

Minutes for Board of Governors Meeting 02-24

Date: 04 June 2024 to 06 June 2024

Start Time: 2.00 pm – 6.00 pm (MYT)

Location: The Saujana Hotel Kuala Lumpur

Platform: Hybrid

BOG Members and Alternates in Attendance

SUBSTANTIVE MEMBERS

In-Person Attendance

Anne Rosenbarger (AR), **WRI**
 Jose Roberto Montenegro (JM), **AGROCARIBE**
 Ku Kok Peng (KKP), **MPOA**
 Lee Kuan-Chun (LKC), **P&G**
 Tim Stephenson (TS), **AAK**
 Marcus Colchester (MC), **FPP**
 Anita Neville (AN), **GOLDEN AGRI RESOURCES**
 Paul Wolvekamp (PW), **BOTHENDS**
 Kamal Seth (KS), **WWF INTERNATIONAL**
 Lee Jwee Tat (JT) **STANDARD CHARTERED BANK**
 Julian Walker-Palin (JWP), **RPOG**
 Olivier Tichit (OT), **MUSIMMAS**

Virtual Attendance

Martin Huxtable (MH), **UNILEVER**

ADVISORS:

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

ALTERNATE MEMBERS

In-Person Attendance

Mario Abreu (MA), **FERRERO**
 Laila Wilfred (LW) **CARGILL**
 Dr Surina Ismail (SI), **MPOA**
 Quentin Meunier (QM), **OLAM**
 Rukaiyah Rafik (RR), **GAPOKTAN TANJUNG SEHATI**
 Nursanna Marpaung (NM), **HUKATAN**
 Eleanor Spencer (ES), **ZSL**

Virtual Attendance

Harjinder Kler (HK), **HUTAN**

ABSENT WITH APOLOGIES

Steni Bernadinus (SB) **KALEKA**
 Harry Brock (HB), **UNIVANICH**
 Sander Van den Ende (SVE), **SIPEF**
 Dr Fadhil Hassan (FH), **PT. INTI INDOSAWIT SUBUR**
 Imogen Jamie (IJ), **STANDARD CHARTERED BANK**
 H. Narno Sayoto Irontiko (NS), **ASOSIASI SWADAYA AMANA**
 Sougata Niyogi (SN), **GODREJ AGROVET**

Secretariat

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

Future Strategy and Standards

Cheryl Ong
 HS Yen
 Chuah Su Ming
 Standards Team

Language Interpreters

Irma Nurhayati
 Sony Katagonia

Prisma

Nathan Eaton
 Cheng Zhi Wei
 Sebastian
 Nikki Gee
 Kenny Lee

Grievance and Complaints

Dato' Henry Barlow
 Lim Sian Choo

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

Jose initiated the meeting as co-chair and the meeting convened. Jose welcomed the Board who were physically attending the meeting as well as those who were present via zoom. The board was also reminded to adhere to antitrust guidelines. Quorum was also met. On the agenda of the day, it was noted that there would be a discussion on mass balance at the end of the general Board meeting.

Paul asked if there was time to reflect and discuss the concerns and observations stated on a document sent by Martin as the organisation cannot ignore concerns raised in that document. Anne suggested for the fundamental concerns raised in the document to be addressed during the future strategy discussion.

Marcus highlighted that the Board received the pre-reads Board documents very late and that they were unable to review the documents. He reminded the Secretariat that the Board should be receiving their pre-reads documents at least 10 working days in advance of the Board meeting. He pointed out that this is not being complied with in regards to the Boardbook or other subsequent documents. He noted that it wasn't just the Board that was inefficient but the entire Secretariat as well.

DECISION: The agenda was approved.

2.0 Approval of Minutes of Meeting 01-24

Anita noted that the "t" was missing in the word "complaints panel" in the early half of the meeting minutes. There was also the strange use of the word "excellence" on page 13 of the meeting minutes.

Paul was puzzled by the summary decision written on page 14 of the meeting minutes. He suggested for the text to be rewritten as: "the board deliberated on the proposed action and will be reviewed back by the Board following a follow up set of documents being presented". Anne suggested for the sentence to include "to further elaborate". The Board agreed that the Secretariat will make the amendments and circulate the suggestions back to the Board via email for approval.

Tim pointed out that there was a mistake on the first paragraph of page 18. The word "have" should have been used instead of "haven't".

DECISION: Meeting Minutes approved subject to amendments to be made based on suggestions by the Board.

ACTION ITEM: Amended meeting minutes to be circulated to the Board via email for approval.

3.0 Actions Arising from Previous Meeting

On the mass balance situation, JD noted that it will be further discussed during this board meeting because the subgroup was still deliberating on it.

On Prisma, beyond what is already indicated in the status update, JD pointed out that there will be a detailed update by the Prisma team during the Board retreat session. Jose also expressed his gratitude to the Prisma team, adding that during the Prisma presentation in Brussels, they received positive comments from people who had participated in those sessions.

4.0 Grievance and Complaints.

LSC gave a breakdown of the current number of complaints, the reduction in turnover days, the closure of legacy cases except one from 2014 and on post complaints monitoring. Updates on the CAP and Grievance System review were also shared. The Steering Group have concluded their review of the draft “Report on Recommendations” and the consultant will be making the necessary revisions based on the comments made and the consensus reached by the Steering Group.

Marcus asked for the status update on the CAP review, questioning whether there will be improvement in field investigation capacity of the secretariat to look at the realities on the ground rather than relying on email correspondence. He also requested for data on the progress made in the RACP implementation to be shared with the Board noting that the environmental side has seen a marked increase in companies who are putting plans into action. However, on the social remedy side, he pointed out that there is still a massive gap considering that all the main complaints are about lands.

LSC said that the CAP timeline will be before the end of this year so that it can be tabled at the GA. She will get the steering group to share the timelines with the Board. The new CAP will also most likely split the grievance unit into 4 sections, among others, investigation and post monitoring, as different sections require different skill sets. This proposal will be tabled in the new CAP system.

Tim raised concerns on the timeline since it has to be put to the GA and the time needed for the Board to review it. JD clarified that the CAP review does not need to go to the GA but to the Steering Group and the Board.

Olivier reminded the board not to delve too deeply into the CAP review noting that a lot of work has gone into it and the consultant who was hired is also very capable.

Martin highlighted the accessibility issues of grievances and complaints on the RSPO website and recommended for it to be placed at a more logical section on the website.

On complaints received, LSC noted that labour related cases are on the rise and that there are issues resulting from the plasma schemes in Indonesia.

LSC pointed out that these labour concerns come from all over the world, not just the Latam region. She urged for information sharing and communication to be stepped up as some of the complainants are simultaneously pursuing legal action and filing complaints with the CP. The CP is advising the complainants to resolve the Court case first as they cannot intervene on matters that are already being heard in the Courts. She explained that if a case is already in court, the CP would inform the complainant that they will defer the case until judicial

proceedings conclude. However, there are situations where they will still process some aspects of a complaint that is not being heard in Court, emphasising that each complaint is evaluated individually to determine the appropriate course of action. The CP also refers to the Court findings and the Court's decision as final because they cannot be above the law. But, should there be instances where they have to re-examine, then it would be done.

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.

Henry suggested seeking legal advice first, noting that problems might arise if, for instance, a Court dismisses a case. LSC clarified that they do have legal counsel present during meetings to advise on complex issues, emphasising that every case is examined individually, even those involved in Court proceedings.

Henry also raised concerns on complaints that are withdrawn after two to three months it was made, alleging that perhaps a deal has been made behind the scenes. He noted that there are no solutions to this problem currently.

Paul advocated for conducting another comprehensive labour analysis exercise through the examination of data, observations, and recommendations to gain deeper insights into the realities of labor conditions on the ground.

On the plasma schemes, LSC pointed out the need for education for the Complainant and the Respondent in this area as there is currently a lack of understanding of it. This knowledge gap is evident when a complaint is lodged as they do not understand the type of plasma schemes that are available.

Henry also appealed for representatives from the downstream sector to join the Complaints Panel. Martin offered Unilever's support.

Henry also urged for the Communications Department to move quickly and issue public refutation of inaccurate reports published online that discredits the RSPO and the CP. Marcus agreed that the organisation's Communication Department should improve, adding that relevant data should be displayed on the website. Ku concurred too, urging the Secretariat to be more proactive in refuting allegations against RSPO and the CP, stressing the need for a better way to highlight the achievements the secretariat and the CP has done.

Henry also raised concerns on the lack of progress on compensation of some older cases, noting that this posed a considerable risk to RSPO's reputation. He acknowledged efforts that have been made but lamented at the more than two years timeline to settle it. Paul suggested having examples in real time to demonstrate what compensation is about.

ACTION ITEM: Secretariat to follow up with the Compensation Task Force (CTF) and the CP on the updated stats for the remediation and compensation cases and timelines for the CAP review.

5.0 RemCom Committee Update by RemCom Chair

Kamal and Anne raised questions about the lack of updates and timelines for the performance review of the CEO and the Secretariat.

Harjinder clarified that the performance review of the CEO and the Secretariat will be presented to the Board at the next Board meeting in September.

6.0 Finance Update

Tim went through the income and expenditure, assets and liabilities, as well as the changes in equity of the period ending 31 March 2024. He highlighted that the organisation is in a reasonably strong position although there are some risks with income and some costs increase, noting that they cannot be complacent. In particular payroll costs had increased significantly and a deficit after tax of RM2 million is forecast for the year ended 30 June 2024. There are concerns regarding recent income trends but longer term projections indicate a return to surplus after Prisma implementation, and if necessary trading and other fees can be increased or costs trimmed. Tim noted that the Prisma project would mean investing around one third of current cash reserves, which is a high proportion.

Tim highlighted the need to reevaluate how they deal with smallholders and special projects funds. He pointed out that when the funds were first set up, it was because they identified that there was a financial surplus and higher reserves than initially expected. It was then proposed to use these excess funds for one-off items or projects. However, now these have become regular payments and also another RM3.3 million is expected to go into the smallholder funds.

Tim shared updates on the Prisma Trade Management system, noting that it is being reviewed by PwC and will be outsourced to Agridence. He added that implications are foreseen as well, as Rainforest Alliance will no longer be handling the system. Thus, there will be a cost associated with collecting the income from the trades itself.

On the summary of the investments, Tim pointed out that there has been a return of 1.12% over a three month period, adding that they are expecting for a 4.5% overall return. There are also now investments in equities albeit a relatively small amount. The overall risk profile also remains low.

Marcus inquired whether the special projects fund covers the intermediary organisation outreach budget, and requested the amount allocated for this purpose. Tim confirmed that there is some funding allocated for this in there.

Bungaran raised a query about the changing trends and proportion of the organisation's income. Tim outlined RSPO's income sources, noting that approximately 25% comes from membership fees, while the rest is derived from trading income, including fees obtained from segregated, mass balance credit trading. He highlighted concerns on the income, noting that in the past two to three months there has been lower income trading than last year but overall yearly trading income is higher.

Chandran raised a question on ex-gratia payments, in which Tim clarified that it was for the end of the year bonus.

Proposed Budget for FY25

Tim updated the Board on the proposed budget for the next financial year, highlighting the major capital expenditures on Prisma and current deficits that are depleting the reserves and cash, stressing that there is an urgent need to plan for a return to a surplus position. He also called for clearer policies on the Smallholder and Special Projects Fund, as well as a risk management and contingency plan to address potential reduction in income. The Board was also urged to approve the Budget and the transfer of funds to the Smallholder Funds to fulfil those commitments. Tim pointed out that there was a need to also align the finances to both the short and long term organisational objectives.

On the Smallholders and Special Projects Fund, Anita questioned whether the regular expenditures from the Smallholders and Special Projects Funds should be reclassified as operational costs. Anita also inquired about plans to ensure that Prisma provides a return on investment considering its financial implications to the organisation.

Kuan Chun questioned the management of budgets for the smallholder projects that were supposed to be paid in the last two to three years.

Rukaiyah raised concerns about unsold smallholder credits, stressing the need to create a market strategy for the smallholders.

On the current intermediary organisation outreach, Paul suggested for the secretariat to present to the Board the results of the first phase, adding that the conflict prevention platform pilot in Sabah, is a tangible form of the first phase of the outreach in allowing growers, community, and workers to resolve issues before they escalate. He noted that there are some challenges in the implementation of the second phase but appreciate if this can be sped up to not lose momentum.

In response, Tim acknowledged the need to formalise the approach to these recurring commitments, suggesting options such as allocating a proportion of income to smallholder-related items or incorporating them into overall expenditure. He emphasised the importance of reaching a clear decision on this matter at the next meeting. Additionally, he pointed out that Anita had a fair point on Prisma's costs, adding that this can be further evaluated once the system is fully operational.

On the management of the smallholder budgets, Tim clarified that forecasts indicate funds of RM7 million at 1 July 2024, including a transfer in of RM3.3 million, with existing commitments of RM5 million. Tim emphasised that the current approach to funding of smallholder projects is unsustainable and requires immediate review.

Long Term Financial Projections from FY24 to FY28

Tim presented financial projections for FY24 to FY28, outlining two scenarios: the first, a 20% reduction in CSPO trade volumes would result in a significant deficit; the second, a 20% reduction in CSPO trades coupled with a 25% increase in contribution and trade admin fees would allow the organisation to return to a surplus position.

Anita expressed the need for better alignment between the financial budget and the work plans, highlighting the difficulty in assessing whether the allocated resources were sufficient or otherwise. She cited a situation in the Assurance Standing Committee where she felt she

was unable to determine if the allocations will sufficiently tackle manpower shortages for priority tasks.

JD acknowledged that the way they present work plans and budgets have not been in sync, noting that a process has already started within the Secretariat about designing and proposing a cycle of planning and budgeting. He requested for the Board's approval for the Secretariat to move into a more sensible cycle and revert to the Board as an integrated work plan and budget next year.

JT assured Anita that the Finance Committee is aware of her concerns when they were looking into the Budget.

Tim concurred with Anita, and reminded the Board to be careful of not crossing the fine line between oversight and replacement or undermining of the Secretariat's operational responsibilities.

Bungaran sought clarity on the huge jump of projected income in FY25 and FY26. Tim clarified that the income and fees from the trade management system, which currently goes to Rainforest Alliance, will now be managed by RSPO. As such, these will now be a new source of income for the organisation.

Anita highlighted that there was no growth in membership from the grower category although the Boardbook stated that there was an increase in membership. Although there was an overall increase in membership, there was no corresponding growth in the grower category of members. Olivier concurred that they have not been able to attract additional growers, noting that there are opportunities in developing countries.

JD explained that new large growers are not interested in joining the organisation as they have liabilities and exceptional reputational issues, adding that medium growers find the current RSPO value proposition unattractive. The secretariat is also mulling whether they should come back to the Board with a proposal to restructure the membership process to allow for a more seamless process to reduce entry barriers.

JD noted that emerging markets and smallholders are promising growth areas, adding that a strong pipeline of smallholder groups are preparing to join. However, he cautioned that RSPO must ensure its systems, including capacity for LUCA and RACP reviews and others can accommodate this potential influx of new smallholder members.

JT asked what was the trigger point to expand the membership team to tackle this issue.

Tim suggested that the trigger for action is when there is a reduction in income, adding that this is mainly a cost issue. He pointed out that this can be prevented by the Secretariat being on top of things every month and informing the Board should there be issues that need to be discussed. He reassured the Board that they have steps that they can undertake at a short notice if there is a need. He explained too that membership fees are a GA decision but the fees charged in relation to trading income is a Board decision.

Martin stressed that the whole membership model needs to be reevaluated, noting that RSPO needs to onboard new growers as that is part of its financial model. Without new growers or entities coming onboard, RSPO would not have that income stream. As such, without this shift, consumer goods companies would look outside to see where they can drive the best impact.

DECISION: The Budget proposal for FY25 was approved

ACTION PLAN:

1. The Secretariat needs to reassess the management of funding for the smallholders and special projects fund. It was initially a surplus when it was first set up but now, it has become regular payments.
2. The Secretariat needs to better align the organisation's finances and its objectives/work plans both in terms of short term and long term.

Decision Paper: Opening of USD bank accounts with HSBC Bank Malaysia

Tim sought the approval of the Board to open two bank accounts with HSBC Malaysia to facilitate the Trade Management operations.

DECISION: The opening of the USD bank account was approved by the Board.

7.0 Secretariat Update by CEO

JD gave an update on the evolving conversations with the EU Commission, highlighting their growing recognition of smallholder importance and interest in collaboration. JD expressed reluctance to accept Commission funding for two reasons: the difficulty of securing and implementing such funding, and concerns about perceived impartiality given the contentious nature of the EUDR. JD believed that maintaining impartiality is the correct course of action for the organisation's integrity and global credibility.

On CSDDD, he noted that they are benchmarking RSPO to see where the gaps and opportunities are while for the Forced Labour Regulation, conversations were around how the commission expects to implement this regulation particularly in terms of the framing and threshold of due diligence. On the upcoming European Union elections, JD emphasised the need to wait and observe how the election results might impact the EU's stance on certain issues.

JD also gave an update on the US Forest Act of 2023, highlighting that three out of four sponsors of this Bill are retiring from Congress in the upcoming election, thus, it might result in the Bill having a harder time to pass. He also shared on the engagements with the Indonesian and Thailand governments. On government relations, JD shared that they are expanding the scope of the work in which he hopes to present a strategic overview at the year-end Board meeting.

In response to Rukaiyah's earlier question on unsold smallholder credits, JD explained that there is a growing demand and supply problem as the pipeline of smallholder groups that are planning to become RSPO members are strong. He highlighted that there will be continued

demand and supply imbalance if the market for credits doesn't increase or if these groups can't be integrated into segregated supply chains. The Secretariat is addressing this challenge through various initiatives: the communications team is focusing on highlighting independent smallholder work, the market transformation team is developing strategies to encourage members to buy ISH credits or support ISH groups directly, and other teams are working to streamline processes to remove bottlenecks for smallholder groups.

Olivier argued that without a viable business proposition for the smallholders, there's risks that these smallholders are being just "artificially certified". He pointed out that while some smallholder groups have found good markets for their credits, many are maintained primarily for governance purposes rather than economic viability. This approach, he opined, places a significant burden on RSPO and may lead to a situation where smallholders are being certified without a sustainable business model.

Kamal suggested looking at other mechanisms beyond certification, noting that the smallholder strategy had outlined that five years ago.

Anne raised fundamental questions about RSPO's long-term strategy and goals, particularly regarding smallholder certification. She suggested that full certification may not be the ultimate objective, despite it being an unspoken assumption. She emphasised the need to define an endpoint or alternative approaches that still incentivise sustainability for smallholders, even if not through certification. She acknowledged the complexity of this challenge, noting that creating non-certification incentives could be as difficult as the current approach.

Martin highlighted a significant disconnect between the ongoing discussions about smallholders and the actual strategy and structure of RSPO. He noted that certification should be viewed as a potential outcome rather than an impact in itself. He called for a more cohesive, written alignment of these perspectives within RSPO as currently what they are advocating for is completely different than what they are asking members to do.

Kuan Chun pointed out the importance of addressing and solving the current dilemma as these are the smallholders who are already certified.

Anne suggested some RSPO NGOs to volunteer and be engaged in the smallholder discussion.

Paul inquired about the implications of Indonesia's massive certification drive which is expecting 1 million certifications, the possibility of hiring a dedicated fundraiser to connect with entities who are more financially able for smallholder support, and whether there were plans to develop a smaller strategy to address the various smallholder-related challenges.

Chandran shared the reality on the ground that is faced by certified smallholders in Malaysia, noting that smallholders are impacted by the underperforming companies that they sell their FFB to. As such, they would divert and sell to non-certified RSPO mills who are prepared to pay them the extra money because of their better performance.

Rukaiyah believed that it is of importance to connect the smallholders directly with a mill as opposed to focusing solely on credits. With a direct connection to a mill, the mill will provide all its services to the smallholders. This will have a huge impact on the future of smallholders.

Kamal sought for a solution in India involving smallholders where he highlighted a system issue in which a mill that buys from 10,000 independent smallholders cannot act as a group manager. He noted that this rule cannot be applied universally across the world. He warned that failure to resolve it could risk losing the entire Indian market for RSPO.

Ku raised a question about RSPO's strategic efforts in Malaysia, noting that the Malaysian government's policy seemed like it is prioritising MSPO certification and focusing on orang utan diplomacy. He pointed out that RSPO membership in Malaysia has also declined across large, medium, and smallholder categories.

JD welcomed a deeper discussion with the Board on how to approach the smallholders, suggesting that the Secretariat will review the current methods and consider developing a different strategy for independent smallholders that demonstrates the benefits of sustainable practices. He proposed postponing this discussion until the next Board retreat to allow time for developing a more comprehensive strategy, acknowledging that changes in approach could have operational implications.

In response to Paul on the 1 million smallholders, JD clarified that they were supporting the Indonesian government's efforts to get Indonesian smallholders regularised and certified but that they are not expecting to get a million smallholders anytime soon.

On the situation in India, JD reassured Kamal that they were working on it and acknowledged that it is a problem they need to solve rather than to create a barrier.

On strategic efforts in Malaysia, JD noted that they haven't really gotten a very positive reaction and would be delighted if there were members willing to help open up doors.

RT2024

JD gave a status update on the planning of RT2024 highlighting that it will take place on November 11 to 13 at the Amari Bangkok. Additionally, it was also pointed out that NGO rates have been reduced by 55%.

Questions:

- Marcus inquired about the change of dates, noting that it disrupts his plans.
- Paul requested for a draft programme of the RT to be shared with the Board.
- Jose asked whether the Secretariat has decided on a keynote speaker and the kind of topics that the RT will be covering.
- Kamal believed this RT is the perfect opportunity to galvanise the Thailand stakeholders, suggesting that perhaps a parallel session or a side event can be held to demonstrate that the organisation was serious about the Thai market.
- Anita wanted to know the dates of the Board meeting during the RT as there might be a clash with her own company's board meeting.
- Anne inquired about the dates and time for the GA.
- Rukaiyah asked whether there was a possibility of giving an excellence award to not just smallholders but also the buyers who are supporting the smallholders.

Clarifications:

- There was a reason for the change of dates and this will be explained to the Board.

- The Board meeting during the RT will be held on Nov 14 and Irene will send an email out to manage scheduling conflict
- GA will be held in the afternoon rather than an evening session as there were a number of issues to cover during the GA.
- Still looking for potential keynote speakers and are open to suggestions.

ACTION ITEM:

1. Draft RT programme to be shared with the Board
2. Irene to look at scheduling conflicts of Board members for the board meeting during RT.

Decision Paper: Appointment of Swiss Representative

JD sought the Board's approval for the appointment of RSPO's Swiss legal counsel, Marc R. Buttler of Holenstein, as the Swiss representative of RSPO in Switzerland in accordance with the new requirement of the Swiss Law on Association in the Swiss Civil Code.

Olivier asked whether Marc's role will be free-of-charge or does he come with conditions attached and whether there are any potential liabilities from appointing him while Marcus inquired if there would be any conflict of interest from his appointment.

JD clarified Mark will charge the organisation for the time spent and that his appointment does not come with any authority. JD highlighted that this also poses potential future challenges with RSPO's Swiss registration, noting that Swiss law wasn't designed for global organisations. Alternative locations like Singapore or UK registration are mentioned as future possibilities. However, any changes would require board discussions and General Assembly approval, adding that this can be considered in the future rather than an immediate concern. JD also reassured the Board that there is no potential conflict of interest as Marc acts as the organisation's Swiss counsel and is not an employee of the organisation.

DECISION: The appointment of a Swiss Representative was approved by the Board.

8.0 Standards

HS gave an overview of the current status of the P&C and ISH standards, and went through the redrafted scope of the P&C, the deficits and gaps, and on the status of the high carbon stock assessment. He also shared the public consultation timelines and the expected timelines to see it being adopted at the GA in November.

JT wanted to know the process for proposing a revision, in which HS clarified that as stated in the Terms of Reference (ToR), it will be the SSC and it will inform the other SCs.

Marcus raised concerns that the draft has not been seen by any Working Groups particularly the HRWG and the BHCVWG even though these Working Groups had requested for the texts since December last year. He also wanted to know whether they have taken into account the outcomes of the task force on medium growers because he does not see that the concerns of the medium growers were being addressed.

HS clarified that they will be releasing the draft to all the relevant working groups and task forces and he acknowledged that the timelines are truncated only because they have to meet the November GA adoption deadline. On the outcomes of the task force on medium growers, HS clarified that some elements have been incorporated but there is still some vagueness and are giving themselves some leeway in wording things neutrally but if there are any suggestions and feedback they are happy to discuss this.

JD reminded the board on what they had mandated for the Secretariat to work on, noting that the board mandated the steering group to be the body that receives and approves the content which then goes to the SSC for approval before it goes to the board to be endorsed. He pleaded for this to be maintained as he feared that if it goes through every working group and task force they would not be able to meet the timelines.

Eleanor expressed concern about the SHSC's task force being unable to meet the timelines in reviewing the smallholders scope. HS responded that they need to follow up with the SHSC on this matter, stating that currently they are maintaining existing language but may add a clause after consultations that this is subjected to National Interpretation.

9.1 Jurisdictional Approach

Francisco shared that Ecuador has submitted the supporting documentation to fulfil the step one of the jurisdictional framework and updated on the workshop hosted by the Secretariat and the Sabah JA steering committee to assess compliance with the step two JA requirements. A similar workshop will also be held in Ecuador soon to conduct the same assessments. Regarding the methodology for HCV and HCS assessment it is expected that they will get the framework draft in June and will be circulated among the JAWG. ToRs for field testing are also being worked on right now.

Jose asked if Francisco saw any problem with the political situation in Ecuador and if this could potentially cause problems for JA.

Francisco opined that although this is not an ideal situation, they have reached out to the new government and are supportive of the programme. Francisco will schedule several meetings with the government there once he arrives. He foresees that the programme in Ecuador will move ahead.

9.2 Smallholders SC

Francisco shared the updates of the smallholders standing committee highlighting the final report of the gap analysis and impact assessment between the EUDR and the RSPO independent smallholder standard that will be released by the end of this month. He also gave an update on the project in which the ISEAL innovation fund will cover at least 50% of the costs. He also shared the growth of the smallholder certification, noting that there is a 35% growth of ISH certified area and a 25% growth of ISH credit sales, and will also be working on a renewed strategy to promote the inclusion of SH and MSG.

Anne inquired about the budget management and the lead for the ISEAL Innovation Fund project in which Francisco explained that the Secretariat's smallholders unit will implement the project, with equal funding from ISEAL and the organisation.

Rukaiyah gave an update of the recruitment of the two smallholder Board representatives, noting that the Secretariat plans to have a global smallholders meeting to search for the smallholder representative from various countries. She highlighted the possibility of a delay to the nomination process at the GA in November this year, if they fail to recruit the new Board smallholder representative.

9.3 Assurance

Marcus expressed his disappointment of the delinking study as the consultants had not followed the original terms of reference, noting that this now needs to be redone. The consultants are not supposed to change their terms of reference because of their own convictions.

Kamal concurred with Marcus, stressing that they were not happy with the quality of the report in which the additional set of questions were out of scope. He suggested taking this back to the ASC to further discuss what the next steps were and requested for the report to not be publicly made available on the RSPO website as he did not want it to create further confusion across the RSPO membership. He also expressed concern about insufficient budget allocation for improving assurance and developing quality auditors.

Anita highlighted a critical risk to RSPO regarding auditor availability, capability, and competency, particularly in social auditing. JD acknowledged the issue and mentioned incorporating the auditor tracking in the Prisma system.

Olivier suggested prioritising risk-based auditing to address the lack of auditors. JT suggested using consultants, noting that he would be able to connect the organisation to them.

9.4 Market Development SC

Inke gave an update on the available vacancies in the MDSC, the revised ToR, the trademark use by retailers and the unsold independent smallholder credits. She also gave an update on the SCTWG meeting, noting that they had focused on keeping demand and supply in sync where they listed the top 15 credit buyers based on regions to better understand the potential impact of the upcoming regulation on credit sales. The board was also updated on the CSPKO action plan.

9.5 Shared Responsibility WG

Kamal shared that they are seeing a trend of working group members who are moving on after being there for the last four to five years.

He also updated the Board on potentially modifying the scorecard system, suggesting a weighted scoring approach. Kamal clarified that this is currently still in the deliberation process.

JT asked whether in terms of uptake do we differentiate the difference between smallholders and just regular oil.

Kamal clarified that moving forward in the scorecard, the supply chain models will be clearly made visual and differentiated, adding that it will demonstrate a differentiation on all models of RSPO so that there is more clarity and transparency.

10.0 Any Other Business

Marcus called for a realistic timeline and work plans for the governance review to be reviewed so that it can be approved and submitted to the membership.

In response, Anita invited other Board members to join the Governance Review subcommittee to discuss any issues related to it, noting that there will be more regular email updates as well to inform the Board members on its progress.

He also expressed his dissatisfaction with the P&C process, noting that despite the texts evolving since November 2023, the working groups have not been allowed to review these evolving texts despite requests to do so. He warned that this could lead to delays and negative press coverage, suggesting that several months have been lost due to the revision process being conducted in a "black box." He requested the HRWG to review the standard re FPIC.

In response, JD reminded the Board on what they had actually tasked the Secretariat to do last year on the P&C review. He clarified that the team did reach out to members and even the Board members to discuss contentious issues in the P&C. He acknowledged that they do intend to consult with the BHCVWG and the HRWG on the draft, but explained that if they consulted all working groups in the initial consultation process, it would have significantly delayed the completion timeline beyond November.

Olivier concurred with JD noting that they have agreed to a process that they are following and will not be deviating from it.

Anne noted for there to be a follow up on the timeline and on the emphasis for HRWG.

Ku believed that the growers' perspectives did not seem to have been taken into consideration in the P&C, noting that an urgent meeting for the Malaysian caucus on June 18 has been scheduled to address the growers' concerns. He invited other growers from the rest of the world and even the Indonesian growers to join the meeting.

Jose echoed the same concerns as growers. Additionally, he urged to speed up the process with the delinking project between the CBs and the audits as there is a lack of response from the CBs.

JT suggested for the Secretariat to bring the auditing in-house and have ASI instead auditing the in-house auditors.

Eleanor raised concerns about the ability of the working groups to provide feedback before the P&C goes for public consultation and the potential for it to not be completed before the GA. She also requested for a time in the next Board meeting to discuss the SENSOR research that was finally completed after five years.

Rukaiyah reiterated her points on smallholder credits, urging for the Secretariat to come up with a strategy for it.

Quentin noted that it would be good at the Board level to dive deeper into the strategy so that in the long run they would be able to guide members on the direction and focus of the organisation. He also urged for the organisation to invest into resources considering that the secretariat is stretched due to the P&C, Prisma and even EUDR.

11.0 Mass Balance: Traceability for Uncertified Material in Prisma.

This session was held after the main Board meeting where Board members were given flexibility to join the discussion or opt out.

Inke sought the Board's guidance and direction on how much responsibility the organisation should take for tracking uncertified material.

She explained the traceability for the different supply chain models: Identity preserved (IP) mills and the Mass Balance (MB) mills and pointed out the challenges of tracing MB materials in the RSPO supply chain, explaining that while the current system doesn't require tracing of conventional or uncertified material, voluntary declarations are possible.

She proposed two potential methods for declaring conventional volumes in the Prisma system: uncertified material can be announced by the seller and confirmed by the buyer, or the buyer uploads the uncertified material information.

Inke highlighted the benefits of building the functionalities for members' compliance with regulations like EUDR, but also noted the risks for RSPO in handling unverified information.

She sought guidance from the Board on whether to offer Prisma for uncertified material, whether to charge an administration fee for these transactions, and whether to allow non-members to register transactions, emphasising the need for careful consideration of liability and disclaimers if implemented.

The direction which the Board suggested for the Secretariat to take was that Prisma will be offered for uncertified material, there will be an administration fee charged for the transactions, and non-members will not be able to register transactions and access information. The system will also only be open to members. It is also noted that there should also be a differentiated fee structure. There should be no fee charged for the MB mills as they have a fee charged to the downstream users.

Additionally, the Board suggested for the Secretariat to further elaborate on the offer of Prisma for uncertified material, proposing to differentiate between uncertified material that feeds into MB mills and other uncertified areas, while also considering how this system could be utilised in the future for other things beyond no deforestation elements that can be included into it.

ACTION PLAN:

1. To implement the direction which the Board suggested for the Secretariat to take for the traceability for uncertified material in Prisma.
2. To further elaborate on the offer of Prisma for uncertified material, proposing to differentiate between uncertified material that feeds into MB mills and other uncertified areas, while also considering how this system could be utilised in the future for other things beyond no deforestation elements that can be included into it.

Date: 5 June 2024

Time: 8.30am to 5.30pm

1.0 Governance Review

JD provided an overview of the governance review process recapping the case for change as well as highlighted the progress made to date by the Secretariat which includes the legal review of the RSPO statutes, the search for a Board advisory firm and initiating the recruitment of a Board secretary. JD pointed out that pending a formal opinion, Holenstein Brusa Ltd, the Swiss law firm, does not foresee any issue with changes to the governance structure, adding that a preliminary draft amendment has been prepared by the law firm and is being reviewed by the Secretariat. Additionally, he also noted that there was a need to review other provisions in the RSPO Statutes that are currently not being applied or inconsistent with current practices.

JD also reflected on the proposed governance structure that was presented to the Board members during the last Board meeting. He also provided a draft overview of the responsibilities and reporting structure of the Board of Directors and Governing Council.

Additionally, JD acknowledged receiving the feedback of the proposed governance structure from the Social NGOs and the Malaysian planters.

The Board also broke out into four groups to align on key principles and discuss what structure best reflects these issues.

Following the breakout discussion, members of the Board emphasised on preserving the multi stakeholder approach in the Standing Committees, Working Groups and Task Forces as these were fundamental to RSPO's identity and values. As such, there is a desire that elements of the multi stakeholder approach is reflected at the Governing Council level with certain caveats. These caveats relate to ensuring that members who are sitting on the Board of Directors (BoD) or the Governing Council would utilise the authority given to them responsibly, address concerns regarding procedural due diligence and avoid petty politics to ensure that true representative thinking is promoted rather than focusing mainly on the interests of individual constituencies. To achieve this, suggestions for immediate improvement included training for Board members, having a clearer understanding of how decisions are meant to be taken according to the Statutes and Governance Manual, and ensuring that Board decisions are effectively communicated back to the Standing Committees, Working Groups, Task Forces or the Secretariat.

There was also consensus from the Board that the organisation needed additional competencies in the Board that is currently not provided by the multi stakeholder

representation approach. It was recognised as well that independent representatives should be part of the Board and the governing structure. However, there were questions raised on how this structure should be constituted and what authority and accountability it should have to the General Assembly (GA).

JD laid out the proposed Board structure in which the Governing Council will report to the GA and the BoD will report to the Governing Council. The BoD, will be the executive competency based group to oversee the organisation and would be composed of a mix of members selected for their expertise and competencies potentially from within or outside the membership depending on requirements. It will also be helmed by an independent chair. Subsequently, the CEO, Secretariat, Standing Committees, and other layers below it, will also report to the BoD.

Discussion on the Board structure

Tim noted that as previously discussed during the last Board meeting on the proposed Board, he felt that it was still important to have some of the Council members in the BoD as well as for Council members to be represented on the Standing Committees to ensure that policy and technical matters still have strength. He added that the Council should decide the direction and purpose of the organisation while the BoD provides oversight with the Secretariat tasked with implementation.

Rukaiyah called for the created structure to not simply add additional layers but to ensure that the governance structure translates into effective decision making, execution and implementation.

JT proposed for non member representation to be co-opted into the Council as an additional expertise whether it is on an ad-hoc basis or otherwise to ensure that the Council's strategic direction setting could be even more informed. However, Anita questioned whether the Council would be the best place for that input versus the Standing Committees. She also raised concerns on whether this would be a permanent role as it could further expand the Board.

JT disagreed that the BoD should be reporting to the Council, noting that it will create a double structure. He added that the CEO should report to the Chair, while the Chair reports to the Council. JT also pointed out that the Standing Committees should be reporting to the BoD as this would create a check and balance in this structure. The BoD would then give feedback to the Chair.

Marcus noted that more clarification is needed to determine how the chair will be selected - will it be a member of the Council or will the Chair just report to the Council. He disagreed that the CEO should only report to the BoD as he believed that the CEO will also need to report on the progress made with the implementation of policy through the Standing Committees and the Working Group. Thus, he pointed out that the CEO should also report to the Governing Council. He also suggested for the division between operational and policy matters to be clearly distinguished.

Ku concurred with Marcus, noting that there should be a distinction between operational and policy functions. In terms of policy, he noted that the CEO should report to the Council as its function is the crux of the organisation. However, on operational matters, the Chair can

report to the Council. Ku believed that Standing Committees too should not be reporting to the BoD but the Council. He noted that those in the BoD are not palm oil experts.

Paul believed that the CEO should have a direct connection and reporting line to the Council, not via the Chair. He added that the Standing Committees should report to the Council as the constituency representatives on the Standing Committees should be able to connect with the constituent representatives on the Council. Paul also raised concerns on the ability to recruit people to the BoD who would be willing to spend their time, energy, expertise and reputation in this position as they lack any sort of connection with a constituency. Paul also suggested setting up an executive board amidst the current Board instead. He pointed out that the hierarchical or authority structure should be carefully considered so that they would know where the accountability lies.

Olivier noted that if the mandate is exciting and attractive enough, they would have no problems finding good quality high caliber people to fill these positions. Olivier believed the Standing Committees should report to the Council as opposed to the BoD, as the Standing Committees currently work based on the direction that they get from the current Board. Olivier was in favour of having the CEO and the Chair report to the Council as he felt that it was unhealthy to cut the CEO off from the Council.

Surina suggested for the role of the CEO to not just be reporting to the BoD but also the Governing Council. She supported calls for the CEO and the Chair to report to the Council. Surina also proposed for the Standing Committees to report to the Council. She highlighted the current process for choosing Standing Committees representatives, noting that representation is not offered to every single caucus nor were there any efforts to do so. As such, addressing this through clear terms of reference is crucial.

KC raised concerns about adding additional layers to the structure if the current Board is unable to exactly distinguish the functions of the BoD and the Council. He called for the empowerment of the Standing Committees, noting that currently the Standing Committees, Working Groups and Task Forces are not integrated with one another.

Ku and Surina called for the Board of Governors naming to be maintained and not changed to the Governing Council or others, noting that this would confuse the GA.

The mandate differences between the Council, the BoD and Undecided

The Council

- Sets overarching strategic direction: the purpose (Anita)
- Focuses on policy and strategy (Marcus)
- Any decisions that needs GA approval (Tim)
- To approve the appointment of the CEO (Tim)
- To follow the current governance manual where Council members have to be co-chairs of the four Standing Committees. (Kamal)
- To appoint the co-chairs of the Standing Committees. Initial concerns were raised by Surina and Rukaiyah on the difficulty of appointing Council members as co-chairs of the Standing Committees as members may not have the time or capacity to do so.

The BoD

- To focus on operations and the “how” strategy. (Marcus)
- Be responsible for identifying an action that would be necessary to implement (Tim)
- All Board sub committees to be handled by the BoD - RemCom, Finance, Audit, Risk, HR (Kamal)
- Managed the process of identifying or recruiting the CEO (Tim)
- Any person that is on the Council should not also be sitting on the BoD as this may result in members doing two jobs. This needs a clear division of responsibilities and to avoid creating small people's politics. (JT)
- To identify the skillsets and expertise the current Board of Governors is lacking and would like to see within the BoD. Additionally, to create a terms of reference for the BoD to either be drawn from the wider membership based on meeting those competencies or expertise, or for it to be drawn from a completely independent neutral place. BoD selection will come from an open recruitment process that is based on job descriptions and the confidence requirements at the BoD. (Anita)
- Members of the BoD will not be paid except the Chair. Members will be professional and chosen based on their competencies. (Anita)

Undecided

- To have flexibility because not every Standard that gets reviewed by the Standing Committee needs to be approved by the GA. The BoD can sign off on process. (Anne)
- Strengthening of the Standing Committees to ensure that there is a Council representative on each Committee. This will provide confidence that the Standing Committees are making the right decisions. (Tim)
- Concerns raised on the BoD having oversight of the Standing Committees as they may not have the expertise and knowledge around these issues since the BoD may be made up of people who are not from the palm oil sector. (Marcus)
- In terms of the strategic direction, how and when external expertise should be brought in to advise the Council on strategic direction, and how is the Council going to tackle the things it hasn't been able to do so far such as the long term strategic work. (Anne)
- To focus on information and communication flows between all the different entities - what is a one way or two way information? When is it for communication or for information only? When is the communication for consultation or approval purposes? (Anita)
- From the process point of view, clarification is needed on who has the role to facilitate and drive the progress of different things, to decide on the roles and responsibilities of the approval process, to ensure that the broader community has ways to contribute their knowledge, to decide on the execution of tasks. (KC)

Conclusion:

- There is consensus in protecting the multistakeholder process and representation within key elements of the structure of the governing components of the RSPO.

- There are also strong calls for the strengthening of the capabilities and support for the Standing Committees.
- Decisions are made once at one level as much as possible and decisions that are important enough will then need to be reviewed at a second level.

DECISION: The governance review subcommittee together with JD will do a further iteration that will seek to address the questions that have been raised and ideas that have been provided around mandate with the basic principle that the decisions should be taken at the lowest possible level and the fewest number of times necessary to move things forward in an appropriate way. The decision tree of the Standing Committees to ensure there is check and balance will also be looked into. Ideas around information and communication flows between the various structures will also be further looked into.

There will be email updates to all Board members to get their feedback on the iterated document and this will also be followed up by another online meeting.

ACTION PLAN:

1. Further iteration on the proposal to address the Board's concerns and to provide email updates to all Board members to obtain their feedback.

2.0 Future Strategy

Cheryl gave a summary on the approaches undertaken in the Future Strategy initiatives and shared on its implementation plans.

Pertinent considerations highlighted by the Board and duly addressed by JD and the Future Strategy team.

- CB capabilities need to compliment newly add on Standards
- To clarify on Modular Standards
- Airline memberships should be considered as the government has mandated SAF
- To see achievable KPI
- On modular standards there must be assurance on audit capacity and diversity
- To ensure quality of assurance are not undermined
- The true targets and impacts in the increase/supply of uptake
- As we expand in the market, there are reputational issues that need to be addressed
- High concern for waste fuel and bio-oil
 - Waste oil is blended with CPO. As such, it is a risk and how do we mitigate it as the palm oil is blended with non RSPO certified oil.
 - How RSPO will stand out in standards and quality. Competitively, ISCC are already working on biofuel
- Highlighted foundation matters and not addressing digitising, HR development and financial implications.
- Resources and fundamentals need to be approved. Currently, there are gaps to fill prior to any approval.
- To determine short term objectives and long-term measures
- Kamal offers synergy support on the firewalling which was raised with concern

- Kamal states that ID on biofuels for ships, cars, but want to be cleared that RSPO implementation can stand out
- Questions were raised on the funding plans and how RSPO's role to match with funders, governmental organisations, foundations.
- There were appeals to have a system in the pipeline that would benefit the smallholder
- Smallholders face obstacles to join due to membership requirement challenges

In response:

In summary, the modular standards is the modularity which is in the existing standards. At present certification of by-products might not be applicable in the current mills or refinery, however, there has been an increase in interest from Japan which to-date 10 other by-products and waste products have been identified. In the pipeline, there is a need to recognise the audit capacity in the modular standards.

On the potential increase in uptakes, it requires comprehensive market analysis and external expertise with long-term organisational development. Both of these are the capabilities that are needed to achieve these goals.

Underlying risks are expected as the organisation expands in the markets, but caution is advised in the approach to determine potential demand and weigh the downside risks. Any approach on biofuel and waste products would require thorough analysis prior to moving forward and recognising the opportunities in them.

Resources are undoubtedly much needed for projection analysis to be expedited.

On support of smallholders, the team are working towards ways to streamline and optimise the strength of smallholders.

3.0 Standards

HS and the Standards team updated the Board on the revised P&C draft going through Principles 1 to 7. Throughout the discussion, there were heated discussions on the Human Rights Due Diligence (HRDD) and the Free, Prior, and Informed Consent (FPIC) among others.

Issues raised:

- When will HRDD be ready and its implementation and trial period.
- Concerns raised that the P&C was not finalised by the Steering Committee before it was brought to the attention of the Board.
- The fear of the growers on their lack of input into the contentious issues in the revised draft.
- If it is written that the HRDD is voluntary it will not be checked by the CBs.

- Potential reputational risk to RSPO if draft is published but it is not up to standard as an NGO may potentially come up with a report to note that a palm oil company had breached RSPO's new standards.
- To avoid reinventing the wheel, it was suggested to reference existing HRDD methodologies rather than making the indicator not applicable until the RSPO guidance is issued.
- To use the word "should" inside a "shall" situation.
- Concerns raised about the implementability of living wage even though it is already in the P&C
- Criteria 3.6 was missing from the revised draft.
- Concerns raised on the wordings in the FPIC. HRWG was also not consulted since the draft was last seen in November last year.
- Difficulty and potential problems for existing plantations to implement FPIC retroactively.
- Suggested handling FPIC issues on a National Interpretation due to the complexity and sovereignty issues, particularly in Central Africa and Southeast Asia.

Clarification:

- Currently the draft is written as such that until the HRDD guidance is ready organisations can use voluntary mechanisms.
- The draft is being revised to look at implementability, auditability and understanding the market's demands. Proposals are open to discussion and feedback from everybody.
- Board diving in at a micro level at the draft which should be left to the consultation process with the WG and others, while the SG can review the specific questions.
- The Secretariat will check on the missing 3.6 on the revised draft.
- The sustained objection regarding FPIC on existing plantations during the task force process and the need to frame it in a way that holds members accountable for not obtaining consent without retroactively applying the full suite of requirements was acknowledged.
- The Secretariat will come up with recommendations on the high forest carbon countries considering that it is a contentious issue. Any further feedback will be done by email including on wording.
- HS to schedule consultation processes for the Malaysian and Indonesian growers caucus to look into the contentious issues.

ACTION PLAN:

1. The Secretariat will come up with recommendations on the high forest carbon countries considering that it is a contentious issue. Any further feedback will be done by email including on wording.
2. HS to schedule consultation processes for the Malaysian and Indonesian growers caucus to look into the contentious issues.

Date: 6 June 2024

Time: 8.30am to 1.00pm

1.0 Prisma

Nikki updated the Board on the current developments of Prisma highlighting the testings that are currently underway, the progress of the data migration, the RA transition plan, the trade management dashboard, the risk register and mitigation plans, the training plans and requirements as well as the change management timeline. She also presented the feedback received during SPOD to the Board.

On legal referencing, Nikki clarified that they were in the midst of engaging a law firm to do the assessment that will look into the entire terms of usage and the data privacy and protection policy. On intellectual property, Prisma and the design schema belong to RSPO.

On the helpdesk, chatbot AIs are being considered in the future. Notifications to members are also being scheduled for October 2024 to remind members of the port over to Prisma. Trainings for the smallholders too are being planned and arranged. A follow up with Guntur will be arranged to explain how the train the trainers will work for the smallholders. An app for smallholders may potentially be built in the future too to ease their usage in using the Prisma system.

On whether there will be a double checking of information that is passed through the system is double checked, JD clarified that the organisation, as per the direction of previous discussions with the Board, will not be assuming any liability as RSPO for the integrity of the information. Nikki added that this was due to them not having the technical specifications yet from the EU commission on that, noting that the information inserted into the system is also voluntary.

On IT breakdown and cyber criminality, the team is aware of it and knows that it is of paramount importance to ensure that the foundational cyber security is strengthened. JD pointed out that the data will reside in the Google cloud and not on the organisation's own servers. While the team's capacity is constrained at the moment, Nikki highlighted that the cybersecurity functionality will be outsourced to a third party until they are able to build up their own capabilities. Uploads into the cloud are also scrutinised.

On the significant risks the Board should be aware of, Nikki highlighted the following concerns; the uncertainty of completing the development on time, the limited resources due to the team's heavy workload, and the members' comprehension of the new system.

Kuan Chun opined the importance to plan the next steps and think about opportunities to connect with members in person before the next event, noting that It's not just about training the trainers but ensuring that their training can deliver additional benefits, build members' confidence, and continue progressing.

Rukaiyah requested for Prisma to provide information on how the smallholders are using the credit.

During the second session of the meeting, Kenny explained functions of the Prisma system, Zhi Wei did a live demo of how the Prisma system functions, Sebastian explained the trade management module, and Nathan proceeded to demonstrate the geolocation module.

Questions raised:

- JT asked whether there has been a discussion to have a standardised format for CB's report in Prisma. He also suggested if a layer could be created to include elements of social risk.

- Surina inquired whether the system would differentiate the supply chain models, suggesting that such differentiation could help them identify the uptakes and potentially eliminate the need to do the scorecard. She also asked whether the fire alert system can provide automatic verification without requiring feedback from users, if the system can detect and share positive information about reforestation efforts by plantations, and the complexity of biodiversity monitoring.
- Anita wanted to know how the Secretariat can help support members in aiding them to be ready for system deployment. She cited the Indonesian caucus meeting that could be an opportunity to educate users on the necessary preparations and housekeeping.
- Laila posed three questions on whether the full lifecycle following a suspension has been considered, the risk methodology, and about the risk matrix for labour.
- Anne asked if there were plans to have digitised formats for public facing reports.
- Tim questioned the decision to invoice on a monthly basis for physical trades, suggesting that weekly invoicing could improve RSPO's cash flow. He also asked about the availability of public information on credit trades and wondered if this feature could be implemented in the new system.
- Marcus asked what data fields have been built into the system to track social aspects.
- Kamal requested for the ASC to receive quarterly updates on the integrated risks and how to connect that to risk-based audits, the use of AI to reduce headcount as well as sought clarification on what it meant by electronic biodiversity data.

Clarifications:

- On the standardised format for CBs, Kenny clarified that it will be standardised in terms of the P&C and how they are placed in the audit reports. CBs will be required to enter the information into the system. HS noted that they are digitalising over 2000 historical P&C data into a single format, and once this is done, the necessary layers can be built. He suggested for the Board to recommend any open source social risk frameworks which they could use.
- On the differentiation of the supply chain models, Kenny noted that this will be clearly defined. However, for conventional it is currently not in the mandate and will be looked into in the subsequent phase. On the fire alert system, reforestation and the complexity of biodiversity, Nathan explained that they are working to enhance the integrity team's triage capabilities to reduce the number of forms sent to members. He pointed out that the platform can be extended to showcase reforestation efforts by members and landscape projects in the future too and he acknowledged the complexity of biodiversity, noting that their approach is flexible, not locked into specific frameworks.
- On aiding members to be ready for system deployment, Kenny clarified that they planned to approach larger companies in terms of the user management, noting that they will not need to start from scratch as the trading data from RA will be incorporated. A superuser too should be identified from the organisation so that they can be in contact with the team.
- On Laila's questions, Kenny pointed out that the full lifecycle is being thought through. Zhi Wei noted too that the suspension needs to be recorded in the cert and license module in which if a certificate is suspended, the license too will be immediately suspended. However, the suspended member will still have access to

the system but will not be able to make any announcements. As for the risk methodology, the intention is to be transparent with the framework targets and metrics used for risk assessment.

- On digitised formats for public reports, Kenny highlighted that the audit report will be status quo at the moment but the format will be much clearer.
- On the invoicing, Kenny noted that the current process is being replicated right now, and will stand guided by the Finance Committee if there is a need to change that. For the public data, the credits data is currently on the RSPO website but JD clarified that they will not be able to have this available in Prisma by December.
- On the electronic biodiversity data, Nathan clarified that this was the different biodiversity layers, adding that they are looking to include the ability to use AI embedded within the integrity process. On request for the ASC to receive reports, HS noted that they are looking into that and would perhaps be designing a specific dashboard.

ACTION ITEMS

| No. | Action Items | Owner |
|------------|---|--------------|
| 1 | Secretariat to follow up with the Compensation Task Force (CTF) and the CP on the updated stats for the remediation and compensation cases and timelines for the CAP review. | Pravin |
| 2 | Draft RT programme to be shared with the Board | Sangeetha |
| 3 | Irene to look at scheduling conflicts of Board members for the board meeting during RT. | Irene |
| 4 | To implement the direction which the Board suggested for the traceability for uncertified material in Prisma. | Inke |
| 5 | To further elaborate on Prisma's proposal for uncertified material, suggesting to differentiate between uncertified material that feeds into MB mills and other uncertified areas, while also considering how this system could be utilised in the future for other things beyond no deforestation elements that can be included into it. | Inke |
| 6 | Further iteration on the proposal to address the Board's concerns and to provide email updates to all Board members to obtain their feedback. | JD/Anita |
| 7 | The Secretariat will come up with recommendations on the high forest carbon countries considering that it is a contentious issue. Any further feedback will be done by email including on wording. | HS |
| 8 | HS to schedule consultation processes for the Malaysian and Indonesian growers caucus to look into the contentious issues. | HS |
| 9 | The Secretariat needs to reassess the management of funding for the smallholders and special projects fund. It was initially a surplus when it was first set up but now, it has become regular payments. | Patrick |

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|----|---|---------|
| 10 | The Secretariat needs to better align the organisation's finances, and its objectives/work plans both in terms of short term and long term. | Patrick |
|----|---|---------|