published in June 2024. 	
7.0	<p>Grievance / Complaints / CP</p> <p>Co Chairs, Lim Sian Choo and Henry Barlow presented an update on the statistics of complaints and the observations made.</p> <p>Henry was pleased to update that the CP and the Grievance Unit are working a lot more smoothly but highlighted the significant challenges facing RSPO in which the Complaints Panel is constrained by legal limitations and on the issue of shadow companies linked to RSPO certified groups and also jurisdictional governance.</p>	

He proposed for the Board to adopt the FSC-FPP proposal, using a balance of probabilities formula to ascertain if non-RSPO compliant companies are controlled by RSPO Compliant groups committed to sustainability. Failure to act on this would adversely affect RSPO's international reputation.

Sian Choo also suggested to the relevant groups and caucuses to engage with their members to address issues related to cases due to incomplete submissions. The complainants in these cases usually disappear, making contact impossible despite efforts by the grievance manager to contact them via email, phone call, and physical visits. 23 of such cases had to be dropped as it had yielded no results. The RSPO IMO Programme has been identified to be able to assist in this matter.

Marcus supported the idea of being more investigatory in looking at shadow companies, aligning with AF1's definition that has defined the methodology. Marcus asked for the appropriate channel to discuss providing guidance for dealing with issues on poor governance contexts, proposing perhaps for the dialogue to take place in the ASC or in a newly created subgroup.

Additionally, Marcus also lamented at the lack of clarity of what it means to close a complaint. He pointed out that the Secretariat needs to be clear at which moment a complaint is closed as there is a lot of dissatisfaction about the complaints procedure.

Olivier highlighted a document titled "Shining Lights on the Shadows" which has a uniform methodology for establishing common corporate control.

Martin asked for directions on how to use this "balance of probabilities" methodology.

Marcus mentioned that his team has contributed to the document and that it is an evolving document to guide the FSC who have started applying it and are learning lessons as they do it. He mentioned that it should not be seen as something set in stone.

In response to Marcus' question on what it meant to close a complaint, Sian Choo clarified that the closure of complaints is reported based on the current CAP and that it will continue to be reported as such until such time the new CAP can be adopted.

Anne agreed that it is a fair point process-wise.

On the rising number of labour cases, Nursanna pointed out that this was due to the lack of dialogue with labour unions. She believed that issues like this are better resolved through the Complaints System's bilateral engagement process. She requested for funding such as the DSF funding to be able to support bilateral engagement especially to cover flight costs.

Anita suggested seeking appropriate expertise, possibly from the current CAP review consultant or obtaining legal advice to assess RSPO's risks in overstepping appropriate boundaries in relation to exploring issues linked to all governance contexts.

On recommendations of the appropriate forum to address follow-up actions related to shadow companies, as well as the prioritisation and allocation of resources for bilateral engagement, Paul suggested for operational aspects to be dealt with by the Secretariat and the DSF advisory group, and for the Steering Group to take on the other elements such as the issue on shadow companies.

	<p>Olivier reminded that the ongoing CAP review process is urgent and should be completed. He cautioned against adding items which may distract the review. He suggested that the discussion on shadow companies and jurisdictional governance can be dealt with separately by the same consultant and agrees that these are issues which must be fully addressed or else may potentially be a reputational issue for RSPO.</p> <p>JD concurred with Paul’s suggestions that the resources for bilateral engagement are to be handled by the DSF Advisory Group and for a consultant to come up with recommendations in relation to issues such as shadow companies and jurisdictional governance..</p> <p>Action plan:</p> <ol style="list-style-type: none"> 1) The Secretariat and the DSF Group of Advisers to look into the operational aspects concerning the resources for bilateral engagement. 2) The Secretariat will identify a suitable consultant to undertake the shadow companies and jurisdictional governance issues review at the next Board meeting. 	
8.0	<p>Governance Review</p> <p>Catherine Brown explained the progress that she has made to date and presented the issues that have emerged from the interviews she had conducted in the past few months with several members of the Board, secretariat staff and others. The Board also undertook several exercises and identified a range of problems with the current governance arrangements that need to be addressed.</p> <p><u>Problems to address:</u></p> <p><u>Strategic Focus</u></p> <ul style="list-style-type: none"> ● Not keeping abreast of market - lacking strategic forethought ● Appropriate altitude of board decisions - making decisions at the right level ● Getting lost in details ● Not enough focus across issues - lack of balance (eg. lack of focus on impact) ● Too much detail - not focused on scope of board ● People want to do strategy but are attracted to details - they are involved in details by being involved in Standing Committees etc. <p><u>Shared Purpose</u></p> <ul style="list-style-type: none"> ● Lacking a consistent shared purpose - people can be focused on different ultimate agendas ● Need to go beyond own chamber’s priorities ● Can be conflicted between role as a collective Board vs Representing constituency views 	

Delegation and Control

- Lack of authority/mandate/resources given to the secretariat
- Finding the right level between hands off and standing back too much
- Need clarity on who does what and accountability of decisions
- Not delegate to sub committees
- Subcommittees should be Board members or chaired by board members
- Standing Committees and working groups don't have confidence Board will accept their decision

Board Process

- Unclear minuting of decisions
- Weak summing up of emerging consensus
- Structure centred around to inform/to decide

Consensus/sustained Objection

- Consensus model and ability to block progress
- Consensus and acting with self-interest rather than for the RSPO
- Too many sustained objections (caucus based)

Board of Governors is too big

- There are too many people on the Board who are too busy - people resource

People scarce - lack of human resource

- Reliance on people volunteering their time - people are too busy
- Too high turnover of Standing Committee and Working Groups and not all positions are filled
- Lack of participation across constituencies. Some people stretched across decision making for whole constituency in each group
- Balanced representation especially in Working Groups.
- Lack of induction for new Board members explaining non-exec role.

Important features of the existing system that any changes should seek to safeguard:

Things to Keep

- RSPO remains a powerful organisation that can convene multiple stakeholders to develop a sustainable value chain.
- Breadth of knowledge.
- Multi-stakeholder consensus for the right areas.
- Consensus decision making but needs to be managed.
- Members and interest groups are well represented through the process.
- Consensus building process helps build a shared understanding of the issues.

Relationships

- Key strength - generating interpersonal trust.
- High level of respect within the Board.
- Common reference point/language - speak the same language of sustainability.

The Groups also discussed whether the current arrangements were good enough to support the requirements of the RSPO going forward. In a five point scoring system, three represented “good enough”, in which three groups scored the current arrangements as two and two groups scored them as three.

Risk and Impact of Current Approach

- Make bad decisions, no decision or late decision
- Decision making processes do not adequately allow the Board to deal with the complexity of the issues that they need to deal with.
- Lack of flexibility, agility and ability to make big leaps to adjust to the shifting ecosystem.
- Precise change to feed/address existential threat.
- Losing Europe as a lighthouse.
- Not expanding in Asia.

Others providing solutions to government

- What value is RSPO providing to constituents?
- Too much of an EU and SE Asia club - not global.
- Reputational risk - NGOs may leave if assurance and complaints systems don't improve
- Assurance/credibility.
- Market transformation should have more investment.
- Losing the best staff.
- Heavy reliance on a limited number of individuals.
- Succession planning and talent attraction are vital.

Reflections that emerged from the breakout session

- There was a high degree of consensus that change was necessary.
- There is potentially a problem with the skill set within the Board.
- There is a need for members to contribute to discussion and decision making without always needing to be on the Board or on committees.
- Some Board members had suggested new approaches for example the appointment of an independent Board of Directors but it was agreed that further work needed to be done on options and for a follow up discussion.

<p>9.0</p>	<p>Secretariat Update by CEO</p> <p>P&C Review and EUDR</p> <p>JD gave an update on the work plan and timelines for the P&C Review. The first drafts of the revised standards and the first draft of the certification document will be completed in January.</p> <p>Inke provided an update on several EUDR related matters. This includes progress on the gap analysis between the smallholder standard and the EUDR, submission of a list of 37 RSPO members to the European Commission for participation in its IT platform pilot, the collaboration with the Dutch Trade Association on legal compliance, and the green deal.</p> <p>On the mass balance issue, Kuan Chun was elated that there was finally a decision to solve this, adding that a plan and resources needs to be in place to implement this. He emphasised the crucial timeline for this undertaking as well.</p> <p>Anne asked if the CTTS and the digital system need to be designed to allow information on conventional volumes and mass balance to be communicated.</p> <p>JD clarified that the CTTS team will be designing the system on the assumption that conventional volumes are included, otherwise there will not be a trading system that functions.</p> <p>Marcus called for a legal study to look at the legal liabilities as this will contain volumes of production by non-members.</p> <p>Olivier suggested charging for the service to recoup some of the money back. He also called for the need to have a clear direction on what service is RSPO providing, whether it is just a service to use the platform or is the RSPO validating the information.</p> <p>Action plan:</p> <p>1) For the secretariat to undertake a legal study to ensure that it is informed of its legal liabilities or any implications.</p>	
<p>10</p>	<p>Finance Update</p> <p>Tim gave an update on the financial status of the organisation. On the CTTS financials, RSPO's not-for-profit status in Switzerland will not be at risk, but compliance issues including tax and resource requirements in Malaysia will need to be looked into. Tim also called for the development of a comprehensive long-term operational plan.</p> <p>Decision:</p> <p>The Board approved the opening of a new bank account with a Malaysian bank – CIMB Bank.</p> <p>(During the Board meeting, the bank name was wrongly mentioned. A follow-up email was sent to the BoG clarifying the correct name of the bank as indicated in the Decision Paper)</p>	

<p>11</p>	<p>Shared Responsibility</p> <p>Kamal updated the Board on the Shared Responsibility Working Group meeting, highlighting the unanimous decision of maintaining SR uptake targets for year 5 as the previous year. He also informed that the Secretariat would work on engaging the crushers and mills where some of the CSPKO unsold volumes are located. The secretariat has also been told to investigate the supposedly 2.6 million CSPKO unsold volumes that are lying around.</p> <p>Action plan:</p> <p>1) Secretariat to work on engaging crushers and mills, as well as to investigate the CSPKO unsold volumes.</p>	
<p>12</p>	<p>ANY OTHER BUSINESS</p> <p><u>Socfin</u></p> <p>Marcus reminded the Board on the allegations of sexual harassment, land disputes and unfair recruitment practices laid against Socfin in which the findings from ASI concluded that there was not a serious problem. However, a review by Earthworm found that the allegations were valid. As such, Marcus wanted to know why these problems were not identified much earlier by RSPO and what actions will be taken on Socfin as well as ASI for their failure to find the wrongdoing evidence.</p> <p>JD pointed out that ASI had in fact recommended for a more thorough study to be done and Socfin had retained Earthworm Foundation to undertake the review.</p> <p>Anita felt that RSPO should be encouraging self investigation and reflection as that is where improvement comes from, citing the actions taken by Sime Darby on addressing recruitment and labour practices which has been valuable not just for them but the entire palm oil sector.</p> <p>Kok Peng and Olivier concurred with the views of JD and Anita, emphasizing the significance of companies being ready to take corrective actions if an allegation is found to be true.</p> <p>Kamal noted that the Secretariat has already been tasked to create a framework to review ASI, in which the draft will be submitted to the ASC in January or February for a discussion to be held. A review process will subsequently follow which will be decided on a later date whether it will be done in-house by the assurance division or outsourced to a consultant.</p> <p>Action plan:</p> <p>1) ASC to look into ASI's competencies following its failure to discover the wrongdoing evidence.</p>	

RT

Concerns raised about the subsidisation of NGO participation in RT as well as the reimbursement policy.

Action plan:

- 1) To review policy for NGO reimbursement and subsidisation.**
- 2) Tim to bring this issue to the Finance Committee to look at it from the financial aspect first.**

Protest letter sent to the Board

A letter on corruption cases was sent to the Board. JD believed that currently RSPO is not in a position to take any action as the case is currently still in the court process.

Marcus disagreed with JD, noting that waiting for the court's decision will result in RSPO not getting its job done nor will it transform the industry.

Kamal noted that it will be a hard act to balance between waiting for a court decision or to intervene that may result in growers leaving the organisation.

Eleanor asked if issues such as this should come up as part of the governance review process as what was discussed back in June.

On Eleanor's question, Anne clarified that the discussion back then was on overall membership eligibility rather than differentiating eligibility for office bearers and board members.

Action plan:

- 1) JD will draft a response to reassure those that sent the letter that RSPO takes the corruption allegations seriously.**
- 2) As part of the governance review, to review the eligibility requirements of members.**

Sponsorship of RT food by Indo Lion

Martin raised the concern of the sponsorship by Indo Lion, noting that it is a company that has a joint venture with the Salim Group. He called for due diligence to be conducted before companies such as these be RT sponsors and to investigate how they are RSPO certified.

Steni highlighted that there should be a mechanism in RSPO to mitigate itself from this kind of reputational risk and for the governance review process to look at the code of conduct.

JD pointed out that Indo Lion is indeed RSPO certified, noting that it becomes a gray area to judge whether a company is truly part of the family or otherwise if we want to take into consideration their links to other companies.

	<p>Action plan:</p> <p>1) For the secretariat to provide an analysis on the due diligence that was taken to take on the Indo Lion sponsorship</p> <p><u>Lack of interaction between RSPO and African growers</u></p> <p>Quentin raised the issue of the lack of interaction between the RSPO team and the growers in Africa. He urged the Secretariat to look into improving interactions in terms of communication, the frequency, and the quality.</p> <p>Action plan:</p> <p>1) The secretariat to look into improving interaction with African growers.</p> <p><u>Appreciation to the Secretariat team on a sold out RT</u></p> <p>The Board congratulated the Secretariat team on an amazing and sold-out RT event.</p>	
13	Meeting adjourned at 5.30 pm	