

Palm Oil Innovation Group: Frequently Asked Questions

What is the Palm Oil Innovation Group?

The Palm Oil Innovation Group (POIG) is a multi-stakeholder initiative with a mission to transform the palm oil industry, and break the link between palm oil, the destruction of forests and peatlands, and the violation of human and labour rights. Founded in 2013, the initiative was developed in partnership with leading NGOs as well as with progressive palm oil producers. POIG aims to support the RSPO through building on RSPO standards and commitments, and by demonstrating innovation to implement RSPO existing standards as well as with additional critical issues. POIG also focuses on the creation and promotion of innovations in the palm oil industry.

POIG aims to support the RSPO by demonstrating that innovation and leadership in responsible palm oil production is possible. POIG's palm oil grower members demonstrate that the adoption of innovative best practices is economically viable. The group is developing new models for best practice in the sector and advocates for these improved practices to become mainstream. By engaging with buyers of palm oil from retail and manufacturing sectors, POIG aims to influence market demand for responsibly produced palm oil from POIG verified companies.

What does the membership and governance structure of POIG look like?

POIG is run as a voluntary forum, and all decisions made are based on consensus. There is an Organising Committee, the main decision-making body of POIG, and a wider POIG membership group. The Organising Committee consists of the founding member organisations: Agropalma, DAABON group, Forest Peoples Programme, Greenpeace, Rainforest Action Network and WWF.

Collectively, Organising Committee members carry out the major decisions with regards to membership and the progress of POIG. This progress is monitored and moved forward through working groups, which organisations from the wider POIG membership are also able to join. The wider membership group consists of commodity companies, retailers and manufacturers, as well as environmental and social NGOs.

How does POIG build on the RSPO standards and commitments?

POIG supports the Roundtable on Sustainable Palm Oil standards and commitments through the implementation of the POIG Charter and the POIG verification indicators by its members. The POIG Charter builds on the RSPO by creating a framework for companies to be audited against additional requirements that go above and beyond those required by the RSPO. The objective of the Charter is to create market recognition for palm oil that is free from forest destruction, expansion on peatlands of any depth and

human and labour rights violations. Grower companies that sign up to become a POIG member must be at least 50% RSPO certified, with a commitment to becoming 100% RSPO certified within two years of their membership start date.

What are the key focus areas of the POIG Charter and verification indicators? How are the POIG Charter and verification indicators additional to the Principles & Criteria of the RSPO?

The POIG Charter and indicators focus on the three thematic areas of environmental responsibility, partnerships with communities, and corporate and product integrity. The POIG Charter and indicators provide additional guidance and requirements that explicitly address issues in palm oil production that have not yet been fully addressed by the RSPO Principles & Criteria. These issues include, but are not limited to: the clearance and destruction of High Carbon Stock forests¹, the expansion of palm oil plantations on peatlands, the use of highly toxic pesticides and chemical fertilisers, the cultivation of GMOs, the violation of human and labour rights for temporary and migrant workers, and food security for local communities. The POIG Charter also provides clearer and more binding language on how members will respect the rights of indigenous peoples, local communities, small farmers and plantation workers. Lastly, additional transparency and reporting requirements allow for open information on performance.

How were the POIG verification indicators developed? Have they been field tested?

The first pilot POIG verification indicators were developed by the POIG Organising Committee with the help of palm oil standards experts, and released in April 2014. The first trial audits against the pilot indicators were undertaken by auditors appointed by POIG grower members Agropalma and DAABON as well as founding member New Britain Palm Oil. The purpose of the audits was to assess compliance of the producers with the POIG Charter as well as trial the pilot indicators, and the audits were successful in both aims. All three companies – Agropalma, DAABON, and New Britain Palm Oil – were found to be aligned to the POIG Charter as there were no critical non-compliances with the pilot indicators, and the feedback from audits was integrated into a formal indicator revision process.

The POIG verification indicators were then released for public consultation in August and September of 2015. The indicators were reviewed based on the feedback that was provided during the consultation period, and a second, updated version of the verification indicators was released in March 2016. Agropalma, DAABON and Musim Mas, the current producer and trader/processor members of the POIG, plan to be audited against the revised indicators during 2016.

¹ High Carbon Stock Forests as defined by the High Carbon Stock Approach Toolkit and Methodology. For more information, please visit: www.highcarbonstock.org

How are the commitments made by POIG enforceable, and how would this system be different to what exists in the RSPO?

Grower members that have signed up to the POIG Charter must undergo a third-party verification audit within the first year of POIG membership approval. If a member that has signed a commitment to the Charter does not pass the third-party verification, the POIG Organising Committee will review their membership status and proceed with a decision on suspension or termination. As the POIG Charter builds on RSPO certification, third-party verification of compliance to the POIG Charter could potentially take place during RSPO audits in order to limit additional costs.

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What are the differences between the RSPO NEXT and the POIG verification Indicators?

The POIG indicators go beyond RSPO NEXT on a number of issues, including:

- POIG requires use of the HCS Approach and definitions to address deforestation, as the HCS Approach is currently the only credible and practical approach available that has multi-stakeholder support and governance.
- POIG outlines specific requirements for peatland restoration
- POIG includes specific requirements for the maintenance or strengthening of communities' food security
- POIG includes detailed indicators related to workers' rights, including specific provisions to protect the rights of temporary, contract and migrant workers, and more specific provisions on hours and leave, remuneration, child labor, forced labor and human trafficking
- POIG articulates specific guidance on smallholder support, including developing a group certification plan
- POIG requires a traceability system within the first year, and within 2 years mills under the grower's management are required to only source from known and identified sources and not from illegal sources
- POIG requires a publicly available sustainability report at least every two years

How does POIG address wildlife and forest conservation issues? What is POIG doing to prevent the displacement of orangutans in Indonesia?

POIG members must adhere to the requirements set out in the POIG Charter, which also include requirements for protection of forests and wildlife protection. Under item 1.8 of the POIG Charter, (Protect and conserve wildlife), grower members are required to conduct comprehensive biodiversity surveys to identify High Conservation Values (HCV) 1-3, and ensure the protection and survival of all rare, threatened or endangered species within their concession land and concession holders, prevent poaching and make a positive contribution to their survival in the wild in areas beyond the concession.

What sort of innovations will POIG facilitate and/or encourage its members to implement?

The members of POIG are committed to implement the innovations related to palm oil production outlined in the Charter and will also continue to look at how the broader industry can continue to develop and innovate. The innovations outlined in the Charter and indicators include: new approaches to identifying and protecting High Carbon Stock forest areas whilst accommodating the rights and livelihoods of local communities (which enable implementation of no-deforestation commitments), requirements relating to maintain food security for local communities, increased emphasis on transparency and public reporting, prohibition of peatland clearance and encouraged restoration of peatlands, reduction in and reporting on annual greenhouse gas emissions and comprehensive workers' rights requirements that explicitly provide protections for the rights for the most vulnerable temporary and migrant workers.

In 2016, POIG plans to highlight the innovations being carried out by its members and by other front-runners in the palm oil sector, especially for key challenges facing the palm oil sector such as: labour issues, protection of forests and peatlands, and maintaining food security for local communities.

Is POIG verified oil currently available in the market? How will POIG create greater market demand for responsible palm oil?

In 2015, POIG brought to market palm oil that had been produced by members whose operations were verified as compliant with the POIG Charter. The two POIG grower members, DAABON and Agropalma, that have been verified against the POIG Charter have operations in Colombia and Brazil, and POIG's first Indonesian producer member, Musim Mas, will undergo efforts to achieve verification of compliance in 2016. While POIG members currently only account for a small percentage of the palm oil available in the market, all members of POIG – especially producers, retailers, manufacturers, and NGOs are committed to increasing the demand and supply for palm oil that is responsibly produced. NGOs, like Greenpeace and Rainforest Action Network, have called on consumer companies to adopt responsible palm oil purchasing policies to ensure that there is no deforestation, development on peatlands or exploitation of the rights of workers or local communities in their supply chains. POIG producer members have played an important role in informing their buyers about what it means to produce and procure responsible palm oil. These advocacy efforts have resulted in the expansion of the POIG membership to include retailers and manufacturers that are committed to promoting and supporting responsible palm oil and choosing to purchase POIG verified oil where and when possible.

How can consumers know whether a product contains palm oil produced by a POIG members?

There is no trademark associated with the production of palm oil that has been produced in accordance to the POIG Charter. Consumers are encouraged to engage with the brands that produce the products they

consume and ensure that the companies they support have adequate policies and practices in place to procure responsible palm oil and eliminate controversial sources of conventional palm oil.

What type of requirements exist for POIG retailers and manufacturers? How were these requirements developed?

The retailer and manufacturer members of POIG must adhere to the requirements set out in the POIG Retailer & Manufacturer Charter. The components in this Charter were developed in conjunction with a number of major consumer goods manufacturing companies and retailers over the course of 2014-2015, and finalised in November 2015. Four retailer and manufacturer companies have committed to the Charter and have since been welcomed as official members to the POIG: Boulder Brands, Danone, Ferrero and Stephenson Personal Care.

Broadly, the Charter components focus on actions related to transparency and information exchange, responsible procurement policy and implementation plans, supply chain engagement, and communications and advocacy. Further, retailer and manufacturer members are committed to expand the demand for responsibly produced palm oil, and help to find solutions to the challenges the palm oil industry is facing. The Retailer & Manufacturer Charter components can be found on the POIG website at: www.poig.org.

What is the membership status of NBPOL? Is palm oil sourced from NBPOL considered POIG verified?

NBPOL is one of the founding grower members of POIG, but is currently not an official POIG member as the company has been acquired by Sime Darby. In order to ensure that all operations of POIG members are aligned with the POIG Charter requirements, POIG requires group level membership. POIG is hopeful that Sime Darby will apply to join POIG itself, and continue the work NBPOL has already carried out relating to their verification and compliance towards the POIG Charter Indicators.

What are the future expectations of POIG?

POIG aims to:

- Demonstrate that responsible palm oil production is possible without deforestation and substantial greenhouse gas emissions.
- Demonstrate that traceability to plantations and smallholder plots is feasible to ensure that palm oil is not tainted with illegal or irresponsible sources.
- Showcase fair labour practices and equitable engagement with communities through FPIC for the palm oil sector.
- Create a market demand for responsibly produced POIG oil.

POIG hopes that the RSPO or other organisations will take over their objectives and integrate them into their frameworks. Therefore, POIG actively promotes its standards towards the RSPO and its members.