

RSPO

**19TH GENERAL
ASSEMBLY OF
RSPO MEMBERS
(GA19)**

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CO-CHAIRS' LETTER



Anne Rosenbarger
Co-Chairperson



Dato' Carl Bek-Nielsen
Co-Chairperson

Dear Fellow Members,

We are very pleased to be hosting the 19th Annual General Assembly (GA19) of RSPO in person after almost three challenging years since the start of the Covid-19 pandemic. As we turn the page to move on from that unprecedented chapter for the world, we now find ourselves in an opportune moment of recovery and rebuilding. Despite the many difficulties the global community had faced during the worst of the pandemic, we are proud to note that RSPO has not wavered in its commitment to its vision of sustainable market transformation. Not only has RSPO held itself strongly against the shifting winds, it has emerged even stronger as an international organisation.

Indeed, the challenges of the past few years have urged us to reflect and 'look at the forest beyond the trees' – to identify and rectify our shortcomings, as well as reinforce our strengths to propel us forward in a sustainability landscape that grows more demanding by the day.

Foremost among these changes has been bolstering the RSPO Secretariat senior staff with new and highly competent talent. In March of this year, we warmly welcomed Joseph D'Cruz (JD) to take the reins as our new CEO. Since then, JD has thoroughly impressed us with his high level of proficiency, organisational acumen and down-to-earth approach to leadership. His profound understanding of the sustainability challenge and policy has been an inspiration for us all – we put our absolute faith in him

to steer us in the right direction in sustainably transforming the palm oil value chain, especially at this critical juncture not only for our organisation but also for the planet.

During the year, we fortified our support for smallholder farmers, who we believe to be the beating heart of our industry. We were thrilled to witness a number of 'firsts' for smallholder groups, particularly in emerging producer regions. We applaud the Ghanaian farmers who became the country's first RSPO certified Independent Smallholder Group, embodying how sustainable agriculture can improve livelihoods and mobilise community development. We also commend the four Mexican Independent Smallholder groups who participated in the Holistic Programme of PepsiCo, Nestlé, Oleofinos, and Oleopalma, for obtaining the first RSPO certification in the Latin American region. And in Thailand, we were very pleased to see Thai smallholders complete the first Master Trainers Course from the RSPO Smallholder Trainer Academy.

RSPO has also been mindful of the struggles faced by smallholders owing to the impacts of pandemic-related lockdowns and disrupted supply chains. Last year, we allocated a hardship allowance of 1.2 million Malaysian ringgit (about USD 270,000) to the RSPO Smallholder Support Fund as an additional mechanism of support for smallholders. Through this financial assistance, we were able to help farmers in Indonesia and Malaysia access Covid healthcare

and medical assistance, new farming equipment, protective gear and food supplies. Apart from financial aid, we continue to build closer ties with smallholder groups and local communities through our outreach programmes across the regions where we operate.

At this year's General Assembly, we would also like to highlight the accomplishments of the Membership as revealed by our latest Impact Report and Annual Communication of Progress. ACOP 2021, which had an all-time high submission record, revealed encouraging results in CSPO production and consumption. RSPO membership has also doubled since 2014 to reach over 5,400 members spread across

100 countries and territories as of October 2022.

Our impacts continue to be far reaching and deep. Our certification levels remain one of the strictest across other voluntary agriculture sustainability standards. Today, an estimated 4.5 million hectares of land are RSPO certified, and of this area, over 300,000 hectares – about 12 times the size of Kuala Lumpur or 30 times the size of the city of Paris – are conserved and protected through RSPO certification. An estimated half a million workers in estates and mills around the world are represented under the RSPO Principles and Criteria (P&C) through certification. These positive impacts would

not have been possible without the collective efforts of our membership, and we would like to encourage the continued spirit of shared responsibility moving forward.

Finally, we would like to extend our deepest gratitude to the RSPO family, which has shown true strength and resilience amid such challenging times. The storm may have passed, but this does not mean there won't be more ahead. Yet we believe that we are better equipped today with the resources, expertise and clarity of vision to face the challenges to come.

Here's to a successful GA19!

MESSAGE FROM THE CEO



Joseph JD D'Cruz
Chief Executive Officer, RSPO

Dear Valued Members,

I am deeply honoured to be taking part in my first RSPO General Assembly as the Chief Executive Officer of this inspiring global organisation. Since assuming this role in March 2022, I have been humbled by the warmth and collegiality with which all our staff, members and partners have welcomed me. The support, advice and feedback I have received from all of you has been invaluable.

I joined RSPO at a critical time, just as the world was slowly opening up and recovering from the Covid-19 pandemic, which dramatically impacted the way we work, assemble and engage with one another. As I approach my first year since taking the reins of RSPO, I continue to be impressed by the professionalism, determination and resilience of my colleagues, who found innovative ways to keep working together across various time zones without taking their eyes off our goal of sustainable market transformation. Their commitment and perseverance has carried this organisation through a challenging period. For this I would like to express my deepest admiration and gratitude.

GA19 marks an auspicious moment, as it has been nearly two decades since 16 countries and 200 participants met at the inaugural meeting of the RSPO in Kuala Lumpur to adopt the Statement of Intent in support of the Roundtable process. Today, our membership counts over 5400 members, coming from every corner of the world. Yet we are more than just strength in

numbers. As a collective with a solid commitment, united by our shared values, we have accomplished so much since that inaugural meeting in 2003. In many ways, RSPO has already transformed the market – sustainability is now embedded in the vocabulary of the global palm oil industry and supply chain because RSPO has defined it.

One of the highlights of this year's Assembly is the release of the latest RSPO Impact Report, which reveals in quantitative terms our organisation's impact across a broad swathe of the sustainability spectrum. To highlight just a few of the key findings of the report: today, an estimated 4.5 million hectares of land are RSPO certified, and of this area, over 300,000 hectares are conserved and protected through RSPO certification. Greenhouse gas emissions that have been prevented since 2015 are equivalent to nearly 400,000 cars driven annually. The RSPO Smallholder Support Fund has directed over USD 4 million to support thousands of smallholders across 12 countries since 2013. Female workers in certified estates and mills now receive training in equal proportion to male workers on average, and represent 12.1% and 24.2% of management and administrative roles, respectively. These are just a few examples of RSPO's positive impacts that tell the story of one of the biggest changes to a global commodity sector that has ever been accomplished.

While we can look back and be proud of these achievements, our work is far from over. We find

MESSAGE FROM THE CEO (CONTINUED)

ourselves navigating an extremely challenging landscape, with a perfect storm of crises. Just as we are still rebuilding and recouping our losses from the global pandemic, we find ourselves facing yet another black swan event, with the ongoing war in Ukraine affecting global patterns of trade, production and consumption. Our industry has felt the shocks of disrupted agricultural supply lines, which are further exacerbating food insecurity and inflation. Undoubtedly, the biggest crisis of

all is the climate emergency, which is already unleashing its deadly consequences all over the world.

These challenges only underscore the significance of RSPO's role in being an agent of sustainable change, and a force for good for the planet and people, especially at a time when the world is demanding real action and solutions. Our track record of achievement over almost 20 years is proof that we are up to the task – we have the tools and the expertise, and most of all, the firm commitment needed to

overcome these challenges.

In this next crucial chapter of scaling up the sustainable palm oil value chain, I'd like to call on all actors – regardless of where we are in the value chain – to truly embody the spirit of Shared Responsibility by strengthening our alliances and multi-stakeholder engagement, and to work together more closely in order to future-proof our industry.

Looking forward to a fruitful GA19!

NOTICE FOR THE 19TH GENERAL ASSEMBLY

Notice is hereby given that the **19th General Assembly (GA19)** of the **Roundtable on Sustainable Palm Oil (RSPO) members** will be held at **Shangri-La Hotel, Kuala Lumpur, Malaysia** and virtually on **Thursday, 1 December 2022, at 3:00 PM (GMT+8)** for the following purposes:

TO RECEIVE AND ADOPT THE TREASURER'S REPORT AND THE RSPO'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1

- Treasurer's Report (see page 9)
- Financial Statements
[RSPO Financial Statements 30 June 2022](#)

TO VOTE FOR THE FOLLOWING RESOLUTIONS

2

Resolution GA19-2a

To confirm the appointment of Ernst and Young as the auditors of the RSPO for the financial year ending 30 June 2023.

Resolution GA19-2b

RSPO prioritises jurisdictional approach to accelerate the transformation of sustainable palm oil standards, the inclusion of independent smallholders and engagement with local communities.

[View Resolution GA19-2b](#)

Resolution GA19-2c

Resolution to amend the RSPO Code of Conduct.

[View Resolution GA19-2c](#)

TO ELECT BOARD OF GOVERNORS FOR THE FOLLOWING SEATS

3

(A) Oil Palm Growers

- Rest of the World

Agroamerica Tropical Oil Holding Corp., represented by the principal **Jose Roberto Montenegro Baide** and the alternate members being **SIPEF Group** represented by the alternate **Sander Van den Ende**, **Univanich Palm Oil Public Company Limited** represented by the alternate **John Clendon** and **Olam Group Limited** represented by the alternate **Quentin Meunier** the two-year term of which is expiring is available for re-election. There were no other nominations received.

- Malaysia

The interim alternate member to the incumbent Board of Governor member **Malaysian Palm Oil Association** being **Surina binti Ismail** is up for approval by the General Assembly.

(B) Processors and/or Traders

AAK AB, represented by the principal **Tim Stephenson** and the alternate member being **Cargill Incorporated** represented by the alternate **Laila Wilfred**, the two-year term of which is expiring is available for re-election.

One other nomination was received from **Viswaat Chemicals Limited**, represented by the principal nominee **Ramakant Dubey** and the alternate nominee being **Jignesh Dave**.

(C) Consumer Goods Manufacturers

The Procter & Gamble Company, represented by the principal **Lee Kuan-Chun** and the alternate member being **Ferrero Trading Lux S.A.** represented by the alternate **Mario Abreu**, the two-year term of which is expiring is available for re-election. There were no other nominations received.

(D) Retailers

Retailers' Palm Oil Group, represented by the principal **Julian Walker-Palin** and the alternate member being vacant, the two-year term of which is expiring is available for re-election. There were no other nominations received.

(E) Banks and Investors:

Coöperatieve Rabobank U.A., represented by the principal **Karen Yu** and the alternate being **Martin Van Vaals**, the two-year term of which is expiring is not available for re-election. No election will be held for this seat as there were no nominations received.

(F) Environmental or Nature Conservation Organisations (ENGO)

WWF International, represented by the principal **Kamal Prakash Seth** and the alternate member being **HUTAN – Kinabatangan Orang-utan Conservation Programme (KOCP)** represented by the alternate **Harjinder Kler**, the two-year term of which is expiring is available for re-election. There were no other nominations received.

(G) Social or Development Organisations (SNGO)

Both ENDS, represented by the principal **Paul Wolvekamp** and the alternate member being **Federasi Serikat Buruh Kehutanan, Perkebunan dan Pertanian Serikat Buruh Sejahtera Indonesia (Hukatan)** represented by the alternate **Nursanna Marpaung**, the two-year term of which is expiring is available for re-election. There were no other nominations received.

The interim alternate member to the incumbent Board of Governor member **Forest Peoples Programme** being **Yayasan Lembaga Penelitian Kaleka Indonesia (Kaleka)** represented by the interim alternate **Bernadinus Steni Sugiarto** is up for approval by the General Assembly.

All Board of Governors seats must be voted on including seats that have a single nomination. Only members in the relevant sectors or sub-sectors are eligible to vote in the Board of Governors elections.

Anne Rosenbarger

Co-Chair, Roundtable on Sustainable Palm Oil
3 November 2022

GA19 AGENDA

01	Members' roll call
02	Opening address and report by the Chairperson
03	Confirmation of minutes for the General Assembly held on 2 December 2021 <ul style="list-style-type: none">Minutes: GA18 Draft MinutesAttendance List: GA18 Attendance List
04	Presentation of the Treasurer's Report and RSPO's financial statements for the year ended 30 June 2022 by the Treasurer, Tim Stephenson
05	Voting for the proposed resolutions and announcement of the results
06	Voting for the Board of Governors elections and announcement of the results
07	Any other business

IMPORTANT INFORMATION

KEY DATES

Activity	Date
GA19 Online Registration starts	3 November 2022
Advance E-Voting starts	3 November 2022
GA19 Online Registration ends & submission of proxy form ends	25 November 2022, 1500 hours (GMT+8)
Advance E-Voting closes	29 November 2022, 1500 hours (GMT+8)
GA19 convenes and live voting	1 December 2022, 1500 hours (GMT+8)

IMPORTANT INFORMATION (CONTINUED)

E-VOTING

GA19 registration will open on 3 November 2022 via www.ga.rspo.org/garegistration

Upon receiving your submission, we will verify your registration details before sending a confirmation email with instructions to access the E-Voting platform.

Members have the option to cast their votes during the advance E-Voting period or live voting at the in person or virtual GA19.

Members who have performed advance E-Voting and wish to attend the GA proceedings kindly log in to the live webcast or attend the meeting in person.

For non-voting participants who wish to attend the GA proceedings, kindly register as an observer and instructions will be provided to you by email to join the live webcast or attend the meeting in person.

PROXY

Ordinary members who are unable to attend the GA may appoint a proxy. If you choose to appoint a person other than a Board of Governor or the Chairperson, you are responsible to inform the person you are appointing as the proxy holder and he/she must be attending the GA in person.

All proxy forms must be submitted by 25 November 2022, 3:00 PM (GMT+8).

TREASURER'S REPORT 2022

The RSPO Treasurer's annual report is intended to summarise and comment on the financial position of the RSPO and related matters. It should be read together with the audited accounts for the year ended 30 June 2022. As well as a commentary on audited historic information, a summary of the RSPO budget for the year ending 30 June 2023 is included below to provide members with information about the planned future direction of the RSPO and as a basis for approval of the audited accounts and budget at the General Assembly.

The audited accounts and budget are presented in a consolidated format, combining the reporting of the RSPO, registered in Switzerland, its subsidiary RSPO Secretariat Sdn. Bhd., registered in Malaysia, and the RSPO representative or branch offices in Indonesia, the UK, China, Colombia, Netherlands,

the USA and Singapore. This format is appropriate to provide a complete view of the financial affairs of the organisation as it continues to grow, and is consistent with previous years. Separate audited accounts for RSPO Secretariat Sdn. Bhd. are available on request but will not be distributed with the consolidated accounts as it is expected that most members will be satisfied with group accounts only.

The financial statements are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") accounting framework that fully comply with International Financial Reporting Standards ("IFRS"). It should be noted that the auditors, Ernst & Young, state in their report that in their opinion the financial statements give a true and fair view of the financial position and financial performance of the RSPO for the year ended 30 June 2022.

ORGANISATIONAL STRUCTURE

The RSPO is a members' organisation. The financial affairs of the RSPO are the responsibility of the Board of Governors, which has established a Finance Standing Committee comprising the Treasurer, who chairs the Committee, the Chief Executive Officer ("CEO"), the Chief Financial Officer, and up to three other Board members. Day to day tasks is delegated to the CEO and the Chief Financial Officer.

Other than the Treasurer, currently the Board member

of the Finance Committee is Karen Yu of Rabobank. The Committee meets at least quarterly to discuss and address financial, compliance and administrative matters.

RSPO Secretariat Sdn. Bhd. is a service company incorporated in Malaysia and based in Kuala Lumpur which provides the RSPO with a legal entity in Malaysia. It is the employer of all secretariat staff based in Malaysia and the branch offices.

INCOME & EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2022

FY 2022 has been a period of positive change that saw the worst of the Covid-19 pandemic coming to an end, with major economies opening and gradually moving towards post pandemic recovery. At RSPO, not only have we overcome the many challenges that continued from the past year, but we have also managed to significantly improve our financial position and appropriately ended the year welcoming our new CEO, Joseph D'Cruz.

The implementation of the Board of Governors endorsed Operational Plan 2021-2025 began in earnest in FY 2022 particularly in executing the changes of the new organisation structure of the Secretariat. During the year, Secretariat headcount for permanent and contract staff increased from 92 to 123.

TREASURER'S REPORT 2022 (CONTINUED)

	30 Jun 2022 RM '000	30 Jun 2021 RM '000
INCOME	73,380	58,776
EXPENDITURE		
Operating expenditure	(35,824)	(30,009)
Divisional costs (including projects)	(12,716)	(11,312)
	<u>(48,540)</u>	<u>(41,321)</u>
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION	24,840	17,455
Taxation	(1,268)	(458)
SURPLUS FOR THE YEAR	<u>23,572</u>	<u>16,997</u>

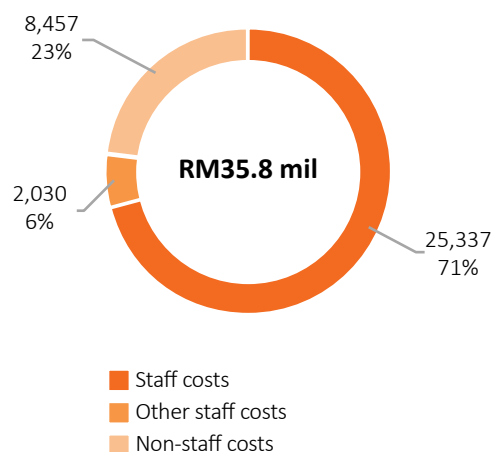
We ended the financial year with a higher surplus before tax of RM24.8 million (2021: RM17.5 million), primarily the result of increase in income by RM14.6 million to RM73.4 million (2021: RM58.8 million) and divisional costs that fell below budget totalling RM12.7 million.

During the year, membership increased to 5,361 (2021: 5,087) including 2,075 (2021: 1,955) ordinary members and 3,174 (2021: 3,022) associate members. Contributions from CSPO trade for the year increased significantly to RM50.8 million (2021: RM38.5 million) with physical and credit trades increasing by RM9.9 mil (33%), and RM2.5 mil (30%) respectively, compared to the previous year.

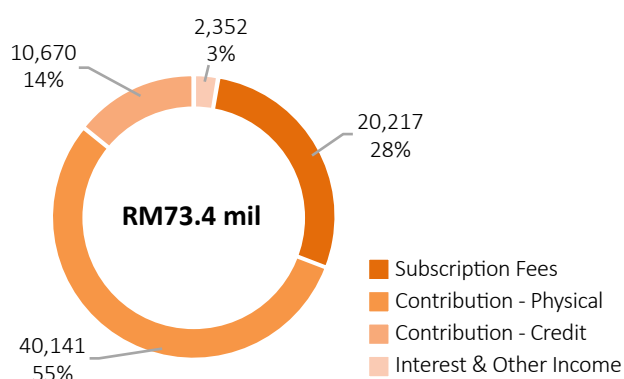
At the time of writing this report, we also see a significant strengthening of the US dollar. However, the impact has not been as significant to the statement of income and expenditure for the financial year as the US dollar only began moving broadly higher since the middle of Q4FY22.

Operating costs for the year totalled RM35.8 million (2021: RM30.0 million). The major expenditure comprised staff costs and contract staff (included in consultancy fees) totalling RM27.4 million (2021: RM22.3 million) and professional fees of RM1.3 million (2021: RM1.6 million). Also included in consultancy fees are interim management costs during the period in transition to the new CEO joining.

**Operating Expenses y/e 30 June 2022
(RM'000)**



**Income y/e 30 June 2022
(RM'000)**

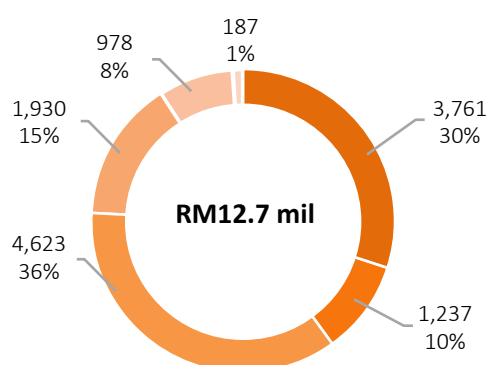


Divisional costs include third party costs incurred in the operation of the various divisions of the RSPO and discrete project costs. Together they amounted to RM12.7 million (2021: RM11.3 million). Project costs relate to the activities of the various divisions of the Secretariat which include Standard Development, Assurance, Stakeholder Engagement and Communications, Market Transformation, Technical Assistance (include smallholders), Membership and

other supporting functions. Divisional costs were budgeted to be at RM23 million. Actual spend was below budget partly due to delays arising from Covid-19 particularly in the Assurance, Standard Development and Market Transformation divisions.

Divisional Costs (including Project Costs)

(RM'000)



- Assurance
- Standard Development
- Stakeholders Engagement
- Market Transformation
- Technical & Membership
- Strategic & Secretariat Projects

Taxation provisions are predicated on RSPO being taxable in Malaysia on income not deriving from ordinary members. As most income derives from ordinary members, the tax charge remains relatively low, with a significant proportion arising from RSPO Secretariat Sdn. Bhd. The higher tax expense was mainly due to tax provisions made in RSPO Secretariat Sdn Bhd.

FINANCIAL POSITION

RSPO net assets amounted to RM79.9 million as at 30 June 2022 (2021: RM58.8 million), comprising the Members Fund of RM55.6 million (2021: RM39.0 million); the Smallholders Fund of RM10.1 million (2021: RM7.5 million); the Special Projects Fund of RM8.6 million (2021: RM8.9 million) and the Currency Translation Reserve of RM5.6 million (2021: RM3.5 million). The RSPO balance sheet remains strong and there are sufficient cash reserves to meet ongoing requirements.

Principal assets at 30 June 2022 included cash balances and fixed deposits of RM82.5 million (2021: RM65.4 million); receivables relating to unpaid membership subscriptions (before bad debt provisions) of RM1.5 million (2021: RM2.3 million) (Note 13 to the financial statements); and supply chain contributions receivable derived from trade in sustainable palm oil of RM4.8 million (2021: RM3.0 million) (Note 14 to the financial statements) equivalent to one month's contributions and subsequently paid in full after the year end. Deferred income from subscriptions relating to the period after 30 June 2022 amounted to RM8.8 million (2021: RM9.3 million) (Note 18 to the financial statements).

The Currency Translation Reserve arises from translations of assets, principally cash, and liabilities denominated in foreign currencies valued in US dollars, being the functional currency, at the year end to Ringgit, the reporting currency. The net currency translation difference of RM2.1 million at the year-end represents an unrealised gain which reflects the strengthening of the US dollars as mentioned above. At the close of the financial year end, the Ringgit to US dollar exchange rate was at RM4.41 (2021: RM4.15).

The RSPO has a policy to maintain minimum designated operating reserves equivalent to 6 months' worth of operating costs, intended to be a contingency fund to allow for an orderly wind down of the affairs of the RSPO should that become appropriate or necessary. In line with this policy and in view of the projected increase in operating costs for FY 2023 (see Budget for Financial Year 2023 below), the minimum level of designated operating reserves is at RM23.2 million (2021: RM20.0 million).

TREASURER'S REPORT 2022 (CONTINUED)

SMALLHOLDERS FUND (NOTE 20 OF THE FINANCIAL STATEMENTS)

The Smallholders Fund provides support for smallholder certification and other smallholder related activities. Total disbursements for the year amounted to RM2.3 million (2021: RM1.2 million) and the fund balance was RM10.1 million at the year-

end following the transfer of RM5.0 million from the Members Fund to maintain an appropriate balance in this fund. There are sufficient funds to meet the total commitments to certification projects amounting to RM5.1 million (2021: RM4.4 million).

SPECIAL PROJECTS FUND (NOTE 21 OF THE FINANCIAL STATEMENTS)

A total of RM2.2 million (2021: RM818,000) was disbursed from the fund in the year, mainly relating to the SEnSOR impacts project and outreach to intermediary organisations. The fund balance at the year-end amounted to RM8.6 million (2021: RM8.9 million) and commitments amount to RM3.6 million.

A transfer from the Members Fund of RM2.0 million has been made at the end of the financial year to ensure sufficient funds to meet future commitments. Approved costs to be incurred in future years (relating to outreach to intermediary organisations) amount to RM3.2 million (2021: RM4.1 million).

BUDGET FOR FINANCIAL YEAR 2023

The budget for FY 2023 was prepared based on the following assumptions:

- Income will increase as contributions from CSPO trade are expected to increase based on the current upward trend and the strengthening US dollar. Planned headcount increase in the Secretariat to continue.
- Projects and activities previously delayed or postponed are to be implemented.
- The opening of borders allows for more activities, meetings and events to take place.

The following is a summary of the budgeted income and expenditure for the year ending 30 June 2023, as approved by the Board of Governors in June 2022.

	Budget 30 Jun 2023 RM '000	Audited 30 Jun 2022 RM '000
INCOME		
Subscription income	21,300	20,217
Contributions from sustainable palm oil trade	54,000	50,811
Interest & other income	460	2,352
	75,760	73,380
OPERATING COSTS		
Payroll costs (including consultants)	(33,327)	(25,337)
Other staff costs	(4,396)	(2,030)
Non-staff costs	(8,669)	(8,457)
	(46,392)	(35,824)
DIVISIONAL COSTS		
Recurring costs	(15,576)	(10,393)
Discrete projects	(11,933)	(2,323)
	(73,901)	(48,540)
SURPLUS BEFORE TAXATION		
Taxation	1,859	24,840
	(410)	(1,268)
	1,449	23,572

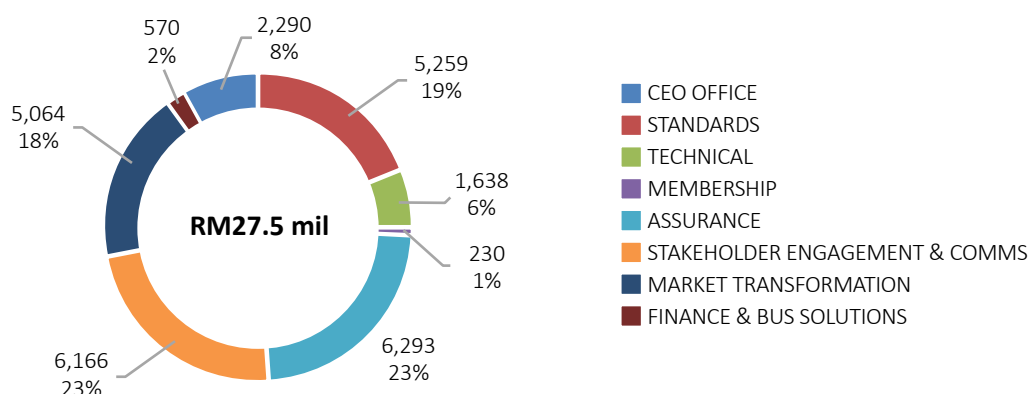
TREASURER'S REPORT 2022 (CONTINUED)

A small surplus of RM1.5 million before taxation has been budgeted for FY 2023. Total income (excluding interest and other income) is estimated to increase by 6% compared with FY 2022, with contributions from CSPO trade projected to increase by 6% to RM54.0 million and subscription income by 5% to RM21.3 million.

Total operating costs are budgeted to increase significantly to RM46.4 million compared with FY 2022. The major increase will particularly be in payroll costs, including contract staff, estimated to reach RM33.3 million, as the Secretariat continues its recruitment plan in implementing the new organisational structure, with a projected headcount of 189 rising from 134 at the start of FY 2023. The full costs for the additional headcount, if fully implemented, will take effect in the following financial year. The Finance Committee will continue to closely monitor income and progress on recruitment to ensure an operating surplus is maintained.

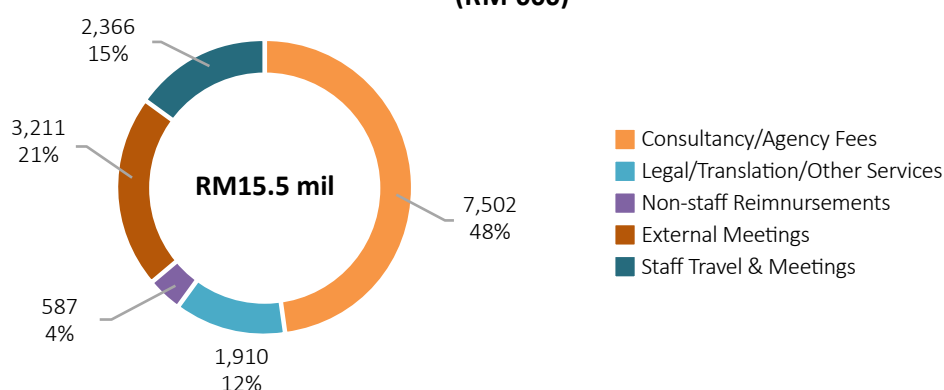
Ambitious plans for projects or activities are proposed by the respective divisions for FY 2023 with total divisional costs budgeted to be at RM27.5 million, including recurring divisional costs and discrete projects.

Divisional Costs for FY23 (RM'000)



The budget for recurring divisional costs is RM15.6 million. The main expenses are related to consultancy and agency fees at RM7.5 mil (48%) and external meeting costs of RM3.2 mil (21%) which include the organising of a physical RT2022 and increased frequency and types of in-person training, workshops and meetings with members, CB's and other stakeholders in different regions.

Recurring Divisional Costs for FY23 (RM'000)



Total discrete projects is budgeted to be RM11.9 million. Notable projects that will be undertaken for FY 2023 include:

- Standard Review 2023 with a budget of RM2.0 mil for facilitation process, public consultations and other related activities.
- Engagement of more Land Use Change Analysis (LUCA) reviewers and compensation plan evaluators to resolve backlog issues in the Remediation and Compensation Procedures (RaCP) with a budget of RM1.9 million.
- Development and revision of various guidance documents and procedures of RM748,000.
- Redesign of the Impacts and Monitoring, Evaluation, Learning (IMEL) unit of RM548,000.
- RSPO brand positioning of RM420,000.
- RSPO website redesign of RM484,000.

RSPO SECRETARIAT SDN. BHD.

RSPO Secretariat Sdn. Bhd. (RSPOSSB) reported a profit after tax of RM1.1 million for the year ended 30 June 2022 (2021: RM575,000). The income of RSPOSSB comprises employee related expenses, and the administrative and operating costs of running the head office and regional offices being recharged to the RSPO, termed as management fees, and are

charged at arm's length based on a mark-up of the operating expenses. They are in full compliance with transfer pricing requirements.

As of 30 June 2022, the net assets of RSPOSSB amounted to RM3.0 million (2021: RM1.9 million).

FUTURE PROSPECTS

Total income for Q1FY23 was below budget and a year-on-year (YoY) decrease of 16%, mainly due to lower contributions from physical CSPO trades compared to the same period last year. One quarter of below budget income does not necessarily mean that spending plans need to be curtailed, as we have in the past seen significant quarter on quarter fluctuations without indicating a new trend. It does, however, indicate the importance of closely monitoring and reviewing income and expenditure, to allow for course correction where needed. In addition, the relatively high level of reserves provides a significant buffer if risks increase.

Further to discussions at GA18, we have made progress in developing a strategy for RSPO to invest surplus funds. An investment policy for RSPO has been drafted and will be presented to the Board of Governors for approval. The policy includes specific investment objectives; the establishment and governance of an

investment committee; defining the responsibilities of all relevant parties; the selection of asset manager and custodian bank; the assessment of risk tolerance; and determining the investment profile. We expect to complete this exercise and implement the investment policy at the start of H2FY23.

Overall, the RSPO financial position remains very strong, and the financial model continues to be effective in meeting the needs of the organisation. It has provided the RSPO with the financial stability and capability for future growth and development, and to continue operating as an independent entity without being reliant on any third-party source of funds. The opportunity is there to use this financial platform to meet and exceed strategic and operational objectives.

Tim Stephenson
RSPO Treasurer

The RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

www.rspo.org



Roundtable on Sustainable Palm Oil

Unit 13A-1, Level 13A, Menara Etiqa,
No 3, Jalan Bangsar Utama 1,
59000 Kuala Lumpur, Malaysia

Other Offices

Jakarta, Indonesia
London, United Kingdom
Beijing, China
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