

Palm Oil **Innovation** Group



A journey towards responsible palm oil

Palm Oil Innovation Group Verification Indicators

March 2016

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****NOTE: The major Indicators for each section are highlighted in red**

| Requirement | Indicator |
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| <p>1. Environmental Responsibility</p> | <p>1.1.1 Prior to establishing new plantations or expanding existing ones¹, in addition to or integrated with a HCV assessment², a HCS approach³ which combines biodiversity, carbon conservation and social considerations (including community needs) has been conducted.</p> <p>1.1.2 HCS forest areas are identified and mapped.</p> <p>1.1.3 After March 2014 no new plantings take place in HCS forest areas identified for conservation.</p> <p>1.1.4 Community participatory mapping has identified and mapped garden and future farmlands⁴ that are fundamental to meeting their basic food needs over the license period of the plantation, and excluded them from being considered HCS forest.</p> <p>1.1.5 HCS forest areas are actively conserved as part of a community participatory land use plan including FPIC⁵, and an integrated conservation and land use plan (that includes HCV areas, riparian zones, and peat land areas).</p> <p>1.1.6 A summary report of the HCS assessment including maps is made public.</p> |
| <p>1.1 High Carbon Stock and High Conservation Values</p> <p>The link between oil palm expansion and deforestation will be broken through undertaking a High Carbon Stock (HCS) approach in addition to a High Conservation Value (HCV) assessment, and a process of obtaining Free, Prior and Informed Consent to use land. The approach combines biodiversity and carbon conservation, as well as social considerations (including community needs)</p> | <p>1.2.1 Undeveloped areas of peat land (of any depth) are not developed or drained.</p> <p>1.2.2 Fires and road-building on peat soils are prohibited.</p> <p>1.2.3 Where there is existing planting on peat, critical peat land ecosystems are identified and assessed for restoration opportunities.</p> |
| <p>1.2 Peatland</p> <ul style="list-style-type: none"> No peat clearance: All areas of undeveloped peat lands (peat of any depth) are protected and all drainage, fires or road building on peat soils is prohibited. | |

¹ Does not apply to infill areas less than 2 hectares, provided this is not encroaching on protected lands (e.g. riparian zones, HCV, etc.). Where the previous HCS assessments are older than 3 years, a new assessment would need to be conducted.

² This must be carried out by a licensed assessor under the HCVRN scheme.

³ Currently the [HCS Approach](#) and definitions are the only practical approach available. An HCS assessment is not required for areas entirely composed of non-native vegetation.

⁴ Applies to lands where communities have legal, customary or user rights to the land.

⁵ Applies to lands where communities have legal, customary or user rights to the land.

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| <ul style="list-style-type: none"> • Maintenance of peat lands: Water tables are managed in existing plantations on peat in order to minimise both the subsidence of the peat and the release of GHG emissions. Strategies are employed to progressively restore critical peat land ecosystems, with a preference for replanting on mineral soils, including via 'land swaps'. | <p>1.2.4 Based on the results of the assessment above (1.2.3), peatland restoration strategies that are time-bound and expert reviewed are developed and implemented, including those to replant on mineral soils using 'land swaps'.</p> <p>1.2.5 For existing plantings on peat, records show that the water table is maintained (at an average of 50cm (between 40 - 60cm) below ground surface measured with groundwater piezometer readings, or an average of 60cm (between 50 - 70cm) below ground surface as measured in water collection drains) through a network of appropriate water control structures e.g. weirs, sandbags, etc. in fields, and water gates at the discharge points of main drains (RSPO Criteria 4.4 and 7.4).</p> <p>1.2.6 Where drainability assessments have identified areas unsuitable for oil palm replanting, including the likely GHG emissions associated with continued cultivation, plans should be in place for appropriate rehabilitation or alternative use of such areas. If the assessment indicates high risk of GHG emissions, fires, flooding and/or saltwater intrusion, growers cease replanting and implement rehabilitation.</p> <p>1.2.7 A report will be made public that includes assessments and maps of all peat lands (of any depth) within the company land bank, critical peat land ecosystems, planted peat lands, and degraded or planted areas identified for peat land restoration.</p> |
| <p>1.3 Greenhouse gas (GHG) accountability</p> <p>Companies shall publicly report on annual GHG emissions from all sources and on the progress towards reaching targeted reductions of non-land use GHG emissions (per ton of CPO).</p> | <p>1.3.1 All sources of GHG emissions, including those related to land use and non-land use activities, are identified and monitored using the RSPO Palm GHG methodology or equivalent.⁶</p> <p>1.3.2 Targeted reductions of non-land use related GHG emissions (per ton of CPO) and/or targeted adoption of technologies or techniques which reduce global emissions of CO₂eq are defined and documented.</p> <p>1.3.3 Annual GHG emissions from all sources and progress towards the targets documented in 1.3.2 are publicly reported.</p> |
| <p>1.4 Pesticide use minimisation</p> <p>Highly toxic, bio-accumulative and persistent pesticides shall not be used. These include chemicals on the FSC 'Highly Hazardous' list</p> | <p>1.4.1 Highly toxic, bio-accumulative and persistent pesticides (PBT) are prohibited. This includes chemicals listed by the following: a) World Health Organisation Class 1A or 1B, Stockholm or Rotterdam Conventions, b) FSC 'Highly Hazardous' list, c) SAN prohibited pesticide list and d) Paraquat.</p> <p>1.4.2 The grower preferences natural weed and pest control and IPM.</p> |

⁶ The latest version of the RSPO Palm GHG methodology must be used.

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| <p>and SAN prohibited pesticide list. Producers shall preference practice natural weed and pest control and IPM, and strive to avoid the use of toxic pesticides, only using them as an absolute last resort. There shall be full transparency of any pesticide use.</p> | <p>1.4.3 Emergency use of listed pesticides is permitted subject to POIG Organising Committee approval.</p> |
| <p>1.5 Chemical fertiliser</p> <p>To reduce climate and environmental impacts producers shall strive to minimise chemical fertiliser use, and preferentially use ‘precision agriculture’, organic fertilisers, and where possible use waste as a source of phosphorus. Phosphorus and nitrogen levels in water courses are monitored and disclosed.</p> | <p>1.5.1 Use of chemical fertilisers is minimised through producers demonstrating preferential use of alternatives⁷ to manage soil fertility.</p> <p>1.5.2 Phosphorus and nitrogen levels in relevant watercourses are monitored and when the results of monitoring indicate an increased level of such elements in water due to fertiliser application, company will adjust fertiliser rates and procedures.</p> <p>1.5.3 Results of phosphorous and nitrogen monitoring in water courses are included in public reporting.</p> |
| <p>1.6 GMOs prohibition</p> <p>The cultivation of GMOs in the management area is prohibited.</p> | <p>1.6.1 The use of GMOs in the management area is prohibited.</p> |
| <p>1.7 Water accountability</p> <p>The quality and quantity of water is maintained with responsible water management adopted including minimisation and disclosure of water use, pollution elimination, equity with other users, and consideration of catchment level impacts of irrigation.</p> | <p>1.7.1 Water use, consumption and pollution by plantation operations and mills are monitored.</p> <p>1.7.2 The water management plan includes targets and measures to minimise and/or reduce water use, consumption, and pollution, including in both plantations and mills⁸.</p> <p>1.7.3 Water use, consumption and pollution by plantations and mills are included in public reporting.</p> <p>1.7.4 A water stewardship assessment is undertaken involving relevant stakeholders to address water equity issues⁹.</p> |

⁷ Alternative methods include: ‘precision agriculture’, the use of organic fertilisers and the use of organic residues as a source of nutrients, including those resulting from the processing of oil palm bunches.

⁸ The scope is the entire area under management. The plan distinguishes among water that is used and that is consumed (e.g. disappears in industrial processes). It includes specific reduction targets, as well as pollution abatement measures.

⁹ A plan to engage relevant stakeholders is available, which entails steps towards their engagement to arrive at an equitable and sustainable use of shared water resources.

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| <p>1.8 Protect and conserve wildlife</p> <p>Following comprehensive biodiversity surveys to identify HCV 1-3, in addition to ensuring the protection and survival of all rare, threatened or endangered species within their concession land, concession holders also make a positive contribution to their survival in the wild in areas beyond the concession.</p> | <p>1.8.1 Comprehensive biodiversity surveys to identify HCV 1-3 have been undertaken.</p> <p>1.8.2 Management plans for all rare, threatened or endangered species include actions for their protection, survival, and prevention of poaching, in the landscape outside the management area.¹⁰</p> <p>1.8.3 The RTE management plan takes into consideration traditional hunting by communities outside the management area and includes specific activities to contribute to the protection and survival of RTE species affected by hunting.</p> |
| <p>2. Partnerships with Communities</p> | <p>2.1.1 Resourced access to independent expert advice is offered at each stage of an FPIC or conflict resolution process to affected communities.</p> |
| <p>2.1 Free, Prior and Informed Consent</p> <p>“Comprehensive FPIC is obtained for all oil palm development including in particular: full respect for their legal and customary rights to their territories, lands and resources via local communities own representative institutions, with all the relevant information and documents made available, with resourced access to independent advice, through a documented process, through a long-term two-way process of consultation and negotiation where the communities are informed and understand that saying no to development is an option, and not constrained by local legal frameworks. Newly acquired already planted plantation areas shall redress any lack of proper FPIC when the plantations were established. Lands will not be acquired through expropriations in the national interest (‘eminent domain’).”</p> | <p>2.1.2 Processes of consultation and negotiation, in accordance with internationally recognized FPIC standards, are not constrained by local legal frameworks.</p> <p>2.1.3 When acquiring land or replanting existing plantations, measures are taken to redress any issues arising from the lack of or inadequate FPIC processes carried out when those plantations were established. In such cases, participatory surveys will be conducted to identify HCV's 4, 5 and/or 6 that existed before the plantation was established.</p> <p>2.1.4 Plantations have not been developed on land acquired through expropriations in the national interest (eminent domain) after March 2014.</p> |

¹⁰ Examples of positive actions for the survival of RTE species outside the plantation or concession boundaries include: environmental education programmes with neighbouring communities; business contracts with smallholders/others that include specific clauses requiring no poaching and other protection measures; reporting illegal activities to environmental/other appropriate agencies; hiring patrols for monitoring outside the concession boundary (if permitted by law); engagement with specialized NGOs or other organisations to work on species and habitat conservation; funding for protected areas outside of concession boundaries; engaging with and supporting adjacent landowners or concession holders in identifying and protecting habitats located outside boundaries that are used by RTE species for reproduction, migration, feeding, and shelter/roosting.

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| <p>2.2 Food security</p> <p>As part of the Free Prior Informed Consent process, participatory Social Impact Assessments and participatory land use planning with indigenous and local communities, food security is maintained or strengthened in order to maintain their land use choice and future food security options. This will include not undermining local control of and diversity of food production systems. There is transparency of the land allocation process.</p> | <p>2.2.1 Food security for workers, smallholders, and indigenous and local communities affected by existing plantations is assessed and included in a social management plan. The scope of the food security assessment includes the additional impacts that oil palm production operations may have, including on land, water, labour and infrastructure as well as substitutability between income generation for food purchase and subsistence food production of workers, smallholders and affected communities.</p> <p>2.2.2 After March 2014, in new plantations or expansion of existing plantations, a minimum of 0.5 ha¹¹ of garden or farmland per person is identified via participatory mapping, and enclaved for meeting food security needs.</p> <p>2.2.3 Measures designed to maintain or enhance local food security are included in participatory land use planning, including transparency in any land allocation process.</p> <p>2.2.4 Evidence that measures identified in assessments and planning are being implemented and are effective.</p> |
| <p>2.3 Effective conflict resolution</p> <p>A balanced, accountable, mutually agreed and documented conflict resolution system is established that is accessible to smallholders, indigenous peoples, rural communities and other affected parties in order to deal with complaints, grievances and resolve conflicts to the mutual satisfaction of the party's. The system will include the option of access to independent legal and technical advice, the ability for complainants to choose individuals or groups to support them and/or act as observers, as well as the option of a third party mediator.</p> | <p>2.3.1 The mutually agreed and documented system for dealing with complaints and grievances is accessible to all affected parties.</p> <p>2.3.2 The system provides a clear and known procedure with an indicative time frame for each stage.</p> <p>2.3.3 The system keeps parties to a grievance informed of its progress.</p> <p>2.3.4 The system includes the options of a) access to independent legal and technical advice; b) support from representatives of local communities' own choosing, and c) third party mediation.</p> <p>2.3.5 Evidence that where conflicts have arisen the conflict resolution mechanism is being used and outcomes are considered mutually agreed including by affected parties.</p> <p>2.3.6 Evidence that outcomes and remedies resulting from use of the mechanism are compatible with internationally recognised human rights.¹²</p> |

¹¹ The area may be outside the concession, and it may exceed the minimum of 0.5 ha per person (in a family unit of indigenous or local communities) depending on fallow periods, garden and farming systems, soil fertility etc.

¹² The [Universal Declaration of Human Rights](#), adopted by the UN General Assembly in December 1948, establishes internationally recognised human rights.

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| <p>2.4 Social conditions</p> <p>A comprehensive social programme with regular monitoring is in operation to ensure palm oil production does not result in human rights violations, trigger social conflicts, or produce ‘land grabbing’, and addresses key social equity issues including housing, healthcare, education and empowerment of women.</p> | <p>2.4.1 Social impact assessments and plans for the avoidance or mitigation of impacts address the issues of potential human rights violations, social conflicts, impacts of migrant workers on local communities, and land grabbing.</p> <p>2.4.2 Social impact assessments and plans for the avoidance or mitigation of impacts address key equity issues, including housing, healthcare, education, and empowerment of women.</p> |
| <p>2.5 Workers’ rights</p> <p>Palm Oil Producers shall respect worker’s rights including the ILO requirements for ‘decent work’ and core conventions on child labour, forced or compulsory labour, freedom of association, and elimination of discrimination</p> | <p><u>Terms and Contracts of Employment</u></p> <p>2.5.1 Permanent, full-time employment is used for all core work performed by the company. Casual, temporary and day labour is limited to jobs that are genuinely temporary or seasonal, and account for no more than 20% of the workforce.</p> <p><u>Remuneration</u></p> <p>2.5.2 A living wage assessment for all workers, whether employed directly by the company or indirectly by a private employment agency, is conducted based on a credible methodology¹³.</p> <p>2.5.3. Wages are paid to all workers regularly, on time, directly to the worker and in legal tender or cheque.</p> <p>2.5.4 Wage advances, loans and deductions are legal, recorded, communicated and available to workers upon request, and do not result in debt bondage.</p> <p>2.5.5 All workers, including casual, temporary, seasonal and migrant workers, are provided compensation and benefits consistent with applicable law, including health, pension and social security.</p> <p><u>Working Hours and Leave</u></p> <p>2.5.6. The normal work week does not exceed 48 hours, not including overtime, and workers are entitled to at least one day off in 6 consecutive days. Overtime in excess of what is permitted by law is prohibited, and workers report that all overtime is voluntary.</p> |

¹³ A methodology for measuring the living wage has been established by the [Global Living Wage Coalition](#), a group of six international, multi-stakeholder standard-setting initiatives. A [report](#) published by the International Labor Organization also reviews methodologies to estimate a living wage.

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| | <p>2.5.7 All workers are provided legally mandated public holidays and periods of leave consistent with applicable law, including paid annual, parental, compassionate and sick leave. Workers not covered under applicable laws are entitled to equivalent benefits¹⁴.</p> <p>2.5.8 Records are maintained and demonstrate that hours of work do not exceed the maximum allowed by local law, regulation or collective agreement or 48 hours (per 2.5.5 above), whichever is lower.</p> <p><u>Child labour</u></p> <p>2.5.9. A clear policy and compliance system is in place that prohibits child labour and its worst forms and sets the minimum age for employment consistent with applicable law¹⁵.</p> <p>2.5.10 Young workers legally permitted to work but subject to compulsory education laws only work outside school hours.</p> <p>2.5.11 The company maintains an up-to-date list of hazardous activities and functions in the workplace that are prohibited for young workers consistent with or exceeding national regulation, where applicable.</p> <p><u>Forced or trafficked labour</u></p> <p>2.5.12. No fees or costs are charged to workers, directly or indirectly, for recruitment or employment services by recruitment agencies, private employment agencies or the employer. Where it is discovered that fees have been charged, workers are reimbursed the total amount paid.</p> <p>2.5.13 The retention of passports, other government-issued identification and any personal valuables by the employer or third party recruitment or employment agency is strictly prohibited in policy and monitored in practice.</p> <p>2.5.14. Growers and millers conduct a risk assessment of their FFB supply chain to identify and take steps to address risk of forced labour, human trafficking and child labour.</p> |
| <p>2.6 Support to smallholders</p> <p>Contracts with smallholders are based on a fair, transparent and accountable partnership. Smallholders are supported to improve</p> | <p>2.6.1 A smallholder support program is developed, documented and monitored, which includes: a) Measures to increase the productivity of smallholders to a comparable benchmark of productivity for the region, and a target of reaching at least the same productivity level as company estates; b) Support</p> |

¹⁴ Entitlements for workers not covered under applicable law will be calculated on a *pro rata* basis, in proportion to the entitlement of a similar full-time worker.

¹⁵ Per ILO Convention 138 on the Minimum Age for Admission to Employment and Convention 182 on the Worst Forms of Child Labor.

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| <p>economic, social and environmental outcomes including: increase productivity to a comparable benchmark of productivity for the region and a target of having the same productivity as the company nucleus plantation. The productivity gains shall be achieved without expansion that threatens local community food security or additional environmental impact, and support should include financial management and budgeting, logistics and FFB processing, and improved market access such as through group certification. Companies shall report on the support they have provided to smallholders.</p> | <p>relating to financial management and budgeting and c) Support relating to logistics, FFB processing and market access.</p> <p>2.6.2 Progress in implementation of the smallholder support program is included in public reporting.</p> <p>2.6.3 Report on percentage of schemed smallholders, percentage of independent smallholders and percentage RSPO certified of each.</p> <p>2.6.4 Develop a group certification plan for independent smallholder identified in the supply base of each mill within three years of the mill obtaining its own certificate and support the independent smallholders to achieve certification and progress towards POIG verification.</p> |
| <p>3. Corporate and Product Integrity</p> | <p>3.1.1 An ethical policy prohibiting all forms of corruption is publicly available.</p> <p>3.1.2 The ethical policy covers: a) Bribery; b) Facilitation payments; c) Guidance and procedure for gifts and hospitality d) Disclosure of political contributions; and e) Guidelines for charitable donations and sponsorships, f) Respect for fair conduct of business; g) Proper disclosure of information in accordance with applicable regulations and accepted industry practices and h) Compliance with existing anti-corruption legislation.</p> |
| <p>3.1 Anti-corruption and Transparency</p> <p>Producer companies shall publicise a commitment to prohibit any form of corruption including during the concession acquisition process and within their operations, and support efforts to establish and comply with anti-corruption legislation where this exists. In the absence of anti-corruption law, the producer company shall implement other anti-corruption measures proportionate to scale and intensity of management activities and the risk of corruption.</p> | |
| <p>3.2 Traceability</p> <p>Within 12 months of commitment to the Charter, all supply is fully traceable from company plantation and other suppliers' fields to their mills. Each party shall take responsibility for traceability in the components of the supply chain under their control and transparency with their supply chain partners.</p> | <p>3.2.1. Within 12 months of commitment to the Charter all mills under the management of the grower member have a traceability system in place to identify the location (at least GPS coordinates) of FFB production.</p> <p>3.2.2. Within 24 months of commitment to the Charter the mills under the management of the grower member will only source FFB from known and identified sources and not from illegal sources.</p> <p>3.2.3. Within 24 months of commitment to the Charter the company will have a time-bound plan to bring all FFB sourced into compliance with the POIG indicators and efforts to bring non-compliant smallholders into compliance are documented.</p> |

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| <p>3.3 Report on Social, Labour and Environmental Performance</p> <p>Disclose the company’s social, labour and environmental performance including the elements of the POIG Charter, and how the organisation demonstrates good governance of its sustainability system using the guidance of the Global Reporting Initiative (GRI) or equivalent approach</p> | <p>3.3.1 A publicly available sustainability report is prepared at a minimum every two years, covering as a minimum all issues relevant to compliance with this Charter. This includes relevant RSPO indicators and the additional POIG indicators.</p> <p>3.3.2 The public sustainability report includes details relating to the company’s governance of its sustainability systems, consistent with the GRI Sustainability Reporting Guidelines (or equivalent approach).</p> |
| <p>3.4 RSPO Certification and Company Operations</p> <p>Producers shall meet a minimum of 50% of their plantations being RSPO certified upon commitment to the Charter, and a commitment to achieve 100% by within 2 years. This shall cover all palm oil operations, subsidiaries, acquisitions of existing plantation and fresh fruit bunch purchases from third parties, with possible alternatives to full RSPO certification for small independent producers.</p> | <p>3.4.1 A minimum of 50% of the company’s plantations and mills are RSPO certified upon commitment to this Charter¹⁶.</p> <p>3.4.2 Within 24 months of POIG membership, 100% RSPO certification of the company’s plantations and mills is achieved¹⁷.</p> <p>3.4.3 Newly acquired plantations are RSPO certified within 24 months of acquisition.</p> <p>3.4.4 A policy for purchasing 100% RSPO certified FFB within 24 months of signing the POIG Charter is developed, implemented and monitored for progress. Acceptable alternatives may be defined for independent smallholders.</p> |
| <p>3.5 Responsible Supply Chains</p> <p>Producers shall independently verify and report on compliance with this charter within 12 months of commitment to the Charter, across their operations, subsidiaries and acquisitions of existing plantation including FFB from 3rd party suppliers.</p> | <p>3.5.1 Compliance with the requirements of the Charter, including the POIG indicators, is independently verified within 12 months after signing the commitment to this Charter¹⁸.</p> <p>3.5.2 Following the initial assessment, compliance with the requirements of the Charter, including the POIG indicators, is independently verified on an annual basis.</p> <p>3.5.3 Audit reports are made publically available on the POIG website¹⁹.</p> |

¹⁶ The POIG Secretariat will assess compliance as part of the Due Diligence entry requirements.

¹⁷ Where there are plantations waiting for a mill, the rule will only apply after mill construction has been completed.

¹⁸ The POIG Secretariat will monitor compliance with this indicator.

¹⁹ The POIG Secretariat will monitor compliance with this indicator.