

Assurance Standing Committee

2nd Physical Meeting

Minutes of Meeting

Venue: Function Room 9 & 10, Renaissance Kuala Lumpur

Date and time: 3 March 2020 at 9.00 am - 1.10 pm

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)
László Máthé (LM) <i>(Online)</i>	New Britain Palm Oil Limited (NBPOL)	Growers RoW
N/A	N/A	Smallholders Group
NGOs		
Elizabeth Clarke (EC) (Co-Chair)	WWF Singapore	E-NGO
Paula den Hartog (PDH) <i>(Absent with apology)</i>	Rainforest Alliance	E-NGO
Paul Wolvekamp (PW)	Both ENDS	S-NGO
Marcus Colchester (MC)	Forest Peoples Programme	S-NGO
Supply Chain Sector / Downstream / Others		
Emily Kunen (EK)	Nestlé	CGM

Hugo Byrnes (HB) <i>(Online)</i>	Royal Ahold Delhaize N.V	Retailers
Dr Gan Lian Tiong (GLT) <i>(Absent with apology)</i>	Musim Mas Holdings	P&T
Michal Zrust (MZ)	Lestari Capital	Financial Institution

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

Item	Description	Action Points
1.0	Introduction EC opened the meeting by welcoming the members to the 2nd ASC meeting. MZ of Lestari Capital introduced himself.	
1.1	RSPO Antitrust Law The members are reminded of the RSPO Antitrust Law.	
1.2	RSPO consensus-based decision making BT 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)	

	<p>BT highlighted the Col policy that all ASC members are bound to, and asked them to declare conflict of interest on any matters on the agenda and/or matters arising at the beginning or during the course of the meeting. No Col was declared at this meeting.</p>	
1.4	<p>Confirmation of the ASC composition:</p> <p>BT mentioned that the Financial Institution sector in the ASC is now represented by Michal Zrust of Lestari Capital.</p> <p>However, the Smallholder seat in the ASC is still vacant. The Co-Chairs are to bring this up in the upcoming BoG meeting (on the 5th of March 2020) for the Smallholder representative in BoG to nominate a member from its constituent.</p>	<p>AP and EC to bring the issue of vacant Smallholder seat in the ASC in the BoG meeting.</p>
1.5	<p>Acceptance of Previous Meeting Minutes</p> <p>BT presented the Minutes of the previous meeting held in November 2019 in Bangkok. The members accepted the minutes without comments.</p>	<p>Secretariat to upload accepted minutes on the ASC webpage.</p>
2.0	<p>Action Tracker</p> <p>BT ran through the list of 16 action points from the previous meeting and mentioned that all (except point number 15) would be discussed in the meeting.</p> <p>For point number 15, the Secretariat was asked to revise the current format of the RT prep clusters. BT mentioned that there has yet to be any discussion with the Outreach & Engagement Department within the Secretariat on this, so the point will remain as an action item for the Secretariat.</p>	<p>Secretariat to follow up on the RT Prep Clusters format.</p>
3.0	ASC Management	
3.1	<p>ASC Governance Structure</p> <p>BT presented the revised ASC structure which had taken into consideration comments received from the ASC members. MC raised a concern on too many TF/WG which later will have difficulty in getting the candidate to fill in the seats.</p>	



	<p>The work streams highlighted in the ASC structure are suggested to be taken up by the ASC itself and not its associated WGs to ensure that there are no delays in getting the work done.</p> <p>BT proposed an option to have a more fluid structure with the ASC having subgroups instead of WG to work on certain tasks and discuss with subject matter experts.</p> <p>Focusing on the work streams listed in the structure, the ASC was asked if they cover the mandate and objectives of the ASC entirely. It was mentioned that the ASC work streams must be clear to avoid an overlap with the other Standing Committees (SCs) and current WGs. The ASC would also require help from various experts for all the listed work streams.</p> <p>BT echoed the opinion by MC to minimise the number of WGs, and agreed that the RSPO governance structure allows reporting fluidity - whereby WGs can report to more than 1 SC, which will be discussed at the SC Alignment meeting on Friday (6/3/2020).</p> <p>PW suggested the need to form a dedicated group to work on labour issues. BT suggested bringing the labour issues in the SC Alignment meeting, to see which areas that the ASC overlapping with the Standard Standing Committee (SSC).</p>	
<p>3.2</p>	<p>ASC Terms of Reference</p> <p>The meeting was informed that the ToR was revised based on the comments received from the ASC members.</p> <p>BT highlighted that there will be a review of the ToR with the other SCs during the SC Alignment meeting on Friday 6 March 2020.</p> <p>Budget The RSPO Secretariat will allocate budget for ASC. The ASC agreed that any budgetary requirements arising from its WGs/TF will be first reviewed and approved by the ASC.</p> <p>BT informed the meeting that the Secretariat is approaching the budget setting period for the new Financial Year 2021 (FY2021), which will commence in April 2020.</p>	<p>Secretariat to park the budget for ASC Independent Lead and other agreed work plans in the FY21</p>



	<p>In this regard, the Secretariat will provide sufficient budget allocation for the SCs based on the agreed work plans and activities for the financial year.</p> <p>EC asked the Secretariat to come up with a process flowchart for future WGs/TFs on what should be included in the budgets.</p> <p><u>Re-nomination of ASC Members</u> The ASC agreed that there should be no term limits on renomination.</p> <p><u>Alternate Members</u> It was mentioned that alternate members should not be limited to the same organisation or sector. The ASC agreed that as long as there is agreement from the substantive member, it should be allowed for another member from the same membership sector to be his/her alternate.</p> <p>The ASC expressed concerns on possible disruptions to the continuity of discussions that could arise from frequent changes in alternate members. To this effect, PW proposed a system of dedicated alternates, similar to the one practised in the BoG.</p> <p>BT said having a set of dedicated alternate members will lead to the ASC having a large composition. BT suggested to keep the nomination of alternate members fluid. The meeting agreed that the ASC members make an internal decision (within their own constituent) on the alternate for meetings that they are not able to attend.</p> <p><u>Embargo on ex-ASC Members for ASC Projects</u> It was mentioned that there should not be any embargo on any members but those who took part in the decision making process for a particular project should not be allowed to tender or participate in it, even after they have left the ASC.</p> <p>It was concluded that the idea of embargo to be scrapped and clause of Conflict of Interest to be strengthened in the ToR.</p> <p><u>Contingency Plan when both Co-Chairs are Absent</u> The ASC members agreed with the suggestion that the Co-Chairs can nominate another ASC member to chair the</p>	<p>Budget.</p> <p>Secretariat to come up with a budget setting flowchart for WGs/TFs.</p> <p>Secretariat to remove the clause on embargo in the ToR and reword the Conflict of Interest clause.</p> <p>Secretariat to update the ToR on the</p>
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	<p>ASC meeting, when both Co-Chairs are not present.</p> <p>Code of Conduct The ASC members agreed that there should only be one Code of Conduct (CoC) for everyone instead of a separate CoC for the ASC. ASC should only refer to the RSPO CoC.</p> <p>BT said that this will be brought up during the SC Alignment meeting. It was mentioned that if the motion of a general CoC is rejected, then the current ASC CoC will need to have an AntiTrust clause added to it.</p>	<p>Contingency Plan.</p> <p>BT to bring up the proposal of having everyone abide to the common RSPO CoC at the SC Alignment meeting.</p>
<p>4.0</p>	<p>Assurance Systems and Procedures</p>	
<p>4.1</p>	<p>Labour Auditing Guidance</p> <p>AA briefed the meeting on the objective of the Labour Auditing Guidance which was developed under the ATF. The document provided guidance to the CB when conducting the audits. PW highlighted the concern on the document and suggested that a new Labour Task Force (LTF) be established to review this document.</p> <p>LKY suggested to pilot test the document.</p> <p>NBPOL has offered to pilot test the proposed methodology before the ASC adopts it.</p> <p>The ASC agreed to the formation of a TF to look into labour issues, including the labour guidance. However, it was proposed that it is not named LTF to avoid confusion in the future.</p> <p>PW proposed RSPO explores engaging the WageIndicator and that Secretariat contacts the WI (a worldwide network offering a.o. Living Wage calculations, Cost of Living and legal frameworks per country, serving a.o. the garment and flower industry) to discuss usefulness of the tool for RSPO in context of addressing labour issues. .</p> <p>EK mentioned that some RSPO members would have labour experts within their organisations and it would be worthy for ASC to explore leveraging on this resource.</p>	<p>ASC members to review the Labour Auditing Guidance and engage with their contacts to provide feedback.</p> <p>A TF is to be formed to succeed LTF to address labour issue.</p> <p>Secretariat to look at engaging with WageIndicator to start discussion on labour issues.</p> <p>The Labour Auditing Guidance should be reviewed by labour experts and piloted, before it can be</p>

	<p>The ASC members agreed to conduct a pilot as well as getting more input for the guidance, both of which to be done simultaneously.</p>	<p>endorsed by the ASC.</p>
<p>4.2</p>	<p>Profundo Labour Study Findings</p> <p>If there are no objections to the formation of a WG/TF, LM said that he is interested to be part of it.</p> <p>WM mentioned that if the ASC agrees, the Secretariat could make the Profundo study publicly available so that other members can learn from it.</p> <p>PW suggested that the Secretariat list the remedial actions that RSPO is taking in response to the report.</p> <p>The creation of a subgroup is recommended to look at the points from the study, see if they have been addressed and also to bring in the experts to review the unresolved issues.</p> <p>PW and EK offered to work with the Secretariat to look into the issues. LM was also nominated to be part of the subgroup as he has already indicated his interest. The labour subgroup will consist of EK, LM and PW, and it was suggested to invite Madeleine Brassier, OxfamNovib, HR co-chair and involved in the former LTF.</p>	<p>EK, LM and PW to lead the establishment of the labour subgroup.</p>
<p>4.3</p>	<p>Liza Murphy Assurance Model Report</p> <p>Considering that there were no criticisms of the conclusions in the report and that Resolution 6c on delinking auditors from the operations they audit was rejected at GA15, it was argued that there is no justification to throw more resources at the topic.</p> <p>MC highlighted the issues surrounding the current RSPO Assurance System and proposed solutions to strengthen it. The ASC agreed to the suggestion that the ASC will find experts that can explore the de-coupling and other relevant options of mitigating conflict of interest better through more rigorous study that also proposes the mechanism of implementation</p>	<p>PW and MC to reword the proposed solution in their proposal.</p>
<p>4.4</p>	<p>Comparison of CAO and the RSPO Complaints Panel (CP)</p>	



	<p>MC explained how the CAO system works including the firewall on the complaints desk. At the moment, it is unclear how the CP members were recruited and who they report to.</p>	<p>The issue will be discussed during the meeting with CP.</p>
4.5	<p>List of Accreditation Bodies</p> <p>AA briefed the ASC member on the other options of Accreditation Bodies (ABs) apart from ASI which are essentially national ABs. The problem with engaging with national ABs is that there will be different interpretations of the RSPO standards, based on national interests.</p>	
4.6	<p>CB Performance Analysis</p> <p>AA informed the ASC members of the new proposed KPIs (set by both ASI and the Secretariat) for CB performance. The details of the performance scoring will be established by ASI.</p>	
5.0	<p>ASC KPIs</p> <p>BT highlighted the KPIs were established based on the gaps identified in the assurance system as well as the reports by the stakeholders.</p> <p>WM mentioned that LM commented to include the cost effective measures. The KPIs should tally with the work streams highlighted in the ASC structure and focus on strengthening the assurance system to build on RSPO's credibility amongst members and non-members alike.</p> <p>EK commented that the proposed KPIs are still action points and proposed the Secretariat to set quantitative, progress KPIs.</p> <p>The second identified gap ("CB Quality Improvements") is to be reworded as "Audit Quality Improvements".</p> <p>The ASC was informed that when the KPIs are revised, ASC members can go to their respective caucuses and get feedback before the KPIs are finalised.</p> <p>EC mentioned that the KPIs would also need to be aligned with the RSPO Theory of Change (ToC).</p>	<p>Secretariat to revise the KPIs to include quantitative targets and make changes to some of the wording.</p>
6.0	<p>CP-ASC Meeting</p>	

<p>6.1</p>	<p>Meeting Agenda</p> <p>The ASC members went through the proposed agenda for the meeting.</p> <p>It was suggested that the agenda include how the IMU can pick up potential complaint cases and alert the CP so it can be better prepared.</p> <p>It was also mentioned that it is not healthy for the RSPO only to rely on NGOs to trigger complaints as NGOs are not everywhere and that there should be a shared responsibility when it comes to the lodging of complaints.</p> <p>It was suggested that a proposal be made to the CP to come up with a filtering system to prevent misuse of the CP by elements of labour and surrounding community.</p> <p>There is also the suggestion to bring in non-member experts into the CP and to start a discussion on how a working grievance mechanism is defined.</p> <p>The issue of building a pool of experts to conduct investigations in a speedy and robust manner was also suggested to be included in the discussion. The BoG should also consider allocating more resources to build a unit within the Secretariat to create and assist this pool of experts. It seems best to make this into a project, for which a dedicated consultant is hired to help build such pool, assisted by RSPO members and other parties.</p>	<p>ASC members to bring up issues regarding IMU, shared responsibility, recruitment of experts into the CP and the building a pool of experts in the ASC-CP meeting.</p>
<p>7.0</p>	<p>Any Other Business</p>	
<p>7.1</p>	<p>Update on ASC-related Tenders</p> <p>WM highlighted that there were several proposals received for the independent review of ATF and the ASC Independent Lead. The meeting agreed that both work should be carried out by two different people.</p> <p>The Secretariat proposed Adam Harisson for the role as the ATF Independent Reviewer. The ASC members agreed.</p> <p>The Secretariat was asked to request Proforest to provide a</p>	<p>Secretariat to proceed with Adam Harisson's proposal to undertake review of ATF.</p> <p>Secretariat to request</p>

	breakdown of costing for the ASC Independent Lead and ATF Independent Review.	a breakdown of the proposal from the Proforest.
7.2	<p>Assurance Forum</p> <p>BT mentioned that the Assurance Forum was initially planned to be conducted alongside the Sustainable Palm Oil Dialogue (SPOD) in Frankfurt, on the 22nd of June. However, as the SPOD is now rescheduled to September, the Secretariat suggested that the Forum be held in Kuala Lumpur on Friday 26th June 2020 after the ASC meeting. The forum is to be held in the afternoon so people that are based in Europe can dial in.</p> <p>It was mentioned that the Forum cannot be pushed earlier in the week as most of the stakeholders will be attending the POC.</p> <p>BT said the other option is to have the Forum in Europe in September but raised the concern that it will be too late.</p> <p>The Secretariat was asked to send an email to stakeholders to explain the issues which mandated changes to the date and location of the Forum.</p> <p>It was mentioned that there should be no issue if the Forum will not be a face-to-face event as the Secretariat would be well-prepared to provide teleconferencing facilities for the Forum. It was also pointed out that the organisation of the Forum should be carried out by the ASC Independent Lead.</p>	<p>Secretariat to send out email to the identified stakeholders informing of the change of dates and location of the first Assurance Forum.</p> <p>The Assurance Forum will take place in the afternoon of Friday (26/3/2020) in Kuala Lumpur.</p>
7.3	<p>EIA Letter to ASC Members</p> <p>WM went through the requests made by the EIA and the actions that have been taken to address these requests.</p>	
7.4	<p>Comments on the Revised Certification System for P&C</p> <p>AA updated the ASC members on the review and public consultation of the revised Certification System for P&C as well as some of the comments received. AA said there will be more comments coming in as some are being translated to English.</p> <p>AP mentioned that the IGC has submitted a letter regarding the</p>	



	revised system. AA said the Secretariat will review it.	
7.5	<p>Other Matters</p> <p>BT highlighted that the Secretariat is currently working on three areas to strengthen the RSPO’s credibility, namely: Fire Monitoring and Management, Internal Grievance Mechanism for grower members and Risks around the ASC and social issues. It will be tabled during the next ASC Meeting.</p> <p>It was highlighted that in certain high risk regions and countries (like Costa Rica, Guatemala and Ghana), communities are being intimidated from speaking out against non-compliances in RSPO-certified units. The fact that we cannot risk having casualties in RSPO-certified units was also stressed.</p> <p>The ASC was asked to consider setting up an entity with immediate effect to look into the matter and scout experts to be RSPO’s eyes and ears on the ground. These experts would have to be firewalled from the Secretariat and that they would have to be proactive in providing monthly updates of non-compliances. The NGO Caucus is ready to provide advice but there will need to be more resources for this.</p> <p>The idea of setting up a team in high risk areas to do investigative works and feedback to the ASC was proposed.</p>	<p>Secretariat to look into building a pool of NGOs/experts to report on non-compliances of certified units, in high risk areas.</p>
8.0	<p>Closing meeting</p> <p>EC thanked all the ASC members who attended the meeting including those in the web call.</p> <p>The meeting adjourned at 1.10 pm.</p>	