

Minutes of Meeting

Roundtable on Sustainable Palm Oil (RSPO)

Board of Governors (BoG) 01-25 Meeting

Date : 11 March 2025 (Tuesday)

Start & End Time : 2.00 PM - 5.48 PM (MYT)

Venue : Virtual via Zoom

ATTENDANCE	
SUBSTANTIVE MEMBERS	ALTERNATE MEMBERS
Anne Rosenbarger (AR) (Co-chair) , WRI Jose Roberto Montenegro (JM) (Co-chair) , AGROCARIBE Tim Stephenson (TS), AAK Marcus Colchester (MC), FPP Paul Wolvekamp (PW), BOTH ENDS Julian Walker-Palin (JWP), RPOG Martin Huxtable (MH), UNILEVER Ku Kok Peng (KKP), MPOA Olivier Tichit (OT), MUSIM MAS Lee Kuan-Chun (LKC), P&G Kamal Seth (KS), WWF INTERNATIONAL Anita Neville (AN), GOLDEN AGRI RESOURCES Narno Sayoto Irontiko (NSI), APSSA Lee Jwee Tat (JT), STANDARD CHARTERED BANK ADVISOR Mr. Mavath R Chandran (MR)	Eleanor Spencer (ES), ZSL Sander Van den Ende (SVE), SIPEF Bernadinus Steni (BS), KALEKA Laila Wilfred (LW), CARGILL Nursanna Marpaung (NM), HUKATAN Rukaiyah Rafik (RR), KPTSL Dr Surina Ismail (SI), MPOA Quentin Meunier (QM), OLAM Harry Brock (HB), UNIVANICH Lawrence K Quarshie (LKQ), GSOPP Pedro Seijas Cardenas (PSC), APROMAN Harjinder Kler (HK), HUTAN - KOCP Agustinus Airlangga Djati (AA), PT. INTI INDOSAWIT SUBUR Wendy Lai (WL), STANDARD CHARTERED BANK
SECRETARIAT	LANGUAGE INTERPRETERS
Joseph D'Cruz (JD) (CEO) Nikki Gee (CSDTO) Yen Hun Sung (HS) (Director, Standards & Sustainability) Kenny Lee (Senior Manager) Durrah Hanani Abdul Abas (Board Secretary) Rahmat Shah Putra (Special Officer to CEO) Irene Low (Executive Assistant to CEO)	Irma Nurhayati
ABSENT WITH APOLOGIES	
Sougata Niyogi (SN), GODREJ AGROVET LIMITED Mario Abreu (MA), FERRERO Prof. Bungaran Saragih (BS), ADVISOR	

AGENDA	ITEMS
1.0	INTRODUCTION
1.1	<p>Quorum Co-Chairs welcomed the Board of Governors (“BoG”) Members to the BoG Meeting 01/2025. The Board Secretary confirmed the presence of a quorum pursuant to Clause 11(O)(iii) of the RSPO’s Statutes, and that, Co-Chairs duly called the meeting to order.</p>
1.2	<p>Introduction and Opening Remarks Co-Chairs introduced Agustinus Airlangga Djati (Pak Angga), the new Alternate BoG Member replacing Pak Fadhil, and Wendy Lai, the new Alternate BoG Member replacing Imogen Jamie who is currently on maternity leave. Co-Chairs then announced the departure of Eleanor Spencer as a BoG Member. The replacement of Eleanor will be announced at a later date.</p>
1.3	<p>RSPO Antitrust Caution, Quorum, and Conflict of Interest Co-Chairs reviewed antitrust guidelines and reminded BoG members to follow the RSPO’s conflict of interest declarations.</p>
1.4	<p>Approval of Agenda Co-Chairs introduced the agenda and opened the floor for remarks or adjustments. No objections or additional remarks on the proposed agenda items. Kuan Chun proposed for the approval of the agenda and seconded by Ku Kok Peng.</p>
2.0	APPROVAL OF MINUTES OF MEETING BOG 04/2024
2.1	<p>Ku Kok Peng raised a point on his remarks in page 18 of the BoG Minutes of Meeting 04/2024 regarding performance against targets and specifically requested that performance be detailed by product and region to identify areas of underperformance.</p>
2.2	<p>Minutes of Meeting was approved and BoG took note of additional points by Ku and correction to the name of Eleanor in the Minutes, proposed by Marcus and seconded by Anita.</p>
3.0	ACTIONS ARISING FROM PREVIOUS MEETING
3.1	<p>Item 1: Information on the membership restrictions and sanctions was presented under the Decision Paper of Membership in this Meeting.</p>
3.2	<p>Item 2 and 5: The call for volunteers for Task Force of GA Resolution GA21-2D has been issued and responses have already been received.</p>
3.3	<p>Item 3: Updates on this item was presented under the Agenda 7 of the Governance Review Update.</p>

3.4	Item 4: Briefing papers on the RSFF and IMO were included in the pre-reads of this BoG Meeting.
3.5	Item 6: Information on the endorsement of the SR Uptake targets for 2025 (Year 6) was presented under the Decision Paper of Shared Responsibility Working Group (“SRWG”).
3.6	Item 7: Response letter to ALDI was sent in December and received positively. There have been multiple exchanges and ALDI has expressed appreciation for the information provided. BoG was informed that the Secretariat has offered to provide a more detailed update on the correspondence if necessary.
3.7	Marcus requested the circulation of the letter if it had not yet already been distributed, noting that the letter could address several key issues related to assurance. The secretariat agreed to share the letter and a summary of correspondence, highlighting that Ruben and the RSPO team based in Europe had handled this matter, including conducting a number of virtual meetings with the relevant members after sending out the letter.
4.0	REMCOM UPDATE BY THE REMCOM CHAIR
4.1	Harjinder informed the BoG that no formal meeting had been held since the last gathering and mentioned that she had a productive discussion with the new Board Secretary, Durrah, whom she had met online. Harjinder acknowledged that there are ongoing discussions within the Governance Review regarding the potential evolution or restructuring of the RemCom. Harjinder would provide an update on this matter during the next BoG Meeting.
5.0	SECRETARIAT UPDATE BY THE CEO
5.1	Maintaining and reinforcing partnerships with various governmental and multilateral organisations, particularly amidst the changing global dynamics in sustainability and trade was highlighted. Among the meetings were discussions with the Vice Minister of Foreign affairs in Indonesia regarding the engagement of EUDR, as well as a meeting with the Deputy Minister of Economic Affairs in Malaysia whereby the Secretariat was formally requested to provide input regarding Malaysia’s upcoming five year 13th Malaysia Plan, with a particular focus on sustainability.
5.2	Some key upcoming events highlighted whereby the Sustainability Palm Oil Dialogue (“SPOD”) will be held on 21st May 2025 in Paris and RSPO has received an invitation to present at the Economic and Social Commission for Asia and Pacific (“ESCAP”) meeting in Bangkok, Thailand, scheduled for April 2025 which is currently under confirmation.
5.3	The Board Retreat has been scheduled to be organised on 10th until 12th June 2025. The venue decided to be in Phuket, Thailand, and Co-Chairs were consulted on the suitability which is located in the northern part of Phuket and nearby the airport. Additionally, discussions are ongoing with Univanich regarding the potential field trip to the plantation as part of the retreat Agenda. Secretariat acknowledged that during prior discussions concerning the retreat in Phuket, concerns were raised by

	some of the BoG Members on the reputational issue of having the retreat at the beach. However, the selected venue is close to the plantation on the mainland.
5.4	The proposed dates for the Roundtable (“RT”) are from the 3rd November 2025 to 5th November 2025 with Shangrila Kuala Lumpur as the default venue after considering the capability of the hotel in accommodating a large scale of event.
5.5	Grievance updates are self-explanatory and BoG was reminded that it is pertinent to note that the public comment period for the CAP Review Findings are currently ongoing. BoGs were encouraged to facilitate engagement from their respective constituencies and other relevant parties, and should further information be required, BoG Members were invited to reach out to the Secretariat.
5.6	The Secretariat is currently developing a robust monitoring system to track global legislative changes and engage proactively. This system aims to address ongoing policy developments by not only responding to legislation as it arises but also monitoring its evolution across different regions to identify opportunities in the sustainability space.
5.7	Additionally, with respect to reputational matters, BoG noted that there has been a notable increase in media coverage concerning specific issues in the human rights space.
5.8	The secretariat updated BoG on the Global Government Affairs Strategy. The real value of this effort lies in strengthening RSPO’s capacity to monitor developments in the global policy landscape, track how these are evolving across different regions, and determine how RSPO can engage more proactively. The second focus is on free trade agreements. Given the ongoing global trade tensions, it is essential to ensure that sustainability and sustainable commodities, such as palm oil, are recognized within these agreements. Strengthening RSPO’s engagement with ministries of trade and industry is also a key priority. The BoG suggested expanding RSPO’s focus beyond Europe and linking this work to free trade agreements. A proposal was made for the Market Development Standing Committee (“MSDC”) to establish a Policy Working Group that looks beyond the EU market. (Action Item: MDSC).
5.9	BoG proposed that the Secretariat reconnect with the Malaysian Palm Oil Association (“MPOA”). The secretariat was also encouraged to extend its focus beyond the palm sector and consider engaging with other sectors in various regions to help identify and leverage opportunities outside the scope of the palm oil industry.
5.10	The BoG praised the RSPO Government Affairs team for their efforts, acknowledging the importance of continued support and frequent communication.
6.0	<i>prisma</i> UPDATE
6.1	Significant challenges have been encountered during the activation and go-live process of <i>prisma</i> , especially concerning data inconsistencies arising from the legacy systems.

6.2	The migration process, involving the consolidation of millions of data points from multiple, incompatible sources, exposed serious risks, the team implemented a rigorous data cleansing strategy including purging of corrupted data, reloading sanitised information and performing an extensive testing.
6.3	Despite some system bugs and technical discrepancies, the system has gradually stabilised with 95% activation from major members. Over 86% of help desk tickets have been resolved within a 48 hours turnaround except for some policy related and audit queries.
6.4	91% of reported bugs have been fixed, and the remaining 9% of 4 bugs remain unresolved, though three have been addressed and one is still pending.
6.5	<p>The <i>prisma</i> team is working to resolve the backlog of operational issues that are delaying the Phase 2 developments. Amongst the expected components for the Phase 2 are:</p> <ol style="list-style-type: none"> 1) RaCP full module; 2) PalmGHG; 3) Trademark; 4) Full audit module; 5) Drainability assessment; and 6) Peat inventory.
6.6	Timeline for this Phase 2 will be adjusted and communicated to the BoG following a comprehensive assessment.
6.7	<p>The <i>prisma</i> team provided updates on the ongoing work and adjustments related to the system's functionality and data handling in response to the timeline for compliance with standards (PNC 2024) and audit, as well as the EUDR requirements, as follows:</p> <ol style="list-style-type: none"> 1) The development and deployment of these enhancements is expected to be finalised by Q3 of 2024. Subsequent adjustments will be driven by respective NIs adoption. 2) The team clarified that there are no new obligations for buyers to input their suppliers' geolocation data as the information is already available in <i>prisma's</i> Entity Management module. However, for data such as geolocation as required for the EUDR compliance, a consent mechanism will be introduced in Phase 2 to facilitate this process, with full functionality expected in the near future.
6.8	BoG Members expressed appreciation to the <i>prisma's</i> team for the ongoing efforts in improving the system but reminded the Secretariat on the importance of reporting performance metrics, such as trading volumes and comparison to prior years. Report on the concrete data on performance, beyond just resolving bugs or queries shall provide a clearer picture on the system effectiveness.
6.9	Concerns regarding the effectiveness of Certification Body (CB) training were pointed out that many CBs are struggling with new forms and input requirements due to strengthened policies and new information required. The BoG advised the <i>prisma</i> team to offer a simple and practical training

	focused on the challenges observed and recommended Secretariat to address liability declarations and new forms to streamline the process.
6.10	The BoG conveyed their appreciation on the pause and consultation on liability declaration but cautioned the Secretariat on the importance of developing a clear, mutually agreed upon timeline to address issues and ensure the submitted data is utilised efficiently and securely.
6.11	BoG Members expressed gratitude for the Secretariat's transparency and the proactive approach taken in addressing issues and engaging with members. However, despite the improvements, BoG reminded the Secretariat that persistent issues would hinder the trade announcements and audit confirmation processes. The Secretariat has also been reminded to resolve all fundamental issues before moving to the complex phases.
6.12	Concerns regarding the Credits trading whereby a smallholder lost its Credits volume during the <i>prisma</i> transition, and the less effective training sessions for smallholders who may have limited knowledge of technology were then raised by the BoG Members. The secretariat responded that the challenging transition was messy due to unforeseen circumstances and the conditions imposed by the Rainforest Alliance were necessary. BoG was assured that now our <i>prisma</i> team is managing the system, future planning on the new functionalities shall be more structured. The Secretariat took full responsibility for issues related to disclosure but praised the team in pushing the system forward despite all challenges arising.
6.13	The <i>prisma</i> team has confirmed that there were incorrect conversions (from Credits to physical) done by Rainforest Alliance during the transition and its affecting a small portion of the ISH members. The <i>prisma</i> team has followed up directly with the affected ISH members to resolve the issue.
6.14	<p>Other concerns on <i>prisma</i> were summarised as follows:</p> <ol style="list-style-type: none"> 1) Repeated requests for information that growers have already submitted could set a negative precedent for RSPO and urged that such requests be avoided in the future. 2) Secretariat to focus on ensuring that the data format and data quality for Phase 2, particularly with respect to palm GHG, align with <i>prisma</i> to avoid the disconnects observed in Phase 1 and recommended the Secretariat to conduct checks to ensure compatibility and minimise potential disruptions in the upcoming phase. 3) The Secretariat shall not solely focus on fixing issues but also recognising the opportunities that <i>prisma</i> could offer and urged the Secretariat to showcase how the RSPO can leverage real-time data access and the potential benefits of the system. 4) Concern about ensuring that the RSPO's ambitions for independent smallholders align with the capabilities of <i>prisma</i>, especially considering the teething problems observed so far. The Secretariat shall not overextend the system too quickly, as it could cause further complications. 5) Secretariat was recommended to organise additional webinars for smallholders on disclosure requirements and other regular training, which is suboptimal in its execution and would be difficult for independent smallholders to follow, especially since the language is not understandable to them.

7.0	GOVERNANCE REVIEW UPDATE
7.1	<p>The initial plan to review both governance documents and initiate the process for recruiting new independent ExCo Members have been separated into two phases as follows:</p> <ol style="list-style-type: none"> 1) First Phase: focuses on reviewing and updating the governance documents; and 2) Second Phase: to address the recruitment process of ExCo members.
7.2	<p>The Secretariat has compiled feedback from previous BoG Meetings over the last year and half, and reviewed the existing Statutes and Board Governance Manual, and identified the inconsistencies and gaps in these documents. The next steps would be to discuss with the Governance Review Steering Committee (“GRSC”) on whether an external expert should be hired to rewrite the governance documents, or, the Secretariat team could draft them internally. This process would require the change in some provisions of the Statutes and would need approval from the General Assembly (“GA”).</p>
7.3	<p>The initial goal was to hold an Extraordinary General Assembly (“EGA”) at the June BoG retreat. However, due to delays, this timeline is now uncertain on whether the necessary updates could be submitted to the Members, or, it would need to be postponed until the GA in November which would push back the entire process of appointing ExCo Members.</p>
7.4	<p>The team would have a bi-weekly updates with Anita to expedite the process swiftly and GRSC Members would be consulted as needed, but regular updates will be managed by the Secretariat.</p>
7.5	<p>Anita expressed her support to Durrah and Rahmat in progressing the governance review and acknowledged that whilst the team has been working hard, it would be essential to maintain momentum in order to meet the revised timeline.</p>
7.6	<p>JD updated the BoG that regarding the annual election of Officer Bearers, typically it will take place during the first BoG Meeting of the year. However, due to the ongoing process of establishing a new governance structure, the necessity of holding this election was reviewed.</p>
7.7	<p>Upon consulting the Co-Chairs and team, it has been confirmed that the annual election of Office Bearers is not strictly required as the Statutes stated that the Office Bearers be elected without specifying a regular annual process. Therefore, the existing Co-Chairs and Treasurer have volunteered to continue in their respective roles for the remainder of the year while the governance review process is underway. No objection was made by any of the BoG Members on this suggestion.</p>
8.0	STANDING COMMITTEE UPDATES
8.1	<p>8.1.1 FINANCIAL UPDATE:</p> <ol style="list-style-type: none"> 1) The surplus before tax of the first financial year ending 31st December 2024 reported at

RM7.2Mil. This performance is exceeding both the previous years' results and its budget expectations. Operating expenses remained consistent with the previous year and project costs were slightly below budget.

- 2) BoG was informed that the transition from the PalmTrace to the *prisma* system is expected to impact the second half of the financial results. Whilst the surplus provided some financial cushion, the full effects of the transition and the assumption of trade management functions from Rainforest Alliance needs to be monitored closely.
- 3) Increase in the intangible assets from RM5Mil to RM16.1Mil was primarily attributed to the capitalisation of *prisma* related costs.
- 4) The decrease in the cash reserve from RM31.3Mil to RM18.7Mil was due to the spending on *prisma*.
- 5) Receivables including amount due from the Rainforest Alliance remain outstanding but expected to be settled.
- 6) BoG was reminded that the currency translation differences have reduced the net assets as the fluctuations in currency values rather than the operational losses.
- 7) The establishment of current yield in investments were recorded at 4.3%, due to bonds with a conservative investment strategy focusing on the fixed income rather than the riskier equities. BoG Members were assured that RSPO remains in a sound financial position.
- 8) The current budget has covered for the Phase 1 of *prisma* with further funding possibly would be required for the next phases. Proposal paper on the budget estimation for Phase 2 and beyond will be presented to the Finance Committee and will seek for BoG approval in the June retreat. This proposal will be part of the overall budget planning for the next financial year.

8.1.2 DECISION PAPER BY MEMBERSHIP FOR THE BOG APPROVAL ON MEMBERSHIP RESTRICTIONS AND SANCTIONS:

- 1) The main issue is regarding the receipt of membership contributions and trade payments from entities in countries subjected to the financial sanctions. RSPO has not been accepting trade contributions or membership fees from such countries due to these financial restrictions.
- 2) BoG was informed that RSPO has no explicit policy disqualifying members from the sanctioned countries but it is crucial that RSPO comply with the international laws and regulations including regarding these financial sanctions. Though the ability of RSPO in accepting payments from members under the sanctioned countries may be affected, RSPO shall still adhere to the laws.
- 3) BoG Members deliberated on the proposal which suggested that RSPO shall not be

	<p>automatically disqualified new or the existing members based on their origin country and shall focus on ensuring compliance with relevant laws. RSPO has been reacting to the compliance requirements imposed by Banks on a case by case basis. RSPO shall also assess that despite any member who came from the listed sanctioned countries, the member shall function effectively. Should the members be unable to participate effectively, RSPO may need to reconsider in accepting or continuing their membership.</p> <p>4) Adoption of specific policy will provide clear guidance on how to process membership application and assess the risks of non-compliance with sanctions or other legal requirements. The Secretariat will present the update to the membership rules by the next BoG Meeting. The new policy including handling membership restrictions and sanctions will articulate the revised membership rules. (Action Item: Secretariat).</p> <p>5) Decision: With no objection raised by the BoG Members, this Decision Paper on the Membership Restrictions and Sanctions was approved and officially endorsed.</p> <p><i>(The BoG Meeting took a short break at this juncture and resumed after 5 minutes).</i></p>
8.2	<p>8.2.1 MARKET DEVELOPMENT / TRANSFORMATION UPDATE:</p> <p>1) Update on the market development and transformation was self-explanatory as per the pre-reads.</p> <p>8.2.2 DECISION PAPER BY SHARED RESPONSIBILITY WORKING GROUP (“SRWG”) FOR THE BOG APPROVAL ON ENDORSEMENT OF THE SR UPTAKE TARGETS FOR YEAR 2025 (YEAR 6):</p> <p>1) The BoG Members discussed the uptake targets for year 6 including its proposed Terms of Reference (“TOR”) for the SR review and establishment of a Growers Incentive Task Force.</p> <p>2) SRWG is responsible for the practical implementation of this requirement and each year, SRWG assesses the progress, identifies barriers and reviews the Certified Sustainable Palm Oil (“CSPO”) and Certified Sustainable Palm Kernel Oil (“CSPKO”) supply and demand projections.</p> <p>3) Summary of recommendations made by SRWG and MDSC for the Year 6 uptake target was recorded as follows:</p> <ul style="list-style-type: none"> a) CSPO uptake: 2% for Processors & Traders (“P&T”) and 12% for Consumer Goods Manufacturers (“CGM”) and Retailers; and b) CSPKO: No uptake targets due to ongoing market constraints. <p>4) The SRWG and MDSC will meet during the Sustainable Palm Oil Dialogue (“SPOD”) Europe to review the framework and discuss how the Shared Responsibility should move forward. The proposed TOR for this review will focus on methodology for CSPO and CSPKO uptake targets,</p>

strategies to increase uptake, scope of SR uptake targets and will address the CSPKO shortage. BoG was informed that the Secretariat would initiate the review process without hiring an external consultant. **(Action Item: Secretariat).**

- 5) Organisations were encouraged to nominate representatives for the Task Force and that any interested party should reach out to Inke for more information.
- 6) BoG took note that during the SRWG and MDSC discussions, concerns raised by the BoG Members were incorporated into the ongoing review process. The review began in March 2025 and is expected to be concluded with BoG approval on 6 November 2025.
- 7) The Secretariat responded to the BoG that regarding the impact of EUDR towards the SR uptake, it will be tested post implementation likely after December 2025 because the regulation is yet to be fully implemented. It was hypothesised that the EUDR regulation may influence physical purchasing volumes that would affect the demand for RSPO.
- 8) Concern on the lack of analysis on the growth of buyers for credits and the impact of EUDR on the smallholder was raised. The need for better visibility and analysis regarding buyer growth, credit uptake and market strategies is concerning. The BoG was then assured that these concerns will be addressed by the SRWG and was further informed that both EU and North America are approaching maximum CSPO uptake, and the future strategies must involve exploring new markets while sustaining demand in matured markets. The necessity of enhancing visibility regarding physical volumes available from smallholders is the gap that needs to be addressed through better data visibility. The Secretariat was requested to provide a continuous update with regards to the Buyers growth graphic and the credit update. **(Action Item: Secretariat).**
- 9) The challenge of linking smallholders to supply chains, particularly due to their lack of capacity to engage in segregated supply chains, was also raised by the BoG Members. This challenge impacted difficulties to integrate smallholders into the market despite the existence of smallholders' volume.
- 10) BoG also expressed dissatisfaction with the lack of progress on uptake targets and the perceived disparity between the responsibilities of growers and buyers. The need for segregated supply chains to ensure that premiums reach smallholders instead of relying on cheap credits that do not benefit them adequately was heavily emphasised at this juncture.
- 11) The Secretariat was cautioned on the need to assess the economic dynamic of CSPKO and CSPO markets to better inform the shared responsibilities strategies. The BoG also advocated the Secretariat to take a strategic review on RSPO's overall approach which does not seem ambitious enough to drive both production and the uptake. The BoG requested these matters to be discussed during the June retreat. **(Action Item: Secretariat).**
- 12) Despite high uptake in Europe and North America, emerging markets like India and China

	<p>showed low uptake of CSPO and that RSPO members with manufacturing operations in these markets must take responsibility for driving uptake as growers are already producing sustainable palm oil regardless of market conditions.</p> <p>13) Upon thorough deliberations made by the BoG Members, the Co-Chairs then reminded the purpose of this Decision Paper is to seek approval on the “targets” specifically.</p> <p>14) Decision: With no objection raised by the BoG Members, this Decision Paper on the SRWG and MDSC Uptake Targets for Year 6 (2025) was approved and officially endorsed.</p>
8.3	<p>STANDARDS UPDATE:</p> <p>DECISION PAPER FOR THE BOG APPROVAL ON THE SUPPLY CHAIN CERTIFICATION STANDARD (“SCCS”) REVIEW TASK FORCE AND ITS PROPOSED TERMS OF REFERENCE:</p> <p>1) The main purpose of this decision paper is to seek BoG's endorsement for the SCCS Review of the Task Force. The review process was initiated in February with an 18 month timeline.</p> <p>2) Initial public consultation survey was launched on 10th February 2025 and has received over 420 responses. The next step is to form the task force which requires endorsement by the BoG Members aligned with the Standard Operating Procedures (“SOP”).</p> <p>3) Brief overview of the PNC review, ongoing developments in countries like India, updates on membership and other working groups such as Human Rights Working Group was also shared by the BoG Members during discussion of this decision paper.</p> <p>4) There was a concern raised whereby no national interpretations are happening in Latin America which could present a challenge if the review is to be completed by November 2025. The Secretariat then responded to the concern by highlighting that the National Interpretation for Latin America is expected to start in April 2025.</p> <p>5) Decision: With no objection raised by the BoG Members, this Decision Paper on Supply Chain Certification Standard Review Task Force and its proposed Terms of Reference was approved and officially endorsed.</p>
8.4	<p>TECHNICAL & SMALLHOLDERS UPDATE:</p> <p>1) The discussion pertaining to the ongoing crisis with the unsold credits from certified independent smallholders had been identified specifically considering the recent transition to the new <i>prisma</i> system. There is an oversupply of credits and declining uptake in the market, leading to the frustration among the smallholders. This has been an ongoing issue and deliberation at SHSC level recognised that there is an urgent need to address the issue to prevent the ISH from withdrawing from the certification program.</p>

- 2) Many ISH are facing financial losses due to unsold credits and expiring certifications. The increase in numbers of certified groups is recognised, but the market has not absorbed the credits and caused a market saturation issue. The SHSC seek for BoG's support to the following demand:
 - a) Short and long-term of market transformation strategies development to support certified independent smallholders ie to increase market uptake for IS-credits and IS-CSPO, IS-CSPKO and IS-CSPKE;
 - b) Expedite the implementation of IS-credit carry forward in the prisma system with immediate effect when the Certification System Document is endorsed;
 - c) Review the Shared Responsibility goals; and
 - d) Review of audit costs and membership fees for ISH groups.
- 3) The short term market strategy was discussed including hiring an additional staff dedicated to marketing development, especially for supporting smallholders as the current efforts are not adequately addressing the challenges faced by the smallholders in selling their credits and exploring new market uptake to Japan and China. The situation has become dire with smallholders facing financial losses due to unsold credits and the declining market value of these credits. **(Action Item: Secretariat).**
- 4) The long term market strategy discussed covered a broader, more comprehensive strategy, potentially rethinking the entire approach to supporting smallholders. This includes exploring alternative models beyond the credit market, such as physical trading and jurisdictional approaches. Nonetheless, this requires commitment and support from supply chain players.
- 5) The Secretariat has begun the preliminary actions to support carry forward credits but the BoG consensus on whether a substantial rethinking approach towards the smallholders' engagement and credit management is necessary.
- 6) Some of the BoG Members expressed their general support but the following main points were raised for caution of the Secretariat:
 - a) Concern on the audit quality which could compromise the quality assurance and create reputational risks. The need to address labour related issues especially informal and non-unionised labour that possible could pose threat in ensuring compliance with RSPO **(Action Item: Secretariat);** and
 - b) Exclusion of the medium growers from the current process as there is a separate process for them.
- 7) The BoG suggested the Secretariat provide clearer data on the reasons behind the slowdown in credit trading to explore strategies i.e. revisit the potential of selling independent smallholders' CPO credits in the PKO market as a temporary solution to address the oversupply of credits. **(Action Item: Secretariat).**

- 8) The Secretariat sought the BoG understanding that there are ongoing efforts despite the challenges raised.
- 9) The Secretariat agreed that the certification and credits should not be the only mechanism to support independent smallholders and will look beyond credits to explore moving further up the value chain or benefit from the jurisdictional approaches to finance sustainable development.
- 10) The Secretariat is optimistic that with better data from the *prisma* system, though there are concerns on the audit costs, it is possible to adopt performance-based auditing and simultaneously could reduce the costs including revisiting the membership fees structure.
- 11) A comprehensive Market Development and Transformation Strategy to support independent smallholders in the long term process and to ensure that they could continue producing sustainably. A robust solution to prevent smallholders from abandoning practices due to inadequate support is extremely crucial.
- 12) The BoG recognised the necessity for continued support for the smallholders especially regarding the expiring credits in alignment with the ongoing *prisma* transition and adoption of the certification system document.
- 13) The Secretariat informed the BoG that the issue of credit carry forward has already been incorporated in the final draft of the certification system document, expected to be approved in April or May 2025. However, the Secretariat wishes that the implementation of these provisions should occur immediately after the documents are ready for adoption, rather than delaying until November 2025. The BoG then instructed the Secretariat to expedite the development of an actionable plan with a focus on timely implementation of short term actions concerning the expiring credits while exploring the broader strategy as part of the long term initiatives. **(Action Item: Secretariat)**.
- 14) The BoG and the Secretariat reached a mutual agreement that these requests do not necessitate explicit BoG approval, and it could be addressed at the Secretariat level, including the transfer of credits.
- 15) A broader approach to the requests indicated a need for a dramatic rethink of the strategy for independent smallholders. The Secretariat sought the BoG's agreement on the need for this strategic review, to ensure that our ISH could continue producing sustainably. A robust solution to prevent smallholders from abandoning practices due to inadequate market support is extremely crucial.
- 16) The BoG Members concluded deliberations on this Agenda by expressed their general support for the proposed actions with few points were raised for caution:

	<ul style="list-style-type: none"> a) Limited timeline for the carry-forward credits to avoid market distortions; b) Exclusion of the medium growers from the current process as there is a separate process for them; and c) Concern on the audit quality (if audit cost to be revised) which could compromise the quality assurance and create reputational risks. <p>17) Other than that, it was shared by the BoG that the RSPO Outreach to Intermediary Organisations (“IMOs”) Phase 2f as the memo prepared by the Secretariat for the BoG explains, the first phase of RSPO Outreach to IMOs is coming to an end, and evaluations of the different country programs have been favorable. It is crucial that the second phase begins as soon as possible for several key reasons:</p> <ul style="list-style-type: none"> a) Maintaining RSPO’s credibility and its ability to function as a genuine multi-stakeholder platform, ensuring buy-in from CSOs and other local stakeholders in palm oil-producing regions; b) Enabling CSOs, smallholders, and other local stakeholders to make meaningful contributions to NI processes; c) Equipping communities, CSOs, smallholders, and workers with the necessary tools to address conflicts and complaints, facilitating mitigation and remediation; and d) Strengthening RSPO’s communication efforts, as Outreach is a program that deserves recognition and contributes positively to RSPO’s image. <p>18) A key challenge is that, unlike the first phase whereby a 3 million USD was earmarked in the Special Projects Fund. The second phase may now require budgeting within the larger portfolio of the technical department. However, it is essential to allocate a multi-year budget to support the implementation of the second phase. Fortunately, the annual expenses for Outreach are relatively modest. It is important that both the BoG and the Secretariat recognise their earlier commitment to a second phase. This followed discussions in which BoG and BoG-NGOs agreed for BoG-NGOs to withdraw a proposed GA resolution urging RSPO to enhance its engagement with Southern CSOs and local stakeholders. The agreed understanding was, and still is, that BoG and the Secretariat would ensure that this commitment would be met through Outreach and other measures.</p> <p>19) It needs to be avoided that RSPO falls behind schedule in launching Phase 2. Keeping up the momentum is essential to build on the successes achieved in Phase 1, including the goodwill and bridges established between RSPO, CSOs, communities, government agencies, and companies in the various countries.</p>
8.5	<p>ASSURANCE UPDATE:</p> <p>1) There were some changes in the composition of the Assurance Standing Committee (“ASC”) which included the introduction of new members and changes in representation.</p>

	<p>2) Some steps are being taken to address the relationship between the RSPO and the Accreditation Services International (“ASI”) as the accrediting body with major focus on improving collaboration, accountability, and transparency between these entities, with an emphasis on audit quality, expanding capacity for auditors, and addressing challenges posed by a lack of qualified Certification Body (CB) auditors, which is a critical issue in regions such as Latin America.</p> <p>3) A dashboard from ASI that could track the performance metrics is being considered for broader visibility within the ASC to boost confidence and performance.</p> <p>4) There was a concern regarding the limitations of the traditional audit process and the necessity for RSPO to consider shifting towards an active monitoring in the high risk areas being raised. The inadequacies of auditing as a sole mechanism for oversight and suggested the Secretariat to leverage in technology and data driven methods to improve the monitoring capabilities. (Action Item: Secretariat).</p>
9.0	ANY OTHER BUSINESS
	<p>1) The Co-Chair and BoG Members commended the Secretariat for organising a well executed meeting.</p> <p>2) The Secretariat was requested to address a concern regarding the Indonesian government’s intention to expand the palm oil plantations and food estates, aspiring to develop 20 million hectares, that could affect RSPO’s mission and viability of smallholders in the June retreat. (Action Item: Secretariat).</p> <p>3) The persistent challenges with obtaining unique mill identification numbers from Rainforest Alliance due to the staffing issues was highlighted. <i>prisma</i> team is currently in the discussions of this issue and the Secretariat took note that a broader discussion across platforms regarding the unique mill identifier issue including of the decision on the long term involvement of Rainforest Alliance shall take place.</p>
10.0	CLOSURE OF MEETING
	The Co-Chairs declared that the BoG Meeting 01/2025 concluded at 5.48pm and thanked the BoG Members, Secretariat and the invitees who participated in the Meeting.