

## Minutes for Board of Governors Meeting 03-24

Date: 03 September 2024

Start Time: 2.00 pm – 6.00 pm (MYT)

Location: Virtual on Zoom

### BOG Members and Alternates in Attendance

#### SUBSTANTIVE MEMBERS

##### In Attendance

Anne Rosenbarger (AR), **WRI**  
Jose Roberto Montenegro (JM), **AGROCARIBE**  
Lee Kuan-Chun (KC), **P&G**  
Tim Stephenson (TS), **AAK**  
Marcus Colchester (MC), **FPP**  
Anita Neville (AN), **GOLDEN AGRI RESOURCES**  
Kamal Seth (KS), **WWF INTERNATIONAL**  
Lee Jwee Tat (JT) **STANDARD CHARTERED BANK**  
Julian Walker-Palin (JWP), **RPOG**  
Olivier Tichit (OT), **MUSIMMAS**  
Martin Huxtable (MH), **UNILEVER**

##### **ADVISORS:**

Prof. Bungaran Saragih (BS)  
Mr Mavath R Chandran (MR)

#### ALTERNATE MEMBERS

##### In Attendance

Mario Abreu (MA), **FERRERO**  
Laila Wilfred (LW) **CARGILL**  
Dr Surina Ismail (SI), **MPOA**  
Rukaiyah Rafik (RR), **GAPOKTAN TANJUNG SEHATI**  
Nursanna Marpaung (NM), **HUKATAN**  
Eleanor Spencer (ES), **ZSL**  
Steni Bernadinus (SB) **KALEKA**  
Imogen Jamie (IJ), **STANDARD CHARTERED BANK**  
Harry Brock (HB), **UNIVANICH**

##### **ABSENT WITH APOLOGIES**

Paul Wolvekamp (PW), **BOTHENDS**  
Ku Kok Peng (KKP), **MPOA**  
Harjinder Kler (HK), **HUTAN**  
Sander Van den Ende (SVE), **SIPEF**  
Dr Fadhil Hassan (FH), **PT. INTI INDOSAWIT SUBUR**  
H. Narno Sayoto Irontiko (NS), **ASOSIASI SWADAYA AMANA**  
Sougata Niyogi (SN), **GODREJ AGROVET**

#### Secretariat

Joseph D'Cruz (JD), CEO  
Dr Inke Van Der Sluijs, Director-Market Transformation  
HS, Standards Director  
Irene Low, EA to CEO  
Ashley Tang, Special Officer

#### Language Interpreters

Ayu  
Sony Katagonia

### **1.0 Introduction, RSPO Antitrust Caution, Quorum, Conflict of Interest and Approval of Agenda.**

Anne initiated the meeting as co-chair and the meeting convened. The board was reminded to adhere to RSPO's antitrust guidelines and conflict of interest. Quorum was also met.

The agenda was approved, proposed by Kuan Chun and seconded by Anita.

**DECISION:** The agenda was approved.

### **2.0 Approval of Minutes of Meeting 01-24**

Marcus requested for amendments to be made on page 6, 16 and 26. The amendments were:

On page 6: "Marcus reminded the Board that it is possible that a non-judicial grievance process can still consider complaints even if a case is in court as a voluntary system goes beyond the law not above the law".

On page 16: "He requested the HRWG to review the standard re FPIC".

On page 26: "Marcus asked what data fields have been built into the system to track social aspects".

The minutes of the meeting were approved, proposed by Marcus and seconded by Anita.

**DECISION:** Meeting Minutes approved subject to amendments made based on Marcus' requests.

### **3.0 Actions Arising from Previous Meeting**

JD shared that most of the actions are currently being addressed or are in progress.

Marcus highlighted that the social liabilities of the RaCP were still not being addressed.

JD clarified that this issue should be addressed in the BHCVWG rather than the Board or the Secretariat to provide solutions. Eleanor added that there have been discussions surrounding that in the CTF2. She offered to provide more updates on this issue during the Standards session as well.

### **4.0 RemCom Committee Update by RemCom Chair**

Anne informed the Board that Harjinder, the RemCom chair, could not attend the meeting. As such, Anne gave an update on the status of RemCom. She highlighted that the RemCom was still reviewing the recommendations from the secretariat's HR team on the incremental and ex gratia adjustments for the year. She pointed out that they have yet to decide on it. Anne added that the CEO too has submitted his self-evaluation performance review for the year to RemCom. She noted that once the review was completed, an update will be provided to the Board.

## **5.0 Secretariat Update by CEO**

### **5.1 EUDR and Other Regulatory Requirements**

JD gave an update on the European Union Deforestation Regulation (EUDR), the Corporate Sustainability Due Diligence Directive (CSDDD), and Green Claims. He noted that the Secretariat has not seen any further detailed guidance from the European Commission around the technical implementation of the EUDR. He further added that the team based in Brussels are currently engaging with the members of the Commission as well as the Parliament to build a network of partners to allow them to more effectively engage in these processes.

He also updated the Board on the US Forest Act of 2023, adding that the analysis on the Act which was shared with the Board were for internal use only. JD highlighted the ongoing engagements in Indonesia and Thailand, emphasizing that the focus in Indonesia was to build specific initiatives with various line ministries to ensure that there are sufficient relationships in place to maintain the momentum that has been built even if there was a change in Ministers. He added that they are also closely monitoring the potential cabinet line up in Indonesia, noting that they were not seeing any indication of a major shift in direction. Similarly in Thailand, no major shift in direction is expected as well, as the incoming agriculture minister comes from the same caucus and constituency of the previous minister.

JD pointed out that the government affairs team too will be meeting after RT to put together their reflections and approach on government relations and public policy into a strategy document which will be shared with the board to provide a clearer understanding of the structure, logic and impact that they seek to achieve. Overall, JD noted that the work so far has been progressing well, with increased engagement, adding that RSPO too is beginning to be reflected in more government policies, positions, and speeches.

Rukaiyah raised the possibility of RSPO's involvement in the ISPO review process as the Indonesian government was still reviewing the ISPO requirements, noting that an alignment with both standards would help the smallholders.

Nursanna asked whether any meetings were planned with the Indonesian agricultural and manpower ministry, and offered assistance in arranging meetings with them, if required.

Anne requested an update at the next Board meeting on the operationalisation of the future strategic plan and inquired whether the Prisma team had connected with the Indonesia national dashboard team.

In response to the possibility of RSPO being involved in ISPO's review process, JD expressed caution in getting involved with it due to various sensitivities. However, he highlighted that they were happy to collaborate if there was an opportunity to do so. Kamal also offered Rukaiyah support from the WWF Indonesia office, if required.

On Nursanna's offer to arrange meetings with the Indonesia agricultural and manpower ministry, JD noted that they currently do not have any plans to meet with them but welcomed the possibility if it is beneficial.

On the future strategy plan, JD clarified that a draft will be ready to be circulated after RT and table for discussion with the Board during the first meeting in 2025, while JD will check with the Prisma team regarding the Indonesia national dashboard. He added that he will reach out if further connections are needed.

## **5.2 RT2024**

JD shared the progress of RT, highlighting the current registrations, the uptake of the early bird rates, the sponsorships, as well as the plans for the plenaries and breakout sessions. JD informed the Board that there would be a concerted effort by the RT team to engage Board members to actively lead and facilitate sessions for RT, adding that Board members will be approached by the team to take on these roles.

On the GA, JD reminded the Board of the 4<sup>th</sup> September 2024 deadline for nominations and resolutions. He noted that there have not been any resolutions submitted to date and highlighted that there was one constituency with multiple nominations which will require an election process. There were also no additional nominees for the vacant Board seats of retailers and the banks and investors, adding that the Secretariat will continue to engage with these institutions.

Anita inquired about the process for filling vacant seats on the Board and what would happen if there were no nominees for those vacancies.

Marcus suggested selecting a keynote speaker who could reflect upon the organisation's journey – where it started, the progress made, and the challenges ahead, since this year is RSPO's 20<sup>th</sup> anniversary. He opined that a speaker who could provide that perspective was much more suitable instead of one who provides a broad, global overview.

On the Board vacant seats, JD clarified that JT has worked with the Secretariat to encourage more engagements with the Banks and FIs within the region, with the hope that they would ultimately be willing to step up to fill these roles.

On the keynote speaker, JD highlighted that they were still in the process of identifying a suitable speaker. He appreciated Marcus' suggestion and welcomed further recommendations in securing a speaker. He emphasised that they were not keen to have a keynote speaker just for the sake of it if the speaker can't add significant value. He proposed an alternative option of perhaps celebrating the organisation's achievements during the opening ceremony instead of having a traditional keynote session.

## **5.3 Standards Revision Update**

JD provided an update on the progress of the standards revision emphasising the completion of the physical and virtual stakeholder consultation process across different regions as well as the ongoing multi-stakeholder process. On the stakeholder consultations and feedback, JD explained that the Secretariat received over 2000 feedback in which an analytical framework was developed to identify areas which have general consensus, divided consensus, and no consensus. JD also explained the P&C and ISH feedback analysis, noting that key indicators were being addressed through the multi-stakeholder process. The timelines of the standards revision were also presented in which JD emphasized that the Secretariat was fully committed to meeting these deadlines to ensure that the Standards would be ready for approval in time for the GA.

Marcus remained hopeful about achieving a positive outcome but cautioned against rushing the process, stressing the need to do the job properly even if it entails extending the timeline. He advocated instead for allowing more time to ensure a thorough completion.

Eleanor concurred with Marcus, emphasizing that while meeting the GA deadline was important, but ensuring the quality of the standards should take priority.

Anita expressed concerns about the potential reputational damage if a revised standard is not delivered at the GA this year. She acknowledged the importance of the process and the shared frustrations. However, she emphasized that it is of everyone's interest to ensure the revision is delivered this year.

Martin suggested prioritizing progress over perfection in the Standards revision process, emphasizing that implementing the Standards and verifying its implementation is much more critical. He argued on the importance of focusing on monitoring the Standards' implementation across the value chains all the time and its impact instead of the minute details of the Standards. He also cautioned about potential inconsistencies with other standards.

KC pointed out that one of the delays in the Standards was the FPIC which was identified as the root cause of the delay. KC emphasized the need to understand the next steps and actions to take, noting that the situation has implications for confidence in RSPO's ability to address challenges. He stressed that the decision-making process needs to be transparent, and that any final decision should explain what occurred.

Rukaiyah reflected on her experience participating in two review processes highlighting the complexity of the procedure. She noted that decisions made in task force discussions are sometimes altered when presented to the Steering Group, adding that changes in persons representing the same groups also lead to inconsistent positions.

Anne explained that there is a process in place in which if a consensus cannot be reached at the multi-stakeholder task force it subsequently goes to the Steering Group for decision. She noted that reverting to the 2018 standard isn't necessarily a permanent outcome if current discussions fail. Anne called for the Secretariat to come up with a reflection and lessons learnt document highlighting the justification for decisions that have been made throughout the Standards revision process. She pointed out that this was an important step in improving the processes of future revisions.

Olivier supported this by stating that the agreed process includes the involvement of the Steering Group and the Board if the task force cannot resolve these issues. He doubts that an additional year would improve the standard and acknowledged that while compromise is difficult, it's essential, and emphasized perhaps to come to a mid-point consensus solution.

JD acknowledged the complexity of the current revision process and the need to develop a clearer, more structured approach for future revisions. With the next revision being the supply chain certification standard, JD requested for the Board's guidance, with the support of the SSC, on improving the process. He admitted to communication shortcomings during the Standards revision but highlighted the Secretariat's efforts in proposing improvements. JD was optimistic in reaching a proposal that will put the Steering Group in a better position to propose a final revision.

**ACTION PLAN:** The Secretariat is to develop a reflection and lessons learnt document for the Standards revision process. This is to ensure improvements in the process for future revisions.

#### **5.4 Decision Paper: Final revised RSPO Theory of Change for BoG endorsement**

JD presented the revised RSPO Theory of Change and asked for the Board's endorsement.

Julian, Tim and Anne commended the Secretariat on the improvements seen in the presentation of the Theory of Change on the website. However, Julian raised a question about the mention of "Desertifican" in the test website, which mentions risks associated with certification, and wondered if it was a typo or reflected a misunderstanding.

On Julian's question, HS clarified that it was a typo from the test website and not intended to be part of the Theory of Change. Following an approval, it will be proofread before it goes live.

The Board agreed to endorse the revised Theory of Change.

**DECISION:** The revised Theory of Change was endorsed by the Board.

#### **6.0 Prisma**

JD shared the current risk status of Prisma pointing out that there is a delay in the digitalisation and automation of the audit module. An interim measure has been put in place where the audit template will be standardise. The auditors will be expected to use a manual template and return it to the team to be uploaded into the system. The data will be available for the trade and traceability and other certification requirements. The full digitalisation of the audit module will now be moved to Phase 2 which will take place in the first half of 2025.

Additionally, JD noted that the migration from PalmTrace with Rainforest Alliance to Prisma has been challenging. For the migration of member data, JD stated that the Prisma team will ensure that there is a reconciliation team in place to cross reference the members' data as the data might not be accurate.

The third risk JD pointed out was the stock balance migration from PalmTrace to Prisma. The current reference point for the stock data is only in PalmTrace itself and there is no second reference point to cross reference data integrity. To address this issue, JD noted that the Prisma team is looking at doing the migration early and having a mechanism in place with RA to cross check and verify any discrepancies that come up. The worst case contingency plan is to do a rollback in case those stock value inaccuracies hit a certain threshold.

JT noted that Prisma is a potential solution to meet EUDR requirements. However, there has been little feedback from his clients in Europe on the risks that this has on their business and supply chain. He also raised concerns about the smallholders fearing that they will be excluded due to problems in providing the information to comply with EUDR requirements.

KC emphasised the need for the US Forest Act public affairs campaign to start much earlier than the EUDR campaign to prevent this Act from facing similar challenges as the EUDR.

On EUDR risks to businesses and on smallholders, Julian clarified that the biggest challenge with EUDR at the moment is the lack of detailed information from the EU Commission. The retailers are working with their suppliers particularly the processors and traders (P&T) to understand how they can be compliant. Julian emphasised that they have placed their full support behind Prisma and believe that the EUDR requirements are being incorporated into Prisma. He is expecting enforcement

in the first year of the implementation of EUDR to be lenient as the Commission recognises the current challenges. Julian added that conversations surrounding smallholders tend to be framed by MSPO at the moment, noting that MSPO is taking the lead in engaging with the smallholders.

JD pointed out that the number of independent smallholders in Malaysia impacted by EUDR is minimal. The largest smallholders instead come from Indonesia which RSPO is engaging with through ISPO and joint collaborations with other Indonesian counterparts. He opined that the Indonesians are also much less vocal in building the narrative for the smallholders. He stressed that the focus should be on ensuring sustainability for smallholders, particularly independent smallholders, beyond certification, credits, and the segregated market route. He noted that the smallholders team in the Secretariat too are currently looking at how they can support sustainability for independent smallholders as part of its strategy for smallholders.

On the engagements on the US Forest Act, JD clarified that the government affairs team have been engaging with Capitol Hill in which productive conversations and open discussions have taken place, and where advice and feedback from the industry are being taken into consideration.

## **7.0 Governance Review**

Anita recapped the reasons for reviewing the governance of the RSPO and proposed two alternative models for a revised governance structure.

Option 1 reflected a more comprehensive revamp of the governance structure with a stronger role for a competency based Executive Committee; while Option 2, reflected a less comprehensive change maintaining the current structure with some operational responsibilities delegated to a smaller Executive Committee. These options reflected two different viewpoints that have emerged from the Board and Governance Review subgroup discussions since June 2024.

Anita explained the structural differences of Option 1 and 2. *(The structural differences can be further read in the governance review proposal shared with all Board members)*

### **Points of Concern:**

- KC raised concerns about how the "dotted lines" communication channels in Option 1 are operationalised to support decision-making as well as defining roles and responsibilities.
- Marcus questioned the reasons for the Governance Review Committee to revert to Option 1 which had previously been seen as unsuitable for broad governance reasons. He believed that there was broad support from multiple sectors of the Board for the structure in Option 2 during the June meeting which emphasised multi-stakeholder governance led by the General Assembly (GA) and its elected representatives on the Board of Governors (BoG).
- Nursanna raised concerns about the process of hiring the external members of the Executive Committee (ExCo) and questioned the responsibilities of the independent chair, the recruitment process of the Chair, and the comfort level in sharing sensitive internal information with the Chair.

- Kamal felt that Option 2 added more layers and bureaucracy and raised concerns that it might even backfire to resolve issues of bureaucracy, competency, and decision making. This option, he believed, will not solve the limited bandwidth of the Board members, adding that Board members, including himself, are overburdened with multitasking and makes it difficult to dedicate sufficient time to their responsibilities.
- Martin noted that the current BoG is already struggling with its own bureaucracy and lack of capabilities to execute and deliver, thus, advised against adding more bureaucracy. He believed it is of importance to have a structure that is more effective as well as one that empowers the Secretariat in getting things done and delivers for the future.

### Clarifications

- On the “dotted line” communications on Option 1, Anita clarified to KC that the communication line between the BoG and the ExCo is to ensure alignment on instructions. Similarly, the relationship between the CEO/Secretariat and the Standing Committees (SC) is to ensure the Secretariat implements the strategic work direction and policy of the SC. The SC’s reporting line to the ExCo would focus on budget related issues and the operationalisation of the day-to-day task.
- Anita explained the background and development of Option 1 and Option 2, pointing out that at no point of any discussions with those participating in the governance review process was there an agreement to select any of the options. Instead, there were various inputs and issues that were considered from the June Board meeting. The two options being presented now is due to the inability to reconcile some of the ongoing tensions between both options. Further discussions, including input from the Malaysian Growers Caucus, led to the alternative proposal. Anita stressed that the Committee was aware of balancing members’ voices with the need for competency-based governance to support the emerging and current needs of the organisation.
- On the risk of sharing information to the ExCo chair, JD clarified that this can be addressed as part of the Chair’s contractual responsibility of protecting the integrity of internal information as well as to act in the interests of RSPO.
- Anita pointed out the difficulty of finding volunteers with the right expertise within the membership as a lot of members do not have the capacity to dedicate their time to serve the organisation.
- On requiring the SC to report to the BoG, Anita inquired if this can be addressed in a biannual reporting to the BoG as well as through having BoG members as part of the SCs. Olivier concurred with Anita, noting that the SC’s reporting to the BoG can be addressed through having BoG members as SC members or as SC co-chairs. This would avoid the multiplicity of reporting to the BoG or the ExCo.



## Suggestions

- Tim emphasized the need for RSPO governance to have professionals with the right expertise, pointing out that solely relying on the elected body may not guarantee the right competencies. He stressed that it was crucial to define the ExCo's roles and responsibilities and fill those roles with the right experts whether it is internal or otherwise. The ExCo should include independent members with the right competencies alongside perhaps two or three BoG members in the ExCo to provide oversight. The ExCo can report to the BoG or even be appointed by the BoG but stressed that the ExCo should have the authority to make decisions on budgets, strategy, implementation and operational matters. Additionally, the ExCo too must be able to make decisions without going through the entire process again with the BoG. The BoG should not be second guessing the ExCo on their actions. The ExCo too should look out for the interest of the RSPO as a whole, not just what's good for the individual members.
- Surina urged for the composition of the ExCo, its independence and the capabilities of those who hold those positions to be clear. The BoG members who sit on the ExCo must have the skill sets and competencies to be in it and if no one on the BoG has the required skills, they should look outside the BoG, but still within RSPO members. The composition of the ExCo needs to have the necessary skill sets such as in finance, audit, risk, HR, and RemCom. Their presence is only to be one body that is accountable to the GA, noting that having two bodies reporting to the GA would confuse them. Surina believed that there must be a strong reporting line between the BoG and the SC as the BoG represents the members and the SC are the ones who will be implementing the standards and the policies. The SC can have a dotted line relationship to the ExCo.
- JT suggested that board members could recruit from their own organizations to fill positions on the ExCo, ensuring that the right skills are available without hiring externally. He suggested for the reporting lines in Option 1 to be from the BoG towards the SC rather than the SC to the ExCo. This was because the BoG would appoint people into the SC, thus, the SC would be responsible towards the BoG. The Board members should also not sit on the BoG and the SC, noting that they must only be on one body. But, if need be, the Board members could perhaps sit only on one SC. Board members being on various committees was the reason why they lack the time to serve. The differentiation of the roles and responsibilities of the BoG and the ExCo should also be clearly stated, highlighting that the BoG should set the overall outline of the organisation while the ExCo executes it. JT believed that the BoG should have a direct line relationship to the SC and that there is a two-way communication between the ExCo and the SC. JT added that the ExCo should not report to the GA as it will confuse them. The ExCo should report to the BoG as the BoG will have to monitor if the ExCo has carried out its duties.
- Marcus proposed for the SC to report to the BoG as the SC have both operational and strategic work to do. This will ensure that the BoG is kept abreast of these strategic implications of the work, not just the operational aspect.
- Anita suggested implementing a review period to assess the effectiveness of operations as organisational charts may look good on paper, but often function differently in practice.

## Points of Agreement

- Only one body to be accountable to the GA.
- To clearly define ExCo's roles and responsibilities
- ExCo members to have right competencies and skill sets
- A review period to assess the effectiveness of operations following the implementation of the restructuring of the Board.

## Unresolved

- The SC's reporting line to either ExCo or BoG.
- The ability of the ExCo to make independent decisions without reverting to the BoG

## Collective Decision

The Board agreed for the Governance Review Committee to further elaborate on the restructuring of Option 1 in which the current structure demonstrates that the ExCo reports to the BoG, the BoG reports to the GA and the SC report to the ExCo. The committee will also further address concerns raised by the Board in terms of roles and responsibilities, the decision-making authority, and the relationships between each function.

**DECISION:** As per the collective decision made by the Board.

**ACTION PLAN:** For the Governance Review Committee to further elaborate on the restructuring plan of Option 1 and address concerns made by the Board.

## 8.0 Standing Committee Updates:

### 8.1 Finance

Tim presented the income and expenditure for the year ending 30 June 2024, highlighting a surplus of RM 635,000 before tax, and noted that some recovery and income over the last few months was seen. Income is also still strong despite operational costs being higher than the budget. **However, the reported surplus is before tax, and after taxes, the income statement will show a negative balance.** On the special projects and the smallholders fund, Tim emphasized that this should be reflected in the overall profit and loss statement since it is now becoming a recurring annual cost. After considering the expenses for the special projects and the smallholders fund, he projected a deficit of roughly RM4 million to RM5 million which is potentially a problem that needs to be addressed going forward. Tim noted that the audit was also progressing well. On the cash flow statement, Tim stated a net decrease/increase in cash expenditure of RM11 million for the year, with RM5 million of that amount spent on Prisma.

On investments, Tim highlighted that the organisation is achieving a return on investments of over 4% annually which is considered reasonable. Investments are also diversified across equities and fixed income, with regular reporting from the investment managers to the Finance Committee in place.

The Prisma trade management, Tim, pointed out that it is moving forward reasonably well, though the handover and the data transfer from Rainforest Alliance will be critical.

On the long term financial plan, Tim noted that there will be significant changes within RSPO's finances due to the administration of the trade management. He added that the organization could raise funds in the future by adjusting the level of trade fees but emphasized the importance of a fiduciary duty to members, advising that fee changes should only be made with a clear operational plan and understanding of how the funds will be spent. He stressed that the next step is to develop an operational plan based on the theory of change to decide if additional funds are needed.

## **8.2 Standards**

HS gave an update on the Biodiversity and High Conservation Value Working Group (BHCVWG) in which the RaCP Ver 2 development is progressing in which some elements have been agreed on and are ready for public consultation. However, other aspects such as the independent smallholders still require more time for development. The timeline is being discussed to align with the standards revision and further updates will be provided at the November Board meeting.

HS added that there is also a working draft on the steep slope guidance that has been developed where three public webinars were held in June for stakeholder consultation. The feedback is being analysed and will be shared with the BHCVWG for approval.

For the Greenhouse Gas Working Group 2 (GHG WG2), HS highlighted that the draft Palm GHG V5 has been finalised and aligned with the GHG Protocol. The limited pilot testing and wider field trials will use the calculator V5 in excel format. Once feedback has been received, HS noted that the module will be developed in Prisma and rolled out as the remaining aspects of phase 1B in Prisma which will be in June next year.

Under the Human Rights Working Group (HRWG), HS stated that development is ongoing for the Women's Safety project and the Guidance for the Repayment of Recruitment Fees and Related Costs. He pointed out that the Human Rights Due Diligence (HRDD) subgroup has also been formed in anticipation of the inclusion of HRDD in the Standards.

In the Jurisdictional Working Group (JWG), HS pointed out that progress is being made on the Jurisdictional HCV HCS Screening and the JA pilot progress recognition that's been conducted in Sabah and Ecuador. Additionally, an MoU has also been signed with Kaleka in April 2024.

Surina inquired about the timelines for the readiness of the PalmGHG, the development of the Guidance for the Repayment of Recruitment Fees and the commencement of work of the HRDD.

KC highlighted the need to develop a plan to integrate digital PalmGHG calculations via Prisma and urged the Secretariat to create a strategic plan with timelines for merging data analysis to improve calculations and analysis of carbon emissions. He believed that there is a huge opportunity for digitising the calculations on a more granular assessment of the supply chain with Prisma's development. KC emphasised the importance of a holistic approach, noting that Prisma now includes information on concession maps, trade and traceability data, peatlands, and others. He envisioned that this digitised information could enable the development of a tool to automatically assess and calculate different types of carbon emissions and inventories.

On the timelines for the PalmGHG to be ready, HS clarified that PalmGHG calculator has not been stressed tested yet, adding that it still needs to go through pilot testing and field trials before it can be rolled out. They intend to roll out the wider field testing later this year to meet the deadline for inclusion in Prisma and are expecting for the PalmGHG V5 to be ready by June next year as part of the rollout of the remaining modules for Prisma 1.

On the commencement of work of HRDD, HS noted that pre-preparation work is ongoing and is expected to fully begin once the inclusion of the HRDD in the Standard is finalised. However, for the Guidance for the Repayment of Recruitment Fees and Related Costs, HS noted that he will have to revert at a later date as he did not have the information with him.

On KC remarks about developing a strategic plan, HS noted that the GHGWG is currently developing version 5 of the calculator and the approaches and analytical framework in order to support the implementation of GHG emission indicators in the Standard which includes establishing baselines and analytical framework. He pointed out that the GHGWG were also in the midst of updating the ToR. HS pointed out that a proposal will be put forward to the SSC to expand the ToR. HS also assured KC that his feedback will be relayed to the GHGWG chair so that they are aware of his request to add it into the proposed expanded ToR.

**ACTION PLAN:** For the Secretariat to develop a strategic plan and timelines to integrate the digital PalmGHG calculations into Prisma.

### **8.3 Jurisdictional Approach**

#### **8.3.1 Decision Paper: New Jurisdictional Members Category**

JD sought the endorsement of the Board for the new jurisdictional members category.

KC proposed and no Board opposed the endorsement.

**DECISION:** The new jurisdictional members category was endorsed by the Board.

### **8.4 Assurance SC**

#### **8.4.1 Decision Paper: Trademark License Agreement 2024**

JD sought the endorsement of the Board for the Trademark License Agreement 2024.

The Board agreed to endorse the trademark license agreement 2024.

**DECISION:** The Trademark License Agreement 2024 was endorsed by the Board.

## 9.0 Any Other Business

### 9.1 Pricing Transparency and Disclosure

Tim discussed the possibility of RSPO publishing the prices for CPO SG, CPO MB, CPKO SG, CPKO MB, which could serve as an incentive for more growers to become certified. Tim noted that while they should avoid discussing specific prices, but by gathering insights from the market and exploring the legal implications could help move this initiative forward. He believed that this could be a good step forward for the organisation.

Kamal suggested that the RSPO Secretariat should conduct an analysis or study to highlight the premiums in the global market for growers, smallholders and large growers, beyond just focusing on EUDR's premiums, which represent only 7% of the global market. He emphasised the need for visibility on the other 93% of the market where premiums also exist. Kamal shared that a previous study which was done two years ago by KPMG India regarding this issue was now outdated, and proposed that the Secretariat investigate this further and present a draft plan for the Board's consideration by the November Board meeting.

JD reiterated the rationale for raising the issue of pricing transparency. He reassured the Board that the pricing discussion was merely to provide insights and transparency into those prices, acknowledging the limitations that RSPO faces in engaging in pricing discussions due to its role as a multi-stakeholder platform. JD concurred that the Secretariat should begin to draft a proposal or a plan that would look into this issue, noting that they will ensure that the RSPO would not engage in any actions that influences pricing at the market. Increasing transparency, JD believed, could also potentially make it easier to encourage other growers to come on board. However, JD noted that the Secretariat will take into consideration the November timeline to come up with a plan but might require more time beyond the November Board meeting as it has limited bandwidth at the moment.

**ACTION PLAN:** The Secretariat to develop a plan which would gather insights and legal implications into pricing transparency.

### 9.2 Non-certified Elements in Mass Balance

Julian inquired if Prisma will be including the non-certified elements of mass balance in its technical abilities.

KC requested updates and next step actions from the Prisma and Future Strategy BoG subgroup with support of the Market Development Steering Committee in addressing the mass balance of non certified data inclusion in Prisma.

JD clarified that the issue was being addressed in the action items, but it is still under discussion as well as part of the standards revision on how to deal with the conventional volumes and mass balance. JD added that the non-certified elements of mass balance will not be included in the initial rollout of Prisma at the end of the year. Instead, this feature will be introduced in Phase 2.

Inke concurred, noting that during a discussion with the subgroup of the board, its recommendation was to allow recording of conventional material in mass balance as part of Prisma's phase 2 development.

**ACTION PLAN:** Prisma and Future Strategy BoG subgroup with support of the Market Development Steering Committee to provide updates and next step actions related to the mass balance non certified data inclusion in Prisma.

#### **ACTION ITEMS**

<b>No.</b>	<b>Action Items</b>	<b>Owner</b>	
1	The Secretariat is to develop a reflection and lessons learnt document for the Standards revision process. This is to ensure improvements in the process for future revisions.	HS	
		2	For t restruct
3	For the Secretariat to develop a strategic plan and timelines to integrate the PalmGHG calculations into Prisma.	HS	
4	The Secretariat to develop a plan which would gather insights and legal implications into pricing transparency.	Inke	
5	Prisma and Future Strategy BoG subgroup with support of the Market Development Steering Committee to provide updates and next step actions related to the mass balance of non certified data inclusion in Prisma.	Inke	