



## Innovating Assurance: Palm Oil Innovation Group Brief on Improving Assurance of Palm Oil Certification

**Independent third-party auditing of compliance is an essential element to ensuring the credibility of voluntary sustainability certification schemes.**

However, the potential positive impacts of many certification systems on people and the environment are compromised by low quality auditing, weak and misguided standards, and in some cases, even deceitful practices by auditors and clients. The consequences of such weaknesses are numerous complaints, suspension of certification bodies and also reputational damage to the certification scheme.

A recent [paper](#)<sup>1</sup> commissioned by WWF Switzerland reviews factors that reduce the effectiveness of voluntary sustainability certification schemes while proposing ways forward to improve already existing certification and verification systems.

The paper recommends the following measures:

- Tightening the standard
- Increasing the transparency of individual audit reports
- Limiting the number of successive audits by the same lead auditors and certification bodies
- Utilising risk-based approaches as part of the audit process
- Improving the complaints systems associated with the standards
- Better training of auditors
- Removing the direct link between certification bodies and their customers
- Separating monitoring of member progress from auditing

The Palm Oil Innovation Group (POIG) endorses these suggestions, and has already taken a number of them on board in order to improve verification of member progress against the POIG Charter, when it was considered feasible to do so. They are reflected in the revisions of the [POIG Charter Verification Indicators](#) for Growers and POIG's proposed Auditing Guidelines currently being finalised, as outlined below:

1. **Tightening the Standard:** The revision of the POIG Charter Verification Indicators occurred in close collaboration with experienced auditors. In particular, this process included providing a reality check

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<sup>1</sup> The paper, *Expecting too much, getting too little?: A think piece on sustainability certification auditing in the oil palm sector*, is available at: <http://poig.org/verification-reports-and-poig-innovations/>.

of how indicators will be verified for both efficiency and performance on-the-ground. POIG's public consultation of its revised draft indicators also included the participation of certification bodies. Indicators were screened for their impact in the field to reduce relying heavily on documentation as a means of verification.

2. **Full transparency:** The [audit reports](#) of POIG grower members are posted in their entirety in the public domain.
3. **Limits to successive audits:** POIG's proposed Auditing Guidelines require that certification bodies are allowed to carry out audits for maximum period of five years and must be rotated thereafter. In addition, the lead auditor should change after three years.
4. **Tightening the standard/Risk-based approaches:** The proposed POIG Auditing Guidelines specify which indicators are verified immediately. If there is no risk (e.g. no peatlands, no HCS forests, GMO) in the certified plantation, then these indicators are not verified in subsequent surveillance audits. However, they are checked every five years. This approach cuts costs and removes redundancies in auditing.

Other improvements under development within POIG are:

5. **Development of a complaints system** that handles complaints against POIG members and decides appropriate sanctions
6. **Creation of a roster of approved auditors**, i.e. auditors that have demonstrated high quality work.

Given POIG's current size, some of the recommended innovations are not yet feasible. However, these are highly recommended to larger more established voluntary sustainability certification schemes like the Roundtable on Sustainable Palm Oil (RSPO):

7. **Developing mechanisms to strengthen the objectivity and integrity of audits, such as an escrow fund** to delink the financial dependency of certification bodies from their clients.
8. **Trialing unannounced audits of palm oil mills** to check chain of custody and traceability aspects.

Beyond the above suggestions (measures 7-8), the RSPO should seriously consider taking on board measures 1-4 and 6, as spelled out above. The ongoing work of the RSPO Assurance Taskforce and the RSPO P&C Review provide opportunities to take these improvements onboard. POIG believes that these innovations are essential elements to further strengthen the credibility of RSPO's Certification systems.