

**Assurance Standing Committee
3rd Meeting (via Zoom)
Minutes of Meeting**

Venue: Zoom Meeting (<https://zoom.us/j/91140688371>)

Date and time: 17 June 2020 at 3.00 pm – 5.00 pm KL time

Members Attendance:

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

RSPO Secretariat Attendance:

Name	Position
Bakhtiar Talhah (BT)	Interim CEO
Aminah Ang (AA)	Interim Assurance Director
Wan Muqtadir Wan Abdul Fatah (WM)	Sr. Manager, Assurance Integrity Unit
Aizat Affendi (AMA)	Sr. Executive, Assurance Integrity Unit
Citra Hartati (CH)	

Other Attendance:

Name	Organisation	Role
Neil Judd (NJ)	Proforest	Lead Facilitator
Shinta Puspitasari	Proforest	Facilitation support
Adam Harrison (AH)		Independent Consultant

Item	Description	Action Points
1.0	Introduction AP opened the meeting by welcoming NJ as the new lead facilitator and AH to share the independent review of ATF. AP mentioned the adjustments of the agenda	
1.1	RSPO Antitrust Law NJ reminded the members of the RSPO Antitrust Law.	
1.2	RSPO consensus-based decision making NJ stated that the ASC follow the RSPO consensus-based decision-making process as outlined in the ASC Terms of Reference.	
1.3	Declaration of Conflict of Interest (Col) NJ highlighted the Col policy that if ASC members feel conflict of interest under any items should excuse themselves to remain objective in the discussion. No Col was declared at this meeting.	

Item	Description	Action Points
1.4	<p>ASC Smallholder Seat</p> <p>NJ mentioned the Smallholder seat in the ASC is still vacant.</p> <p>WM updated that Ashwin from the Secretariat will act as an interim back-up. He will bring any discussion relating to smallholders to the Smallholder SC.</p>	
1.5	<p>Acceptance of Previous Meeting Minutes</p> <p>NJ presented the Minutes of the previous meeting held in March 2020 in Kuala Lumpur. EC pointed out misspelling of AH's name. No other comments and the members accepted the minutes.</p>	
1.6	<p>Role of the Independent Facilitator</p> <p>NJ shared the role of facilitator that includes to coordinate ASC meetings but also to be proactively using the facilitator's understanding of the meeting contents and technical expertise to work together with the Secretariat and the ASC members for effectiveness in delivering the mandates.</p> <p>NJ highlighted that the facilitator's position is not full-time.</p>	
2.0	<p>Action Tracker</p> <p>NJ highlighted that action tracker is not ASC workplan but to capture outstanding actions from meetings.</p> <p>Point 1, NJ explained that ASC KPI will be covered in more detail later on in the agenda.</p> <p>Point 2 on labour related issue, WM informed that Labour Auditing Guidance is awaiting feedback from ASC members. The piloting of the Labour Auditing Guidance has been put on hold because of COVID-19 pandemic and no feasibility to conduct on the field. The ToR for formation of Labour Task Force (LTF) has been developed and awaiting feedback from the HRWG whether this should be a task force a sub-group. On WageIndicator, Social and HR Unit will work closely with PW to determine next steps.</p> <p>WM further explained that Labour Task Force sits under Standard Standing Committee but some of the implementation will fall back to the ASC.</p> <p>NJ highlighted that the next meeting should see progress on piloting of the Labour Auditing Guidance and also formation of the LTF.</p> <p>Point 3 on Independent Pool of Experts, IMU will be leading the work for looking for the Independent Pool of Experts. An initial discussion with PW</p>	<p>Point 2: ASC members to give feedback on the Labour Auditing Guidance</p> <p>Point 2: The Secretariat to follow up on the implementation plan for piloting in the next meeting.</p>

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	<p>suggested a dedicated full-time consultant to identify the experts. This is still under consideration.</p> <p>At the same time, WM pointed out that the Secretariat has started to identify experts internally based on different expertise types and regions. The initial list of internal experts will shared soon.</p> <p>On point 3, MC asked for clarification what expertise is seeking for constructive input and to keep it separate with the roster of experts that IMU is seeking to help for the alignment with HRD policy. WM responded that the pool of experts is to fast track complaint cases and ready to be mobilised by the Secretariat and issues that need to be investigated upon. The expertise will based on items subject relating to standards.</p> <p>For Point 4, the prep cluster will be virtual and the Secretariat is having continuous discussion with the Outreach & Engagement (O&E) team with regards to time and items to discuss. WM further suggested to the ASC if the format can follow the Assurance Forum, with panel discussion and Q&A. Decision should be made by around end of July 2020 and to craft it together with the O&E. NJ suggested to follow this up after the Assurance Forum.</p> <p>NJ also reminded that the action trackers is helpful to follow up agreed actions from meetings but not replace the strategic workplan and ToR.</p> <p>Final comment from OT asking on the decision to conduct the RT fully virtual. AA responded that based on the current discussion, it will be fully virtual.</p>	<p>Point 4: ASC members to suggest comments on the RT prep cluster format (by end of July 2020)</p>
3.0	ASC Management	
3.1	<p>ATF Independent Review</p> <p>AH shared the summary of the report of the independent review of ATF. Full report has been shared with ASC members. The main items reviewed, including: Management by the RSPO Secretariat; set-up and achievement of the ATF; and tasks remaining; and other tasks that need to be addressed.</p> <p>NJ highlighted that the tangible steps to start with are where matters remain outstanding and the ASC could include these in its workplan.</p> <p>MC pointed out that the draft findings didn't make distinction between ATF (meeting regularly and carry on the work) and ATF Advisory Group (only met once a year). No MoM shared with the ATF-AG and felt left out of the process. This will have implication in terms of the Assurance Forum and make sure AF doesn't feel being left out and is being regularly updated. That will involve good communications and clarity on relationship between ASC and Assurance Forum.</p>	<p>The Secretariat will share the independent review report to the Assurance Forum participants prior to the meeting on 26 June 2020.</p> <p>AH will incorporate all feedbacks from the ASC Meeting and the Assurance Forum and finalise the report.</p>

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	<p>MC also highlighted some of the key recommendations, including focusing on the real barriers to improvement and how to identify those barriers. He also suggested how to communicate ASC works and achievements to community/wider audiences, harmonizing the complaints system, improve the auditors and eliminating the collusion between auditors and clients, and the risk-based approach.</p> <p>AH responded and agreed to MC that the report will give more details than the summary presentation and the need to understand the root cause analysis to understand these barriers.</p> <p>MZ commented on the outstanding technical issues, especially on procedural issues with the running of ATF and relationship with other bodies (e.g. MoM sharing). Moving forward MZ suggested to include AH findings into the thinking of ASC ToR and the running of ASC.</p> <p>AH responded to MZ that RSPO system has been tightened up and should now address some mechanical issues (templates, everything is recorded, progress report is consistent). Secretariat staff capacity remains an issue. The engagement either through ASC directly or the Forum with stakeholders, members of RSPO and externally is critical should be managed well.</p> <p>NJ highlighted that the key underlying issues are: understanding root causes so the workplan derives from those. Secondly is getting the balance right between day to day management activities at the Secretariat and the strategic and oversight role of the ASC.</p> <p>MC reminded that AH's report will be shared to the public and at the Forum.</p> <p>AH mentioned that he will incorporate the points raised by ASC members at this meeting and there will be another presentation to Assurance Forum participants. AH can either incorporate all feedbacks in the report, or leave the final report as it is and attach the MoM of the 2 meetings to show the feedbacks received.</p> <p>NJ summarised that the Secretariat should share the report to all Assurance Forum participants prior to the meeting and AH should include all relevant feedback received from both meetings and finalise the report.</p>	
<p>3.2</p>	<p>ASC ToRs and Workplan/KPIs</p> <p>NJ pointed out that the ToR needs to be finalised. ASC also needs to have a clear work programme, which is not in place yet; together with the KPIs, which have some overlap. Some items of the workplan will be informed by the ATF review report, where there are actions outstanding.</p> <p>NJ suggested that the facilitator and the Co-Chairs can start working on the draft workplan from the independent review report, the draft KPIs and</p>	<p>All members to submit comments on draft KPIs by end of June 2020.</p> <p>The Secretariat</p>



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	<p>to include the root cause analysis to inform the workplan.</p> <p>MC highlighted that agenda item 5.4 will be aimed at addressing specific problems between auditors and clients but this isn't the only cause of poor audit performance. The root causes of bad performance need to be investigated.</p> <p>OT seek for clarification whether the discussion on KPIs will be continued or whether facilitator will starts working with all previous feedback and share back to ASC members to submit input.</p> <p>WM confirmed that the KPIs shared in the meeting package have incorporated feedbacks submitted by MC. However. EK's feedback on quantitative KPIs haven't been incorporated because the Secretariat would like to re-confirm some of the points made.</p> <p>On EK's feedback on non-conformities number as KPIs, AA responded that it would be difficult to put as a target because it's depending on site situations and samples taken.</p> <p>EK further explained that more comments were given to the draft KPIs and would like to see which feedbacks have/haven't been incorporated and to have a discussion about these decisions.</p> <p>NJ suggested what we must look at all feedbacks and attempt to integrate and bring it back to ASC members as a proposed finalised version of the KPIs.</p> <p>NJ also suggested the proposed next steps are to work on: (i) any adjustment to the ASC ToR, including the scope of work; (ii) a draft workplan that incorporate outstanding matters from the independent review of ATF; (iii) final version of KPIs; and linking these items together as foundation of what ASC is trying to do. NJ further suggested to sign these off in the next ASC meeting.</p> <p>PH seek clarification on the process because the KPIs is based very much on finding solutions for the issues and whether we have enough working and on the root cause analysis as recommended in AH's report and linking the root cause analysis, defining the solutions and link them to the KPIs.</p> <p>HB asked about the timeline to finalise ToR and KPIs and find a reasonable timeline as these have been going on for long time.</p> <p>NJ suggested that further comments from ASC members on ToR and KPIs will be accepted until end of June. Then we'll aim to incorporate the feedback and get it back to the members in 3rd week of July and sign them off in the next ASC meeting.</p> <p>MZ suggested to have a general timeline to show what's expected from the members and by when so input can be provided more efficiently. EC</p>	<p>(supported by the facilitator) will incorporate all comments and get it back out to all ASC members by 17 July.</p>

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	<p>added that it can be included in the draft workplan (timeline, who's in charge, etc).</p> <p>Based on this, NJ summarised that comments for KPIs are still open until end of June. Facilitator will work together with the Secretariat to identify all comments received. The next version of KPIs will be sent back out to members by 17 July and aim to sign it off in the next ASC meeting (1st September).</p>	
4.0	Assurance Systems and Procedures (Updates)	
4.1	<p>Certification Systems Document Revision</p> <p>AA shared that 400 comments received for the Certification Systems Document, including late comments from the SH groups. Review of comments has been completed. Some details on the Group Certification also needs to be revisited together with the revision of the document structure to the new format.</p> <p>AA continued to share the main changes to draft 1: Title of document will change to “RSPO Certification Systems for Principles & Criteria and Independent Smallholder Standard”. Another change is the Rotation of CB has been removed as it is not practical at the moment due to inadequate CB availability in some regions. To balance this, another conflict of interest requirement has been tightened, such that the CB shall not use the same lead auditor as audit team leader for more than two (2) consecutive audits (counting all types of audits, i.e. certification audits and surveillance audits) of a management unit, including if the lead auditor changes CB. The same lead auditor shall also not participate or be involved in any associated audit activities (either as auditor or technical reviewer or decision maker) of the same management unit for at least 2 years.</p> <p>Transfer of CBs is allowed only once within a certificate cycle (i.e. once within 5 years). If there is a need for a second transfer, a written permission from the RSPO Secretariat must be obtained through a request made by the company or the CB.</p> <p>Sampling of audit maintained as before. Some changes on sampling formula: Low risk = multiplier of 1.0 – consistent with the ISH and group certification</p> <p>AA continued with the timeline as follows: Target completion (by end of June 2020); target for proofreading (by July 2020); target for SSC approval (by July 2020); and target for BoG endorsement (by August 2020).</p> <p>NJ inquired whether this document required ASC approval. AA responded that there's no objection if ASC would like to give comments before it goes to SSC.</p>	<p>The Secretariat to share the Certification Systems Document to ASC members.</p> <p>The Secretariat will check with ASI on transparency of the CBs performance.</p>



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	<p>MC asked for clarification whether the unit verification is still mill and its supply base. Following AA's positive confirmation. MC further inquired on sampling formula, whether the sampling is now the estate and its supply base. AA responded that sampling is basically on the estates of the mill. So, the mill will be audited but the sampling is the number of estates. For example, if there are 10 estates, you don't need to sample all but using the formula for minimum number of samples.</p> <p>LM requested if the doc can be circulated for comments. He also raised a question on the transparency of the CB performance evaluations prepared by ASI and whether they are to be published. LM further asked whether the Secretariat has evaluated the implications (financial and duration) on the changes with sampling formula, particularly for smallholders.</p> <p>AA responded that the sampling changes won't give significant implications. And on the CB performance details, AA said that the Secretariat will check with ASI how to do this.</p> <p>OT raised issue about lead auditors who are only allowed to do max 2 audits of a management unit and whether this has been discussed thoroughly with the CBs and ASI and how this will impact smaller CBs with limited resources. AA responded that it has been discussed with the CB and they agreed to support this option than the CB rotation.</p>	
4.2	<p>New Planting Procedure Revision</p> <p>WM updated that the public consultation had received 327 comments mainly on scenarios of existing developed land, inclusion of HCSA processes into the NPP specifically on ICLUP and simplification of the document</p> <p>Challenges came on aligning all comments together but more importantly they also amounted to a sustained objection towards the current draft. The way forward is by calling for formation of a sub-group to look at the draft document post 1st public consultation.</p> <p>Deadline for participation was 12th June but is now extended and WM asked ASC members for any nominations to participate.</p> <p>The sub-group sits under SSC.</p>	
4.3	<p>Fire Monitoring Procedures</p> <p>The members agreed to omit this section due to time limitation. Any comments should be addressed by email.</p>	
5.0	<p>ASC matters</p>	
5.1	<p>Update: Assurance Forum</p> <p>WM briefly shared the agenda for the Assurance Forum. The presentation will be sent out prior to the meeting.</p>	

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5.2	<p>Update: Human Rights Defenders (HRD) Review CH updated that the final report to be submitted on 1st week of July 2020. CH invited comments on the following issue: "RSPO members should commit to adopting common organisational policies on HRDs. It is recommended that RSPO members produce a stand-alone policy to protect HRDs" The question: How to make sure that members (non-growers) start to develop a stand-alone policy to protect HRDs.</p> <p>OT questioned the suggestion to develop a stand alone policy for HRDs. CH reminded that the decision was made in 2018 by the HRWG. LM shared the same view as OT, and suggested this decision should be communicated to members. If needed, further discussion can be continued following this meeting.</p> <p>BT added that the HRD decision on policies was developed by the HRWG subgroup and presented to the Board and subsequently endorsed. It has stayed in its original form since then. Perhaps we can refer to the subgroup meeting notes to clarify this issue.</p>	<p>The Secretariat will update the ASC members on the HRD final report.</p>
5.3	<p>Select Committee for Indonesia This section was omitted due to time limitation.</p>	
5.4	<p>Proposal Paper: Assuring the competence and independence of assessors and auditors PW introduced the proposal for a consultancy review on this topic, to include an emphasis on decoupling options. PW updated on the background to the de-coupling issue since 2017, including the view that the previous consultant's report on this topic was not satisfactory. PW asserted that a lot of complaints relating to land disputes and labour disputes derive from the certification process and poor performance of assessors and auditors. PW also reminded the ASC members about Profundo report highlighting non-compliances on labour, especially in Indonesia. PW highlighted that RSPO should be the platform of innovation to explore all options and resolutions and also to look to best practice from other sectors.</p> <p>MC continued on the proposal paper and shared more on the the challenges and problems to be addressed, noting that the underlying problem is the concern that auditors develop too 'cosy' a relationship with their 'clients' and overlook violations. Evidence from other sectors was cited to show that the audit process may become thoroughly corrupted and that can lead to dangerous and costly failures. MC also summarised possible solutions that will be reviewed by the proposed study. The ASC was asked to agree to this study, adopt TOR, and authorise the Secretariat to advertise for tenders.</p>	<p>MC & PW will take the proposal for the study to the next Board meeting for support.</p>



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	<p>LM would like to get confirmation from the board that ASC is supported in looking again at these issues specifically. He recommended prioritising focus on root causes and in the short term the implications of COVID-19 restrictions on site assessments.</p> <p>OT added that the scope of the proposed study is broad and could be more focused and secondly, we need assurance and support from the BoG, including the parameters that can be used.</p> <p>PW reminded there will be a board meeting in less than 2 weeks time and that he will ask BoG to endorse the proposed study. BT confirmed that this could be added to AoB.</p> <p>EC and MC also added there are relevant results from the ATF review related to the proposed study that can be mentioned at the BoG meeting.</p>	
<p>6.0</p>	<p>Any Other Business</p> <p>All issues under point 6 were omitted because of time limitation.</p>	
<p>6.1</p>	<p>Shared Responsibility Working Group Representation</p>	
<p>6.2</p>	<p>Update on progress with RaCP implementation review</p>	
<p>6.3</p>	<p>Update on consultant’s review of Social Remedy under of RaCP</p>	
<p>7.0</p>	<p>End of meeting</p> <p>NJ thanked all the ASC members who attended the meeting.</p> <p>The meeting adjourned at 5.07 pm.</p>	