



AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024



Roundtable On Sustainable Palm Oil

Audited Financial Statements

For the financial year ended 30 June 2024

**Audited Financial Statements
For the financial year ended 30 June 2024**

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The Roundtable on Sustainable Palm Oil

Statement from Chief Executive Officer

I, Joseph D'Cruz, representing The Roundtable on Sustainable Palm Oil ("RSPO"), do hereby state that the financial statements set out on pages 6 to 57 are drawn up so as to give a true and fair view of the financial position of the RSPO Group and RSPO as at 30 June 2024 and of the financial performance and cash flows of the RSPO Group and RSPO for the financial year ended 30 June 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Signed on behalf of The Roundtable on Sustainable Palm Oil on 11 October 2024.



JOSEPH D'CRUZ
CHIEF EXECUTIVE OFFICER

Kuala Lumpur, Malaysia

Independent auditors' report to the members of The Roundtable on Sustainable Palm Oil

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of The Roundtable on Sustainable Palm Oil ("RSPO") and its subsidiaries ("RSPO Group"), which comprise the statements of income and expenditure, statements of assets, liabilities and fund balances as at 30 June 2024 and statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 57.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the RSPO Group and of RSPO as at 30 June 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the RSPO Group and of RSPO in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Board of Governors for the financial statements

The Board of Governors of RSPO is responsible for the preparation of the financial statements of RSPO Group and of RSPO that give true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Board of Governors is also responsible for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements of RSPO Group and of RSPO that are free from material statement, whether due to fraud or error.

**Independent auditors' report to the members of
The Roundtable on Sustainable Palm Oil**

Report on the audit of the financial statements (contd.)

Responsibilities of the Board of Governors for the financial statements (contd.)

In preparing the financial statements of RSPO Group and of RSPO, the Board of Governors are responsible for assessing RSPO Group's and RSPO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate RSPO Group or RSPO or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of RSPO Group and of RSPO as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of RSPO Group and of RSPO, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RSPO Group's and RSPO's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governors;

**Independent auditors' report to the members of
The Roundtable on Sustainable Palm Oil**

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (contd.)

- Conclude on the appropriateness of the Board of Governors' use of the going concern basis accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on RSPO Group's and RSPO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of RSPO Group and of RSPO or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause RSPO Group or RSPO to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements of RSPO Group and of RSPO, including the disclosures, and whether the financial statements of RSPO Group and of RSPO represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the RSPO Group to express an opinion on the financial statements of RSPO Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Independent auditors' report to the members of
The Roundtable on Sustainable Palm Oil**

Other matters

This report is made solely to the members of RSPO, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'Ernst & Young', is located below the text. The signature is stylized and includes a date '10/10/24' at the end.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
11 October 2024

The Roundtable on Sustainable Palm Oil

Statements of income and expenditure For the financial year ended 30 June 2024

	Note	RSPO Group		RSPO	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income					
Subscription income	1	22,299	19,687	22,299	19,687
Contributions from sustainable palm oil trade	2	52,259	51,884	52,259	51,884
Roundtable meetings surplus	5	193	-	193	-
Interest income from fixed deposits		1,712	1,624	1,695	1,624
Interest income from quoted debt instruments		679	-	679	-
Unrealised gain in investment		638	-	638	-
Realised gain in investment		497	-	497	-
Other income		94	-	94	-
		<u>78,371</u>	<u>73,195</u>	<u>78,354</u>	<u>73,195</u>
Less: expenditure					
Staff costs	3	34,282	27,316	-	-
Management fees		-	-	53,500	45,000
Recruitment expenses		1,005	1,427	-	-
Professional fees		1,822	1,814	1,122	1,110
Short term leases		1,048	1,126	-	-
Consultancy fees		10,123	8,431	2,065	310
Trademark and patent		28	289	28	289
Board of Governors meeting expenses		267	322	267	322
General assembly		204	191	204	191
Roundtable meeting deficit	5	-	127	-	127
Dispute Settlement Facility					
Trustee fee		-	10	-	10
Bad debts written off		285	141	285	141
Net allowance for impairment on receivables	14	44	160	44	160
Net foreign exchange loss/(gain)	6	634	9	63	(368)
Auditors' remuneration		201	143	116	65
Depreciation of property, plant and equipment	9	661	409	-	-
Depreciation of right-of-use assets	10	1,135	766	-	-
Finance costs	18	100	23	-	-
Other expenditure		4,811	3,658	1,321	849
		<u>56,650</u>	<u>46,362</u>	<u>59,015</u>	<u>48,206</u>
Project costs	7	20,620	23,046	20,620	23,046
		<u>77,270</u>	<u>69,408</u>	<u>79,635</u>	<u>71,252</u>

The Roundtable on Sustainable Palm Oil

Statements of income and expenditure

For the financial year ended 30 June 2024 (contd.)

		RSPO Group		RSPO	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Surplus/(Deficit) of income over expenditure before taxation		1,101	3,787	(1,281)	1,943
Taxation	8	<u>(1,522)</u>	<u>(1,744)</u>	<u>(516)</u>	<u>(462)</u>
(Deficit)/Surplus of income over expenditure for the financial year		<u>(421)</u>	<u>2,043</u>	<u>(1,797)</u>	<u>1,481</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of comprehensive income For the financial year ended 30 June 2024

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(Deficit)/Surplus of income over expenditure for the financial year	(421)	2,043	(1,797)	1,481
Item that may be subsequently reclassified to profit or loss:				
Currency translation differences	1,039	1,938	1,039	1,938
Total comprehensive income/(loss) for the financial year	<u>618</u>	<u>3,981</u>	<u>(758)</u>	<u>3,419</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of assets, liabilities and fund balances As at 30 June 2024

	Note	RSPO Group		RSPO	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Non-current assets					
Property, plant and equipment	9	1,782	967	-	-
Right-of-use assets	10	3,791	578	-	-
Intangible asset	11	5,039	-	5,039	-
Deferred tax assets	12	999	630	259	252
Investment in subsidiaries	13	-	-	500	500
		<u>11,611</u>	<u>2,175</u>	<u>5,798</u>	<u>752</u>
Current assets					
Other financial assets	25(b)	47,736	-	47,736	-
Membership subscription fee receivable	14	1,683	1,744	1,683	1,744
Other receivables, deposits and prepayments	15	9,049	7,936	22,669	11,365
Fixed deposits with a licensed bank	17	22,739	64,855	22,739	64,855
Cash and bank balances	16	8,647	24,603	7,087	21,408
		<u>89,854</u>	<u>99,138</u>	<u>101,914</u>	<u>99,372</u>
Total assets		<u>101,465</u>	<u>101,313</u>	<u>107,712</u>	<u>100,124</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of assets, liabilities and fund balances As at 30 June 2024 (contd.)

		RSPO Group		RSPO	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Non-current liability					
Lease liabilities	18	2,167	-	-	-
Other payables and accruals	20	304	-	-	-
		<u>2,471</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities					
Lease liabilities	18	1,386	584	-	-
Contract liabilities	19	11,211	10,907	11,211	10,907
Other payables and accruals	20	8,990	8,604	23,913	11,499
Tax provision		559	757	170	311
		<u>22,146</u>	<u>20,852</u>	<u>35,294</u>	<u>22,717</u>
Net assets		<u>76,848</u>	<u>80,461</u>	<u>72,418</u>	<u>77,407</u>
Equity					
Members' fund		53,919	57,640	49,489	54,586
Smallholders' fund	21	10,744	9,079	10,744	9,079
Special projects fund	22	3,617	6,213	3,617	6,213
Currency translation reserves		8,568	7,529	8,568	7,529
Total equity		<u>76,848</u>	<u>80,461</u>	<u>72,418</u>	<u>77,407</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of changes in equity

For the financial year ended 30 June 2024

	Members' fund RM'000	Smallholders' fund (Note 21) RM'000	Special projects fund (Note 22) RM'000	Accumulated fund RM'000	Currency translation reserves RM'000	Total equity RM'000
RSPO Group						
2024						
At 1 July 2023	57,640	9,079	6,213	72,932	7,529	80,461
Deficit of income over expenditure for the financial year	(421)	-	-	(421)	-	(421)
Other comprehensive loss - Currency translation differences	-	-	-	-	1,039	1,039
Total comprehensive income	(421)	-	-	(421)	1,039	618
Project disbursements for the financial year	-	(1,635)	(2,596)	(4,231)	-	(4,231)
Transfer to Smallholders' fund	(3,300)	3,300	-	-	-	-
At 30 June 2024	53,919	10,744	3,617	68,280	8,568	76,848

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of changes in equity

For the financial year ended 30 June 2024 (contd.)

	Members' fund RM'000	Smallholders' fund (Note 21) RM'000	Special projects fund (Note 22) RM'000	Accumulated fund RM'000	Currency translation reserves RM'000	Total equity RM'000
RSPO Group						
2023						
At 1 July 2022	55,597	10,126	8,621	74,344	5,591	79,935
Surplus of income over expenditure for the financial year	2,043	-	-	2,043	-	2,043
Other comprehensive income:						
- Currency translation differences	-	-	-	-	1,938	1,938
Total comprehensive income	2,043	-	-	2,043	1,938	3,981
Funds returned from Dispute Settlement						
Funds ("DSF") trust fund closure	-	-	550	550	-	550
Transfer to Special projects' fund	-	(1,047)	(2,958)	(4,005)	-	(4,005)
At 30 June 2023	57,640	9,079	6,213	72,932	7,529	80,461

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of changes in equity

For the financial year ended 30 June 2023 (contd.)

	Members' fund RM'000	Smallholders' fund (Note 21) RM'000	Special projects fund (Note 22) RM'000	Accumulated fund RM'000	Currency translation reserves RM'000	Total equity RM'000
RSPO						
2024						
At 1 July 2023	54,586	9,079	6,213	69,878	7,529	77,407
Deficit of income over expenditure for the financial year	(1,797)	-	-	(1,797)	-	(1,797)
Other comprehensive loss - Currency translation differences	-	-	-	-	1,039	1,039
Total comprehensive income	(1,797)	-	-	(1,797)	1,039	(758)
Project disbursements for the financial year	-	(1,635)	(2,596)	(4,231)	-	(4,231)
Transfer to Smallholders' fund	(3,300)	3,300	-	-	-	-
At 30 June 2024	49,489	10,744	3,617	63,850	8,568	72,418

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of changes in equity

For the financial year ended 30 June 2023 (contd.)

	Members' fund RM'000	Smallholders' fund (Note 21) RM'000	Special projects fund (Note 22) RM'000	Accumulated fund RM'000	Currency translation reserves RM'000	Total equity RM'000
RSPO						
2023						
At 1 July 2022	53,105	10,126	8,621	71,852	5,591	77,443
Surplus of income over expenditure for the financial year	1,481	-	-	1,481	-	1,481
Other comprehensive income - Currency translation differences	-	-	-	-	1,938	1,938
Total comprehensive income	1,481	-	-	1,481	1,938	3,419
Funds returned from Dispute Settlement Funds ("DSF") trust fund closure	-	-	550	550	-	550
Project disbursements for the financial year	-	(1,047)	(2,958)	(4,005)	-	(4,005)
At 30 June 2023	54,586	9,079	6,213	69,878	7,529	77,407

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

Statements of cash flows

For the financial year ended 30 June 2024

	RSPO Group		RSPO	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Surplus/(Deficit) of income over expenditure for the financial year before taxation				
	1,101	3,787	(1,281)	1,943
Adjustments for:				
Depreciation of property, plant and equipment	9	661	409	-
Depreciation of right-of-use assets	10	1,135	766	-
Gain on disposal of property, plant and equipment		-	(1)	-
Written off of property, plant and equipment		-	24	-
Finance costs	18	100	23	-
Unrealised foreign exchange loss		80	292	6
Net allowance for impairment on receivables		44	160	44
Bad debts written off		285	141	285
Interest income		(2,391)	(1,624)	(2,374)
Unrealised gain in investment		(638)	-	(638)
Operating surplus before working capital changes and fund disbursements		377	3,977	(3,958)
Smallholder fund disbursements		(1,635)	(1,047)	(1,635)
Special projects fund disbursements		(2,596)	(2,958)	(2,596)
Funds returned from DSF Trust Fund closure		-	550	-
Changes in working capital:				
Membership subscription fee receivable		(120)	(785)	(120)
Other receivables, deposits and prepayments		(1,035)	2,171	(10,589)
Deferred subscription income		1,172	782	1,172
Prepaid membership fees		(144)	(9)	(144)
Other payables and accruals		603	2,960	11,543
Cash (used in)/generated from operations		(3,378)	5,641	(6,327)
				4,411

The Roundtable on Sustainable Palm Oil

Statements of cash flows

For the financial year ended 30 June 2024 (contd.)

	RSPO Group		RSPO	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (contd.)				
Cash (used in)/generated from operations (contd.)	(3,378)	5,641	(6,327)	4,411
Interest received	1,838	1,624	1,821	1,624
Income tax paid	(2,089)	(1,554)	(664)	(241)
Net cash flow (used in)/generated from operating activities	(3,629)	5,711	(5,170)	5,794
Cash flows from investing activities				
Purchase of property, plant and equipment	9 (1,476)	(783)	-	-
Development cost of an integrated digital platform	11 (5,039)	-	(5,039)	-
Proceeds from disposal of property, plant and equipment	-	71	-	-
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months	24,333	(19,307)	24,333	(19,307)
Purchase of financial assets	(86,097)	-	(86,097)	-
Proceeds from sale of financial assets	40,351	-	40,351	-
Net cash flow used in investing activities	(27,928)	(20,019)	(26,452)	(19,307)
Cash flows from financing activities				
Repayment of principal portion of lease liabilities	(1,025)	(792)	-	-
Payment of finance costs	(100)	(23)	-	-
Net cash flow used in financing activities	(1,125)	(815)	-	-
Net movement in cash and cash equivalents	(32,682)	(15,123)	(31,622)	(13,513)
Effect of foreign exchange rate changes	(1,057)	2,774	(482)	2,590
Cash and cash equivalents at beginning of the financial year	52,652	65,001	49,457	60,380
Cash and cash equivalents at end of the financial year	18,913	52,652	17,353	49,457

The Roundtable on Sustainable Palm Oil

Statements of cash flows

For the financial year ended 30 June 2023 (contd.)

	RSPO Group		RSPO	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Analysis of cash and cash equivalents:				
Cash and bank balances	8,647	24,603	7,087	21,408
Deposits placed with a licensed bank	22,739	64,855	22,739	64,855
Less: Deposits placed with a licensed bank with tenure more than 3 months	(12,473)	(36,806)	(12,473)	(36,806)
Cash and cash equivalents at the end of financial year	<u>18,913</u>	<u>52,652</u>	<u>17,353</u>	<u>49,457</u>

Notes to the statements of cash flows:

The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are as follows:

	Lease liabilities	
	2024	2023
	RM'000	RM'000
RSPO Group		
At 1 July	584	393
Cash flows	(1,125)	(815)
Non-cash items:		
- Lease addition	3,994	983
- Finance costs	100	23
At 30 June	<u>3,553</u>	<u>584</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information

A. General information

The principal activity of RSPO Group is to organise programmes which involve the promotion of growth and the use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. RSPO is a non-profit organisation. The principal activities of the subsidiary companies are shown in Note 13 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The address of principal place of business of RSPO is Unit 13A-1, Menara Etiqa, No. 3, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Governors of RSPO Group and RSPO on 11 October 2024.

B. Material accounting policy information

(a) Basis of preparation

The financial statements of The Roundtable of Sustainable Palm Oil Group ("RSPO Group") and RSPO have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2023, the RSPO Group and RSPO adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(b) Changes in accounting policies (contd.)

The accounting policies adopted are consistent with those of the previous financial year except as follows: (contd.)

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts Initial Application of MFRS 17 and MFRS 9 —Comparative Information	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
Amendments to MFRS 112: Income Taxes (International Tax Reform—Pillar Two Model Rules)	1 January 2023

The adoption of the above standards and interpretations did not have material effect on the financial statements of the RSPO Group and RSPO, except for:

MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2).

The amendments to MFRS 101 and MFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the RSPO Group's and RSPO's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in RSPO Group's and RSPO's financial statements.

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General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(c) Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the RSPO Group's and RSPO's financial statements are disclosed below. The RSPO Group and RSPO intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2024
Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
Amendments to MFRS 107 and MFRS 7: Disclosure of Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the RSPO and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the RSPO.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the RSPO Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the RSPO Group's accounting policies.

If the RSPO Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognised in consolidated statement of income and expenditure. Any investment retained is recognised at fair value.

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(e) Investment in subsidiaries

In the RSPO's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statements of income and expenditure.

(f) Intangible asset

Intangible asset comprises the cost of development of an integrated digital platform facilitating RSPO certification, trade and traceability, namely, Prisma.

Intangible asset is stated at cost as development is still in progress. Work-in-progress is not amortised as the asset is not available for use.

(g) Property, plant and equipment and depreciation

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Computers and software	33 1/3%
Furniture and fittings	20%
Office equipment	20%
Renovation	50%

(h) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to statement of income and expenditure.

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(i) Income recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the RSPO Group and RSPO expect to be entitled in exchange for transferring promised services to a customer, net of goods and service tax. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Specific criteria for each of the RSPO Group and RSPO activities are described below:

(a) Subscription income

The RSPO Group and RSPO recognise subscription income over the duration of the respective membership period.

Subscription fees are due once membership application is approved. The RSPO Group's and RSPO's obligation to render services to members for which the RSPO Group and RSPO have received consideration in advance from members is presented as contract liabilities.

(b) Contributions from sustainable palm oil trade

The contribution from sustainable palm oil trade is recognised when the right to receive payment is established. Payment of the transaction price is due immediately when the buyer trades the palm oil.

(ii) Revenue from other sources - Interest income

Interest income is recognised on an accrual basis, using effective interest rate method.

Subscription income from members is recognised on an accrual basis.

Other operating income is recognised when the right to receive payment is established.

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(j) Cash and cash equivalents

For purposes of statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits held at call with banks that are readily convertible within original maturities of 3 months or less to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Contract liabilities

A contract liability is the obligation of the RSPO Group and RSPO to transfer goods and services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the RSPO Group and RSPO have a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as income when the RSPO Group and RSPO perform its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative income earned or recognised in statement of income and expenditure. Contract liabilities include advance payment and down payments received from customers and other amounts where the RSPO Group and RSPO have billed before the goods are delivered or services are provided to the customers.

(l) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency of the RSPO Group and RSPO are US Dollar and Ringgit Malaysia respectively.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statements of income and expenditure, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(I) Foreign currencies (contd.)

(iii) Foreign exchange gains and losses

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in statements of income and expenditure within 'finance income or cost'. All other foreign exchange gains and losses are presented in statements of income and expenditure within "net foreign exchange (gain)/loss". Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in statements of income and expenditure, and other changes in carrying amount are recognised in other comprehensive income.

(iv) Group entities

The results and financial position of all the RSPO Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (b) income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of other comprehensive income.

(m) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable surplus of income over expenditure based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in statements of income and expenditure, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(m) Current and deferred income tax (contd.)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Leases

Accounting by lessee

(i) Right-of-use ("ROU") assets

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Office buildings and office space	1-3 years
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The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(n) Leases (contd.)

Accounting by lessee (contd.)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the RSPO Group, the lessee's incremental borrowing is used.

(v) Short term leases and leases of low value assets

Short term leases are leases with a lease term of 12 months or less. Low value assets comprise small IT equipment and office furniture. Payments associated with short term leases of assets and all leases of low value assets are recognised on a straight-line basis as an expense in statements of income and expenditure.

(o) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, RSPO Group or RSPO becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs. However, receivables without a significant financing component is initially measured at the transaction price.

RSPO Group and RSPO determine the classification of their financial assets at initial recognition, and the categories include financial assets at amortised cost, and financial assets at FVTPL.

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(o) Financial assets (contd.)

(i) Financial assets at amortised cost

RSPO Group and RSPO measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

RSPO Group's and RSPO's financial assets at amortised cost include trade and other receivables and cash and bank balances.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

(iii) Subsequent measurement - impairment

The RSPO Group and RSPO assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further details are disclosed in Section D Note (a).

The Roundtable on Sustainable Palm Oil

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(o) Financial assets (contd.)

(iv) Write-off

Trade and other receivables

Impairment losses on trade and other receivables are presented as net allowance for impairment on receivables within statements of income and expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

(p) Financial liabilities

Classification, measurement and de-recognition

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Other financial liabilities of the RSPO Group comprise "Other payables and accruals" in the statements of assets, liabilities and fund balances (Note 20).

Other financial liabilities of RSPO comprise "Lease liabilities" (Note 18) and "Other payables and accruals" in the statements of assets, liabilities and fund balances (Note 20).

(q) Fair value measurement

The RSPO Group and RSPO use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

General information and material accounting policy information (contd.)

B. Material accounting policy information (contd.)

(q) Fair value measurement (contd.)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the RSPO Group and RSPO determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(r) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of assets, liabilities and fund balances when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of RSPO Group.

(ii) Post-employment benefits

Defined contribution plans

A defined contribution plan is a pension plan under which RSPO Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

RSPO Group's contributions to defined contribution plans are charged to the statements of income and expenditure in the period to which they relate. Once the contributions have been paid, RSPO Group has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

General information and material accounting policy information (contd.)

C. Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the RSPO Group's and RSPO's accounting policies that have significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

There were no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

The Roundtable on Sustainable Palm Oil

General information and summary of material accounting policies (contd.)

D. Financial risk management objectives and policies

RSPO Group is exposed mainly to credit risk, liquidity and cash flow risk as well as foreign currency risk. Information on the management of the related exposures are detailed below:

(a) Credit risk

Measurement of ECL

(i) Trade receivables using simplified approach

The expected loss rates are based on the payment profiles of income over a period of 12 month before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Non-trade receivables using general 3-stage approach

The RSPO Group uses three categories for non-trade receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the RSPO Group's ECL model is as follows:

Category	Group's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Under performing	Debtors for which there is a significant increase in credit risk	Lifetime ECL
Non-performing	Interest and/or- principal- repayments are 90 days past due or there is evidence indicating the asset is credit- impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

The Roundtable on Sustainable Palm Oil

General information and summary of material accounting policies (contd.)

D. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Measurement of ECL (contd.)

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") - the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") - the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") - the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the RSPO Group considers historical data by each debtor by category and adjusts for forward-looking macroeconomic data. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

(b) Liquidity and cash flow risk

RSPO Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

RSPO Group practices prudent liquidity risk management by maintaining sufficient cash and bank balances.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year RM'000	More than 1 year RM'000	Total RM'000
2024			
RSPO Group			
Other payables and accruals	8,990	-	8,990
Lease liabilities	1,557	2,331	3,888
	<hr/>	<hr/>	<hr/>
RSPO			
Other payables and accruals	23,913	-	23,913
	<hr/>	<hr/>	<hr/>

The Roundtable on Sustainable Palm Oil

General information and summary of material accounting policies (contd.)

D. Financial risk management objectives and policies (contd.)

(b) Liquidity and cash flow risk (contd.)

	Less than 1 year RM'000
2023	
RSPO Group	
Other payables and accruals	8,604
Lease liabilities	<u>594</u>
RSPO	
Other payables and accruals	<u>11,499</u>

(c) Foreign currency risk

The RSPO Group and RSPO have transactional currency exposures arising from income or expenses that are denominated in a currency other than the respective functional currencies of the RSPO Group and RSPO entities, primarily Euro ("EUR"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The RSPO Group and RSPO do not hedge these exposures. However, the Board of Governors via the Finance Committee keeps this policy under review.

The net unhedged financial assets and financial liabilities of the RSPO Group and RSPO that are not denominated in their functional currencies are as follows:

	RSPO Group	
	2024	2023
	RM'000	RM'000
Financial assets		
Euro ("EUR")	3,452	4,821
Financial liabilities		
Euro ("EUR")	<u>588</u>	<u>319</u>

The Roundtable on Sustainable Palm Oil

General information and summary of material accounting policies (contd.)

D. Financial risk management objectives and policies (contd.)

(c) Foreign currency risk (contd.)

	RSPO	
	2024	2023
	RM'000	RM'000
Financial assets		
Euro ("EUR")	3,324	4,365
Financial liabilities		
Euro ("EUR")	<u>191</u>	<u>273</u>

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the RSPO Group's and RSPO's surplus of income net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the RSPO Group and RSPO, with all other variables held constant.

		RSPO Group	
		(Deficit)/Surplus net of tax	
		2024	2023
		RM'000	RM'000
EUR/USD	- strengthened 2% (2023: 4%)	(41)	130
	- weakened 2% (2023: 4%)	<u>41</u>	<u>(130)</u>

		RSPO	
		(Deficit)/Surplus net of tax	
		2024	2023
		RM'000	RM'000
EUR/USD	- strengthened 2% (2023: 4%)	(45)	118
	- weakened 2% (2023: 4%)	<u>45</u>	<u>(118)</u>

The Roundtable on Sustainable Palm Oil

General information and summary of material accounting policies (contd.)

D. Financial risk management objectives and policies (contd.)

(d) Capital risk management policies and procedures

The primary objective of the RSPO Group's and RSPO's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business.

The capital structure of RSPO Group and RSPO consist of equity of RSPO Group and RSPO (comprising share capital and retained earnings as disclosed in the statements of changes in equity). RSPO Group and RSPO manage its capital structure and makes adjustments to it, in light of changes in economic conditions. RSPO Group and RSPO are not subject to any externally imposed capital requirements.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024

1. Subscription income

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
<u>Revenue from contracts with customers:</u>		
Ordinary members	20,451	18,040
Affiliate members	150	135
Supply chain associate	1,698	1,512
	<u>22,299</u>	<u>19,687</u>

Subscription income from members worldwide is recognised on a straight-line basis over the subscription period.

The number of members registered as at 30 June 2024 is 5,938 (2023: 5,643), including associate members of 3,509 (2023: 3,323).

2. Contributions from sustainable palm oil trade

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
<u>Revenue from contracts with customers:</u>		
Certificate trading	12,630	11,758
Segregated and mass balance trading	39,629	40,126
	<u>52,259</u>	<u>51,884</u>

The RSPO receives a contribution of USD1 per tonne from credit trades, charged to buyer of certificates. In addition, the RSPO receives a contribution of USD1 per tonne from first transactions under the segregated and mass balance supply claims. The USD1 per tonne levy is charged to the first buyer in the supply chain. The registration for these transactions under PalmTrace is operated by Rainforest Alliance.

The contributions from sustainable palm oil trade is recognised at a point in time.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

3. Staff costs

	RSPO Group	
	2024	2023
	RM'000	RM'000
Wages, salaries and bonuses	28,455	22,924
Defined contribution plan	2,471	1,823
Other employee benefits and compensations	3,356	2,569
	<u>34,282</u>	<u>27,316</u>

4. Directors' and other key management personnels' remunerations

The details of remuneration received or receivable by 2 Executive Directors (2023:2) of RSPO Secretariat Sdn Bhd and 5 other key management personnels (2023: 4) of the RSPO Group during the financial years are as follows:

	RSPO Group	
	2024	2023
	RM'000	RM'000
Executive:		
Salaries and bonus	4,888	3,313
Contributions to defined contribution plan	511	332
	<u>5,399</u>	<u>3,645</u>

The directors' remuneration of the Group are RM2,955,909 (2023: RM2,056,197).

Key management personnels are those persons having authority and responsibility for planning, directing and controlling the activities of the RSPO Group, directly or indirectly, including any directors of RSPO Secretariat Sdn Bhd (whether executive or otherwise) and Chief Executive Officer of that RSPO Group.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

5. Roundtable meeting (surplus)/deficit

During the financial year, 2 Roundtable events were held by the RSPO (2023: 2).

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
<u>Annual Roundtable meetings</u>		
Collections and sponsorships	(3,846)	(4,894)
Expenses	3,653	5,021
Total (surplus)/deficit	<u>(193)</u>	<u>127</u>

6. Net foreign exchange loss/(gain)

	RSPO Group		RSPO	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange loss/(gain)	554	(283)	57	(368)
Unrealised foreign exchange loss	80	292	6	-
Net foreign exchange loss/(gain)	<u>634</u>	<u>9</u>	<u>63</u>	<u>(368)</u>

7. Project costs

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
Assurance	4,999	4,335
Standard development	3,296	4,226
Stakeholder engagement	2,990	6,151
Market transformation	3,888	4,455
Technical and membership	2,969	1,684
Strategic and secretariat projects	2,478	2,195
	<u>20,620</u>	<u>23,046</u>

Project costs relate to expenditure incurred to organise programmes for the promotion of growth and the use of sustainable palm oil.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

8. Taxation

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Current tax:</u>				
- current financial year	1,782	1,668	338	248
- underprovision in prior financial year	109	289	185	273
	<u>1,891</u>	<u>1,957</u>	<u>523</u>	<u>521</u>
<u>Deferred tax (Note 12):</u>				
- origination and reversal of temporary differences	(278)	(213)	(7)	(59)
- overprovision in prior financial year	(91)	-	-	-
	<u>(369)</u>	<u>(213)</u>	<u>(7)</u>	<u>(59)</u>
Tax expense for the financial year	<u>1,522</u>	<u>1,744</u>	<u>516</u>	<u>462</u>

The explanation of the relationship between tax expense and surplus of income over expenditure before taxation:

Numerical reconciliation of effective tax expense

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Surplus/(Deficit) of income over expenditure before taxation	<u>1,101</u>	<u>3,787</u>	<u>(1,281)</u>	<u>1,943</u>
Tax calculated at				
Malaysian tax rate for associations of 28% (2023: 28%)	308	1,060	(359)	544
Income not subject to tax	(20,836)	(19,551)	(20,836)	(19,551)
Expenses not deductible for tax purposes	21,947	19,560	21,557	19,227
Foreign tax expense	310	180	-	-
Effects of scale tax rates	(225)	206	(31)	(31)
Overprovision of deferred tax in prior financial years	(91)	-	-	-
Underprovision of tax in prior financial years	109	289	185	273
Tax expense for the financial year	<u>1,522</u>	<u>1,744</u>	<u>516</u>	<u>462</u>

Domestic income tax is calculated at the Malaysian tax rate for associations of 28% (2023: 28%) of the estimated assessable profit for the financial year. The deferred tax computation is based on this rate.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

9. Property, plant and equipment

	Computers and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
RSPO Group					
2024					
<u>Cost</u>					
At 1 July 2023	1,646	282	217	1,115	3,260
Additions	181	174	261	860	1,476
Disposals	(8)	-	-	-	(8)
Adjustments	-	-	9	-	9
At 30 June 2024	<u>1,819</u>	<u>456</u>	<u>487</u>	<u>1,975</u>	<u>4,737</u>
Less: Accumulated depreciation					
At 1 July 2023	1,158	173	122	840	2,293
Charge for the financial year	280	55	54	272	661
Disposals	(8)	-	-	-	(8)
Adjustments	-	-	9	-	9
At 30 June 2024	<u>1,430</u>	<u>228</u>	<u>185</u>	<u>1,112</u>	<u>2,955</u>
Net book value					
At 30 June 2024	<u>389</u>	<u>228</u>	<u>302</u>	<u>863</u>	<u>1,782</u>

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

9. Property, plant and equipment (contd.)

	Computers and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
RSPO Group					
2023					
<u>Cost</u>					
At 1 July 2022	1,345	361	189	1,063	2,958
Additions	401	20	87	275	783
Disposals	(97)	(8)	(27)	-	(132)
Write off	(3)	(91)	(32)	(223)	(349)
At 30 June 2023	<u>1,646</u>	<u>282</u>	<u>217</u>	<u>1,115</u>	<u>3,260</u>
Less: Accumulated depreciation					
At 1 July 2022	969	213	155	934	2,271
Charge for the financial year	229	53	15	112	409
Disposals	(37)	(8)	(17)	-	(62)
Write off	(3)	(85)	(31)	(206)	(325)
At 30 June 2023	<u>1,158</u>	<u>173</u>	<u>122</u>	<u>840</u>	<u>2,293</u>
Net book value					
At 30 June 2023	<u>488</u>	<u>109</u>	<u>95</u>	<u>275</u>	<u>967</u>

10. Right-of-use assets

The RSPO Group as a lessee

The RSPO Group leases several office buildings and office space for a period of between 1 to 3 years. The lease agreement has an extension option.

Lease terms on the rental contracts are negotiated on an individual basis and contain various terms and conditions. The rental contracts do not impose any covenants.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

10. Right-of-use assets (contd.)

The RSPO Group as a lessee (contd.)

	Office buildings and office space RM'000
RSPO Group	
2024	
<u>Cost</u>	
At 1 July 2023	3,809
Lease addition	4,348
At 30 June 2024	<u>8,157</u>
Less: Accumulated depreciation	
At 1 July 2023	3,231
Depreciation expense	1,135
At 30 June 2024	<u>4,366</u>
Net book value	
At 30 June 2024	<u>3,791</u>
2023	
<u>Cost</u>	
At 1 July 2022	2,826
Lease addition	983
At 30 June 2023	<u>3,809</u>
Less: Accumulated depreciation	
At 1 July 2022	2,465
Depreciation expense	766
At 30 June 2023	<u>3,231</u>
Net book value	
At 30 June 2023	<u>578</u>

Depreciation expense of right-of-use assets recognised in statements of income and expenditure.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

11. Intangible asset

	Integrated digital platform RM'000
RSPO Group & RSPO	
<u>Cost</u>	
At 1 July 2023/ 30 June 2024	-
Additions - internally developed	5,039
At 30 June 2024	<u>5,039</u>
Net book value	
At 30 June 2024	<u>5,039</u>

The intangible asset pertained to the development of Prisma, an integrated digital platform designed to enhance trade compliance and meet current and emerging global sustainability regulations.

It will replace the existing IT platform for Certification and Trade and Traceability, which is currently operated and managed by Rainforest Alliance.

The integrated digital platform's development is still in progress during the financial year. Work-in-progress is not amortised as the asset is not available for use.

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Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

12. Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of assets, liabilities and fund balances:

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Subject to income tax				
- Deferred tax assets	999	630	259	252
At beginning of the financial year	630	417	252	193
Recognised in statements of income and and expenditure (Note 8)				
- Property, plant and equipment	(790)	(2)	-	-
- Other payables, accruals and contract liabilities	1,159	215	7	59
	369	213	7	59
At end of the financial year	999	630	259	252
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Other payables, accruals and contract liabilities	1,789	633	259	252
Offsetting	(790)	(3)	-	-
Deferred tax assets (after offsetting)	999	630	259	252
Deferred tax liabilities (before offsetting):				
- Property, plant and equipment	(790)	(3)	-	-
Offsetting	790	3	-	-
Deferred tax liabilities (after offsetting)	-	-	-	-

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

13. Investment in subsidiaries

	RSPO	
	2024	2023
	RM'000	RM'000
Unquoted shares, at cost	500	500

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Group's effective ownership interest</u>		<u>Principal activities</u>
		<u>2024</u>	<u>2023</u>	
		%	%	
RSPO Secretariat Sdn Bhd *	Malaysia	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.

* The subsidiary is audited by Ernst & Young PLT, Malaysia.

Subsidiary of RSPO Secretariat Sdn Bhd

RSPO Secretariat North America LLC **	United States of America	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.
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** A limited liability company formed under the Limited Liability Company Law of the state of New York. There is no audit requirement for the subsidiary company in the country of incorporation.

PT RSPO Secretariat Indonesia **	Indonesia	99.6	99.6	To provide administration, secretariat, staff secondment and other related services to RSPO.
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** A limited liability company formed under the Law of the Republic of Indonesia. There is no audit requirement for the subsidiary company in the country of incorporation.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

14. Membership subscription fee receivable

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
Membership subscription fee receivable	2,168	2,288
Less: Impairment on receivables	(485)	(544)
	1,683	1,744
<u>Trade receivables using simplified approach</u>		

The reconciliation of the loss allowance for trade receivables as at 30 June 2024 and 30 June 2023 to the opening loss allowance are as follows:

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
At 1 July	544	402
Recognised in statements of income and expenditure	44	160
Allowance written off	(103)	(18)
At 30 June	485	544

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL is recognised. The gross carrying amount of trade receivables below also represent the RSPO Group's maximum credit risk.

RSPO Group and RSPO

	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
2024				
Current - 30 days	-	1,092	-	1,092
31 - 60 days past due	-	435	-	435
61 - 180 days past due	53	332	176	156
181 - 365 days past due	100	115	115	-
More than 365 days past due	100	194	194	-
		2,168	485	1,683

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

14. Membership subscription fee receivable (contd.)

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL is recognised. The gross carrying amount of trade receivables below also represent the RSPO Group's maximum credit risk (contd.).

RSPO Group and RSPO

	Expected loss rate %	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
2023				
Current - 30 days	-	909	-	909
31 - 60 days past due	-	402	-	402
61 - 180 days past due	17	524	91	433
181 - 365 days past due	100	247	247	-
More than 365 days past due	100	206	206	-
		<u>2,288</u>	<u>544</u>	<u>1,744</u>

15. Other receivables, deposits and prepayments

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Receivable from supply chain fees of sustainable palm oil trade	5,135	4,018	5,135	4,018
Other receivables	1,052	1,171	275	901
Amount due from a subsidiary	-	-	16,824	5,457
Deposits	827	718	-	-
	<u>7,014</u>	<u>5,907</u>	<u>22,234</u>	<u>10,376</u>
Prepayments	2,035	2,029	435	989
	<u>9,049</u>	<u>7,936</u>	<u>22,669</u>	<u>11,365</u>

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

15. Other receivables, deposits and prepayments (contd.)

ECL assessment on other receivables using general 3-stage approach

Other receivables are assessed for ECL using general 3-stage approach. The balances are deemed recoverable and performing, as there is no indication of increase in credit risk of these balances.

As at 30 June 2024, none of the other receivables and deposits of the RSPO Group and RSPO respectively were past due or impaired (2023: nil).

16. Cash and bank balances

Cash and bank balances are denominated as follows:

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	613	1,859	171	1,724
United States Dollar	5,367	17,970	5,284	17,074
Euro	1,657	2,760	1,632	2,610
Colombian Peso	542	554	-	-
Indonesian Rupiah	115	933	-	-
Chinese Yen	219	229	-	-
Others	134	298	-	-
	<u>8,647</u>	<u>24,603</u>	<u>7,087</u>	<u>21,408</u>

Bank balances are deposits held at call with banks and bear no interest.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

17. Fixed deposits with a licensed bank

The fixed deposits with a licensed bank are placed to earn interest income and is denominated in Ringgit Malaysia and US Dollar.

The average effective interest rates of the fixed deposits are between 1.9% and 4.98% (2023: 1.6% and 4.78%) per annum and the average maturity period is between 28 days to 365 days (2023: 28 days to 730 days).

18. Lease liabilities

	RSPO Group	
	2024	2023
	RM'000	RM'000
Current	1,386	584
Non-Current	2,167	-
	<u>3,553</u>	<u>584</u>

Set out below are the carrying amounts of lease liabilities and the movements during the financial years:

	RSPO Group	
	2024	2023
	RM'000	RM'000
As at 1 July	584	393
Lease addition	3,994	983
Finance costs	100	23
Repayments of principal and finance costs	(1,125)	(815)
As at 30 June	<u>3,553</u>	<u>584</u>

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

18. Lease liabilities (contd.)

Set out below are the carrying amounts of lease liabilities and the movements during the financial years: (contd.)

	RSPO Group	
	2024	2023
	RM'000	RM'000
Maturity analysis of lease liabilities:		
- not later than 1 year	1,386	584
- more than 1 year less than 2 years	1,224	-
- later than 2 years	943	-
	<u>3,553</u>	<u>584</u>

Total cash outflow for leases during financial years for the RSPO Group amounted to RM1,125,000 (2023: RM815,000).

The weighted average lessee's incremental borrowing rate applied to the lease liabilities for the current financial year is 5.8% (2023: 3.4%).

The RSPO Group have elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets. Payment made under such leases are expensed on a straight-line basis.

The expenses relating to payments not included in the measurement of the lease liabilities are disclosed in statements of income and expenditure.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

19. Contract liabilities

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
<u>Current</u>		
Deferred subscription income (a)	10,877	10,414
Prepaid membership fees (b)	334	493
	<u>11,211</u>	<u>10,907</u>

Significant changes in contract balances during the financial years are as follows:

	2024	2023
	RM'000	RM'000
At the beginning of the financial year	10,907	9,277
Income recognised that was included in the contract liability balance at the beginning of the financial year	(10,573)	(8,784)
Increase from cash received or due, excluding amounts recognised as income during the financial year	10,877	10,414
At the end of the financial year	<u>11,211</u>	<u>10,907</u>

- (a) Deferred subscription income represents the unrecognised income as at the end of the reporting period.
- (b) Prepaid membership represents the unrecognised income as at the end of the reporting period whereby the RSPO Group and RSPO receive the advance payments from new membership applicants.

All contracts are for periods of one year or less. As permitted under MFRS 15, the RSPO Group applied the practical expedient in MFRS 15 and did not disclose information about recognising performance obligations that have original expected duration of one year or less.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

20. Other payables and accruals

	RSPO Group		RSPO	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Provision for restoration cost	304	-	-	-
Current				
Project costs payables	4,189	3,291	4,189	3,291
Project costs accruals	3	760	3	760
Amount due to a subsidiary	-	-	19,556	7,362
Other payables	1,062	1,100	49	21
Other accruals	3,736	3,453	116	65
Total current other payables and accruals	8,990	8,604	23,913	11,499
Total other payables and accruals	9,294	8,604	23,913	11,499

The amount due to a subsidiary is unsecured, interest free and repayable on demand.

21. Smallholders' fund

The purpose of the Smallholders' fund is to support smallholders to be RSPO certified.

	RSPO Group and RSPO	
	2024 RM'000	2023 RM'000
As at beginning of the financial year	9,079	10,126
Less: Project disbursements paid during the financial year	(1,635)	(1,047)
Add: Addition to fund	3,300	-
As at end of the financial year	10,744	9,079

An allocation of RM3,300,000 was made to the Smallholders' Fund during the financial year (2023: none).

	RSPO Group and RSPO	
	2024 RM'000	2023 RM'000
<u>Commitments due to be disbursed:</u>		
Within 1 year	3,764	3,592
Later than 1 year but not later than 3 years	2,301	1,934
	6,065	5,526

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Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

21. Smallholders' fund (contd.)

This relates to projects that were approved under the RSPO Smallholders' Support Fund.

22. Special projects' fund

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
As at beginning of the financial year	6,213	8,621
Closure of DSF Trust Fund	-	550
Less: Project disbursements paid during the financial year		
- Outreach to Intermediary Organisations	(1,996)	(2,358)
- SEnSOR impacts project - Year 5	(600)	(600)
As at end of the financial year	<u>3,617</u>	<u>6,213</u>

No allocation was made to the Special Projects Fund during the financial year (2023: none). Allocation to the fund can be varied at the discretion of the Board of Governors and its utilisation is subject to the approval of the Board of Governors.

	RSPO Group and RSPO	
	2024	2023
	RM'000	RM'000
<u>Commitments due to be disbursed:</u>		
Within 1 year		
- Yayasan Setara Jambi	786	854
- SEnSOR impacts project - Year 5	-	600
- Outreach to Intermediary Organisations	2,064	2,209
Later than 1 year not more than 3 years		
- Outreach to intermediary organisations	1,417	1,407
- Yayasan Setara Jambi	357	388
	<u>4,624</u>	<u>5,458</u>

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Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

23. RSPO Secretariat Sdn Bhd overseas establishments

RSPO Secretariat Sdn Bhd ("RSPOSSB") has overseas establishments in Indonesia, United Kingdom, China, Colombia, Singapore and the Netherlands.

Operating expenses, excluding gain or loss from unrealised foreign exchange differences, incurred by the overseas establishments during the financial years are as follows:

	2024	2023
	RM'000	RM'000
Regional Representative Office (Indonesia)	468	3,922
UK Establishment (United Kingdom)	783	752
Beijing Representative Office (China)	1,675	1,367
Colombia Branch Office (Colombia)	2,450	1,207
Netherlands Branch Office (Netherlands)	2,780	2,701
Singapore Branch Office	-	58
	<u>8,156</u>	<u>10,007</u>

Included in the total operating expenses of the RSPOSSB overseas establishments are total staff costs amounting to RM7,131,000 (2023: RM8,812,000).

The operations of the Indonesian representative office has been transferred to a subsidiary company of RSPO Secretariat Sdn Bhd, PT RSPO Secretariat Indonesia.

24. Significant related party transactions

	RSPO	
	2024	2023
	RM'000	RM'000
Expenses for provision of services by the subsidiary:		
- Management fees	<u>53,500</u>	<u>45,000</u>

The related party transactions are in the normal course of business at the terms mutually agreed between all parties.

The Roundtable on Sustainable Palm Oil

Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

25. Financial instruments

(a) Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of RSPO Group's and RSPO's assets and liabilities at the reporting dates based on contractual undiscounted amounts.

	Financial assets at amortised cost	
	2024	2023
	RM'000	RM'000
RSPO Group		
<u>Current assets</u>		
Membership subscription fees receivables	1,683	1,744
Other receivables and deposits (excludes prepayments and GST receivable)	7,014	5,907
Fixed deposits with a licensed bank	22,739	64,855
Cash and bank balances	8,647	24,603
	<u>40,083</u>	<u>97,109</u>
RSPO		
<u>Current assets</u>		
Membership subscription fees receivables	1,683	1,744
Other receivables and deposits (excludes prepayments and GST receivable)	22,234	10,376
Fixed deposits with a licensed bank	22,739	64,855
Cash and bank balances	7,087	21,408
	<u>53,743</u>	<u>98,383</u>
Financial liabilities at amortised cost		
	2024	2023
	RM'000	RM'000
RSPO Group		
<u>Non-current liabilities</u>		
Lease liabilities	2,331	-
<u>Current liabilities</u>		
Other payables and accruals	8,990	8,604
Lease liabilities	1,557	594
	<u>12,878</u>	<u>9,198</u>

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Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

25. Financial instruments (cont'd.)

(a) Analysis of financial instruments by remaining contractual maturities (contd.)

The table below summarises the maturity profile of the RSPO Group's and RSPO's assets and liabilities at the reporting dates based on contractual undiscounted amounts (contd).

	Financial liabilities at amortised cost	
	2024	2023
	RM'000	RM'000
RSPO		
<u>Current liabilities</u>		
Other payables and accruals	23,913	11,499

(b) Other financial assets

	2024	2023
	RM'000	RM'000
RSPO Group & RSPO		
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	1	-
Financial assets at fair value through profit or loss		
Listed equity investments	5,320	-
Debt instruments at fair value through profit or loss		
Quoted debt instruments	42,415	-
Total financial assets at fair value	47,736	-

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Notes to the financial statements

For the financial year ended 30 June 2024 (contd.)

25. Financial instruments (cont'd.)

(c) Fair value measurement

Fair value of the forward currency contracts, listed equity investment and quoted debt instruments are determined by reference to difference between the contracted rate and the market rate as at reporting date.

The carrying amount of cash and bank balances, trade and other receivables and payables are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The following table provides the fair value measurement hierarchy of RSPO Group and RSPO's assets:

Fair value measurement hierarchy for assets as at 30 June 2024

	Fair value measurement using	
	Quoted prices in active markets (Level 1)	
	Total	(Level 1)
	RM	RM
Assets measured at fair value through profit or loss:		
Foreign exchange forward contracts	1	1
Listed equity investment	5,320	5,320
Quoted debt instruments	42,415	42,415
	<u>47,736</u>	<u>47,736</u>

There were no transfers between Level 1 and Level 2 during the financial year.

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.