

**Assurance Standing Committee
Gap Analysis Workshop (via Zoom)
Minutes of Meeting**

Venue: Zoom Meeting (<https://zoom.us/j/93324083603>)

Date and time: 10 May 2021 at 3 – 5.30pm KL time

Members Attendance:

Growers		
Name	Organisation	Group Representation
Agus Purnomo (Co-chair) <i>(absent)</i>	Golden Agri Resources (GAR)	Indonesian Growers (IGC)
Lee Kuan Yee	Kuala Lumpur Kepong (KLK) Berhad	Malaysian Growers (MPOA)
Laszlo Mathé	New Britain Palm Oil Limited (NBPOL)	Growers RoW
Vacant	n/a	Smallholders Group
NGOs		
Name	Organisation	Group Representation
Michael Guindon (Co-chair)	WWF Singapore	E-NGO
Paula den Hartog	Rainforest Alliance	E-NGO
Paul Wolvekamp	Both ENDS	S-NGO
Marcus Colchester	Forest Peoples Programme	S-NGO
Supply Chain Sector / Downstream / Others		
Name	Organisation	Group Representation
Kuan-Chun Lee	P&G	CGM (alternate)
Emily Kunen	Nestlé	CGM
Hugo Byrnes	Royal Ahold Delhaize N.V	Retailers
Olivier Tichit	Musim Mas Holdings	P&T
Michael Zrust <i>(absent with apology)</i>	Lestari Capital	Financial

RSPO Secretariat Attendance:

Name	Position
Tiur Rumondang (TR)	Director of Assurance
Wan Muqtadir Wan Abdul Fatah (WM)	Sr. Manager, Assurance Integrity Unit
Freda binti Abd Manan	Consultant, Integrity, Assurance Integrity Unit
Shazaley Abdullah	Head, Certification
Aryo Gustomo	Deputy Director, Compliance

Other Attendance:

Name	Organisation	Role
Neil Judd (NJ)	Proforest	Lead Facilitator
Shinta Puspitasari	Proforest	Facilitation support

Item	Description	Action Points
1.0	Introduction MG opened the workshop and wished everyone a productive discussion on action points to address root causes.	
1.1	RSPO Antitrust Guidelines NJ reminded the members of the RSPO Antitrust Guidelines.	
1.2	RSPO Consensus-based Decision-Making NJ stated that the ASC follows the RSPO consensus-based decision-making process, in accordance with the ASC Terms of Reference.	
1.3	Declaration of Conflict of Interest NJ highlighted the ASC Col obligations and if ASC members feel a conflict of interest under any agenda items, they should excuse themselves in order to enable an objective discussion. No Col was declared at this meeting.	
1.4	Review of Agenda and Objectives	

	<p>NJ presented the meeting agenda and objectives for the gap analysis workshop today.</p> <p>NJ reminded the group of the background to the gap analysis report, which included integrating 3 processes: development of the secretariat Operational Plan (H2 2020); gap analysis and workplan from the Assurance Division (Q1 2021); and review of external reports - identification of key weaknesses, root causes and proposed actions (Q1 2021).</p> <p>NJ also shared the objectives of today’s workshop: to seek broad alignment on key weaknesses that need to be addressed, and on the root causes for each of these, and to review the proposed assurance workplan to ensure that it reflects the root cause analysis.</p>	
<p>2.0</p> <p>2.1</p>	<p>Key Assurance Weaknesses Identified by the Gap Analysis</p> <p>Presentation and discussion</p> <p>WM explained the 2 objectives of the root-cause analysis. Firstly, it is to undertake a systematic approach to strengthening the RSPO Assurance System, with guidance from the ASC. Secondly it is to pursue systematic measures for building a trusted and credible Assurance System. With the 2 objectives in mind, the Secretariat aims to build and implement a structure that integrates Assurance in one system, streamlining Certification, Compliance, and Grievance, based on the principles of Risk Management and Monitoring, Evaluation & Learning (MEL), in line with the RSPO’s Theory of Change.</p> <p>WM continued with the scope of the analysis, including (1) aspects of compliance and verification that are applicable to all grower members, outside of certified management units, such as the New Planting Procedure (NPP) and the Remediation and Compensation Procedure (RaCP); (2) certification and accreditation, including the process of certification assessments, and the monitoring of CBs by the accreditation body; (3) grievance processes relating to allegations of non-compliance with RSPO membership or certification requirements, excluding the CAP implementation; (4) the Secretariat’s own monitoring and evaluation activities, including in relation to risks arising in the public domain, and investigations relating to grievances (outside CAP-related activities).</p> <p>WM briefly explained the methodology which included review of 10 external reports from 2017 to the present. All necessary information from these reports was reviewed and compiled. The information will be discussed during this workshop with all ASC members. WM further explained that information and key challenges from external reports was clustered into 3 main sections: (1) standard setting and interpretation, (2) certification process, and (3) compliance. From these reports, the Secretariat also identified 4 main areas of weakness surrounding RSPO’s implementation: namely deforestation, labour conditions, land rights and the effectiveness of assurance systems. When analysing these weaknesses, deforestation and</p>	

	<p>land rights was aggregated into a single theme because of the common factors involved.</p> <p>On labour and human rights, the identified issues are prevailing weaknesses in labour conditions in certified operators; the likelihood that labour abuses and non-compliances are being significantly under-detected by CBs during the assessment process; and the contention that non-compliance with labour requirements by certified operations is 'pervasive' with resulting impacts on scheme credibility.</p> <p>In terms of the deforestation and land conflict theme, the detailed issues relate to allegations of poor practice in specific cases and evidence from the case history of complaints and ASI findings. This manifests itself in allegations and complaints relating to both deforestation and land conflicts. The key factors are weaknesses relating to CB verification against the NPP requirements, including FPIC compliance, compounded by weakness in terms of CB evaluations against new planting requirements during certification assessments.</p> <p>On the cross-cutting assurance theme, the main factors identified are chronic understaffing and previous under-investment in Secretariat staffing and capacity; lack of clear and comprehensive management systems to ensure joined up implementation, including operational relationships with partner organisations such as ASI, HCVN and HCSA; and lack of a holistic approach to delivering assurance outcomes, including compliance levels of the AB and CBs, outreach to different stakeholder groups, and measures to build wider compliance in the sector.</p> <p>NJ asked ASC members for feedback on whether the summary above has captured all identified issues of concern.</p> <p>Member asked how the sources of literature were selected. He also commented that the Greenpeace report shouldn't be classified as a factual source of information. On the thematic areas of concern, overall the member agreed with the analysis, although he found it disappointing and discouraging that the Secretariat considered there to be prevailing weaknesses in labour conditions in its certified members, and would like to understand more about this statement. On NPP, member explained that ASI was not previously included in the oversight and they did not evaluate CBs' conduct of NPP verification.</p> <p>NJ explained there isn't a comprehensive factual body of evidence around the weaknesses. They are a mix of evidence-based data and allegations. There is evidence from complaint data, ASI data and specific case studies from reports. The aim is to filter this information as a group and understand what the essential findings are.</p> <p>WM clarified that NPP was not included in the certification system before but now it is. In the future we will see ASI supervising the NPP verification by CBs.</p> <p>TR added that the EIA report mentioned some allegations on CBs</p>	
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	<p>performance and quality of verification. Other reports shared similar or other allegations, which the Secretariat grouped into the key thematic areas as mentioned earlier.</p> <p>Member noted that during ATF tenure, the Secretariat commissioned Profundo to write a report, which pointed out weaknesses in labour conditions.</p> <p>Member reminded the group that although the identified areas of concern did cover the key topics, we also ought to be thinking about why these problems are occurring in the producer members. For example, is it because they don't understand the P&C or is the National Interpretation unfit for purpose? Member also responded that labour abuses are in fact common.</p> <p>Member asked whether the list of initial findings shared in the presentation is the summary of the report. On which WM responded there were more complete findings in the report. The Secretariat pulled the information out to aggregate the themes. Member reminded the group that the thematic areas of concern should cover all issues identified and should then be aligned with RSPO operations & workplan.</p> <p>NJ assured the group that all issues will be revisited and discussed. He added that TR has shared the proposed workplan which has also already considered the initial findings from the analysis. NJ also highlighted that the final gap assessment and root cause analysis report would make clear distinctions as to whether specific findings are based on evidence or allegations.</p> <p>TR responded that some reports suggested that the Secretariat should find an alternative mechanism to improve CBs performance and avoid conflict of interest. A lot of negative perceptions exist about the certification scheme itself, but as this scheme has been used by RSPO since 2004, are we all ready to shift the 'original' certification idea to a different one?</p> <p>NJ added that the point on the lack of a holistic approach to delivering assurance outcomes is heading in the right direction and trying to make sure that the central business of certification is part of a joined-up group of activities.</p> <p>Member commented that certification is not a silver bullet but this does not mean we can simply throw it away. We need to always find better ways. Delinking the relationship between CBs and the company being audited is one thing that needs to be considered and whether the existing RSPO system is moving in the right direction. Member also mentioned that adding more requirements and people into the auditing process does not necessarily help. We need to look back at certification and not intensify but make it smarter with different approaches. On social issues, we must accept the fact that it is not functioning and be open minded as to what solutions we can bring. Intensifying the audit will not bring solutions but more frustration.</p> <p>NJ agreed and added that smarter approaches will be part of the workplan</p>	<p>Final gap analysis report to provide clear distinctions between evidence-based data, cases studies and allegations.</p>
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	<p>and actions discussion later in this workshop.</p> <p>Member mentioned that we have to be clear what can be expected from the RSPO certification system, and to make sure the systems we have already are working as we envisaged. On allegations made, we need to know when, where and how much this is happening and conduct key investigations to gather the facts. Once that is done, the next step is to understand why this is happening. We need to have a stepwise approach to address this.</p> <p>TR mentioned that if we're looking at our data, we should be able to investigate internally. TR added that what was presented from the external reports are mostly negative feedback and weaknesses. However, we should not forget the successful stories, too.</p> <p>Member asked whether are trying to address perceptions or factual problems, as these will need different strategies and approaches. For example, ASI can be a factual source of information.</p> <p>NJ reminded the group that the ASI key finding in 2019 was on labour non-compliances that were not being adequately detected.</p> <p>Member responded to TR that proper investigation should be conducted internally, and also agreed that different strategies are needed to address perceived and factual problems.</p> <p>NJ asked members whether the proposed 3 thematic areas can be taken on into the next discussion. On which, MG as co-chair was happy to proceed.</p>	
<p>3.0</p> <p>3.1</p>	<p>Root cause analysis for key weaknesses</p> <p>Presentation and Break-Out Groups</p> <p>WM gave an introduction to the root cause analysis.</p> <p>When analysing the potential root causes of weakness, the issues were grouped into these three themes: on labour and human rights, the identified potential root causes were: the certification process is too focused on documentation rather than field verification, certification systems are not designed to detect labour non-compliances, lack of expertise in CBs and assessors, lack of robust sanctions by the accreditation body, and insufficient independence of CBs. Underlying sectoral challenges were also identified including the use of migrant labourers, who are more vulnerable to exploitation, the legacy of poor practices across the sector and poor access to grievance and resolution processes.</p> <p>The second theme is on deforestation and land conflict. The potential root causes are the effectiveness of NPP implementation for preventing deforestation and land conflict (through FPIC), including 'evasion' of NPP requirements by not declaring new plantings, CB weakness in carrying out NPP verification and/or evaluation of new planting during the certification process, inadequate role of ASI in identifying CB failings and taking action</p>	

<p>3.2</p>	<p>against CBs, weak HCV assessments, mainly relating to pre-HCV assessor licensing scheme, and questionable robustness of enforcement of partial certification requirements and RaCP processes.</p> <p>On the cross-cutting assurance theme, the potential root cause analysis listed: inadequate staffing of assurance, lack of communication from the Secretariat, lack of monitoring of the Accreditation Body, inadequate mechanisms for CB performance review, assessor independence and training and capacity levels inadequate across the key actors.</p> <p>NJ explained that the break-out sessions will be conducted to look at the three areas and to review, add or change the root causes.</p> <p>Feedback from break-out groups</p> <p><i>(All participants returned back to the plenary after the break-out sessions. Members were divided into 3 groups: 1 – Human Rights and Labour; 2 – Deforestation and Land Conflict; 3 – Cross-cutting Assurance. The sessions were not recorded individually)</i></p> <p><i>Group 1 feedback: note group output is in separate document</i></p> <p>During the plenary session, NJ shared an update from group 1 on Human Rights and Labour. On CBs independence, the group agreed that is a cross cutting issue and not just for HR and Labour. The group also identified the need for stronger mechanisms for stakeholder voice and inclusiveness. On the current certification system, the group felt the current approach is not fully adequate and needs to be supplemented in CB guidance. The final point was on training and awareness, particularly for small and medium growers and smallholders for HR and Labour topics.</p> <p>Member added that we need to look beyond the unit of certification itself. The CP also raised this issue for persistent problems. Proposals have been made to scrutinise the whole systems, especially for labour recruitment.</p> <p>Member highlighted that not all the proposed root causes were discussed because of lack of time. Member agreed that certified entities are at the end of the labour recruitment process and also subject to the earlier parts of the process.</p> <p>Member added that we need more attention on stakeholder scoping and ensuring all stakeholders are involved in labour sourcing countries, to enrich their awareness.</p> <p>TR added that this would have implications on additional man days for CBs.</p> <p>Member commented that at the moment the CBs audit the whole standard at each estate they select for assessment. From an assurance point of view there is no reason to do this. For example, FSC takes the approach that after certification, a percentage of indicators are covered, selected from those that need more attention. At the moment, the CBs cover all indicators, hence use more man days, with higher costs. The system can be made smarter without having to add more man days and more people.</p>	
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	<p>Member sought clarification on whether we are trying to ensure that the RSPO system catches things when they go wrong or prevent the wrong things from happening. If the former, the elements we discussed don't all make sense. If the latter, we need to understand why HR and labour violations are happening and the causes.</p> <p>NJ responded that this exercise is to cover both elements: that RSPO is taking action to reduce background levels of non-compliance but also making sure when there are non-compliances, they are detected.</p> <p><i>Group 2 feedback: note group output is in separate document</i> Member shared feedback from group 2 on Deforestation and Land Conflict. The discussion started with the effectiveness of NPP implementation to prevent deforestation and land conflicts. The group identified the potential root causes. The first element was the failure of the NPP verification process to pick up early non-compliances, lack of on-site verification, and lack of awareness and rights by the affected community. The second element was that the audit system is not robust enough in term of assessing NPP implementation, indicating the need for more field checks. The other discussions were on whether there are root causes within the Secretariat and whether the due diligence for members is sufficient. The group also discussed the need to look at wider structural and systemic problems.</p> <p>Members added that discussions covered how non-compliances can be caught and identified and how they are prevented in the first place.</p> <p>TR mentioned an expectation for the RSPO Secretariat to play a role in the NPP process. However, she clarified there is no clear mandate for the Secretariat to do that. The Secretariat is only administrating the process, but the verification should be done by the auditors. There are some unclear roles between the Secretariat and the auditors on this matter, and different expectations from different stakeholders.</p> <p>Member added that RSPO members must comply with all standards during the period between when the NPP is submitted and becoming certified, which may take a while. We need to find a system to support this.</p> <p>Member commented that the reason we have the NPP is the vital one. If there is deforestation or land grabbing, it would be a non-compliance, and the moment to catch deforestation or land conflict is as early as possible.</p> <p>Member responded that when a community is engaged at the beginning of NPP, their perception may change over the period of the process. Today, companies include much larger areas in NPPs than the actual management unit. When deforestation happens within the NPP area, companies might in fact have no control. These issues may not be identified at the beginning and develop over time.</p> <p><i>Group 3 feedback: note group output is in separate document</i> WM shared discussions from group 3. The first element was on the lack of communication in some aspects from the Secretariat and not being</p>	
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	<p>proactive by going to the growers. The second element was on monitoring the AB. RSPO has been too heavy on process and procedure. When looking at training and capacity building, the discussion was on the readiness of the documents and processes before the implementation of new standards. For example, we still haven't seen the readiness of DLW. WM continued that the discussion also covered the quality of released documents; outcomes have not been measured; and there are different levels of understanding among stakeholders on different requirements and standards. Group 3 also discussed assessors' independence and risk-based approaches. On decoupling, the need to respect decisions from the General Assembly was mentioned. The group didn't have time to discuss RSPO staffing and CBs performance.</p> <p>Member added on the decoupling that it is important to understand the root causes, to inform the proposed solutions.</p> <p>Member sought clarification on whether we are looking at how ASI will be monitored or how ASI monitors CB performance. On which WM responded that both will be covered. Another member commented that it is critical to monitor the performance of the AB.</p>	
<p>4.0</p> <p>4.1</p> <p>4.2</p>	<p>Proposed Assurance Division Workplan</p> <p>Presentation and discussion</p> <p>TR proposed the next steps moving forward, based on integrating the operational plan, gap analysis, input from the ASC members, and the external review into the RSPO assurance division workplan.</p> <p>The Secretariat's assurance division workplan will be designed based on three main aspects, comprising governance of assurance, Secretariat operation and function, and quality of standards, guidelines, and BMP.</p> <p>TR then proceeded to outline the proposed workplan under each of the three areas. On governance of assurance, TR added the workplan envisages exploring a new model for RSPO Certification System over the period through to 2025, closely linked to Monitoring, Evaluation and Learning (MEL) for improvement over time. The workplan also includes exploring options for mechanisms to delink, in some part, business relations between CBs and auditees, while also aligning with the applied RSPO Certification System Document.</p> <p>Proposed ASC sub-groups to monitor workplan</p> <p>TR also shared the proposed three ASC sub-groups to monitor the workplan, which are governance, standard quality and the public domain. However, noting that there are already some inputs and feedback from this workshop, this should be further discussed and confirmed in the next ASC meeting.</p>	



	<p>NJ highlighted that all key points discussed in this workshop will be captured and addressed in the workplan, including the orientation of the planned ASC sub-groups to monitor implementation.</p> <p>Member reminded about the importance of key performance indicators to track implementation. Member also asked what new tools we can embrace to remedy some of the root causes. For example, ASC already included the Wage Indicator as a proposed tool. Member also highlighted that the IUCN report is balanced with strong insights and remedial actions.</p> <p>TR responded that sub-groups could provide close supervision of the Secretariat’s implementation of remedial actions. On the monitoring system for compliance, TR believes that the Secretariat does have an important role, because this is a membership-based organisation and not just a certification organisation. On a comprehensive monitoring system, the Secretariat has come up with different technology options to complement the solely manual certification system. This will need further discussion within the Secretariat and with supervision from the ASC. TR added that the Assurance unit has never conducted any direct engagement, and that all this is done by the Outreach and Engagement division. TR strongly feels that engagement by the Assurance Division is important, also to manage expectation. TR concluded that approval by ASC members on the workplan would be beneficial.</p> <p>Member reflected on the overall workshop and highlighted the importance of CBs’ independence in their judgement. MC added further notes from the break-out group discussion: such that when auditors are using a company’s facilities (e.g. cars), they won’t be the same level of trust in their independence. Perception of independence is critical. What guidance can be offered to CBs so they can be perceived as independent? Member would like to explore more on this issue. Member is also unclear why some ASC members are questioning whether decoupling is workable. He wished members would be more open minded to explore this option and make it work.</p> <p>TR responded that the idea of decoupling has caused a variety of responses from members. The IUCN report does not necessarily come up with a clear recommendation. More pilots are needed to see whether decoupling is reliable in effecting changes to improve the certification system. The Secretariat needs to explore properly and share with the ASC before going to the BoG.</p> <p>NJ added that the proposed workplan includes a commitment to explore options for decoupling.</p> <p>TR hoped that the sub-groups can help in refining the workplan. TR added that the proposed workplan is included in the presentation but without a timeline. ASC members can revisit it from the meeting pack.</p>	
<p>5.0</p>	<p>Next Steps</p>	



<p>5.1</p>	<p>Agreed Action Points</p> <p>MG reflected on the next steps and whether it is still premature to agree on the sub-groups or if we should finalise the root cause analysis narrative report first. There should be a period for ASC members to comment on and re-structure the narrative. The other action point by MG was whether the ASC needs to involve external stakeholders to help finalise this.</p> <p>NJ added that based on the workshop today and break-out sessions, the tangible next step should be that a temporary sub-group should be nominated to finalise the root cause analysis and the proposed workplan. This is to make sure the workplan addresses the points from the root causes discussion. On which, MG agreed. Following this, the narrative report can be finalised.</p> <p>NJ summarised that the next step will get nominations from ASC members for the sub-group and the work involved and bring it back to the next ASC meeting.</p> <p>Responding to MG’s comment on external stakeholder involvement, NJ added that the root cause analysis should then subsequently be shared in the next Assurance Forum.</p>	<p>NJ and the Secretariat will share with ASC members on nomination for sub-group to finalise root cause analysis and workplan. This will be brought back to the next ASC meeting.</p> <p>The root cause analysis report will be shared in the next Assurance Forum.</p>
	<p>End of meeting</p> <p>NJ thanked everyone for their participation, feedback and comments. The meeting adjourned at 5.30pm.</p>	