



# Palm Oil Innovation Group

## RSPO P&C Draft 2 and POIG Indicator Comparative Analysis

### Executive Summary

#### Introduction

The Roundtable on Sustainable Palm Oil (RSPO) is in the final stages of revising the Principles and Criteria (P&C). As part of the review process, the organisation is gathering a second round of comments from stakeholders before finalising and publishing the revised P&C. The Palm Oil Innovation Group (POIG) and its members have conducted a comparative analysis between the [second draft](#) of the RSPO P&C and the [POIG Verification Indicators](#) (v. March 2016). The analysis in the summary below, and the more detailed [indicator level analysis](#), could be used to provide constructive feedback for incorporation in the final RSPO P&C. It is not known at this point whether the draft RSPO P&C will retain and/or add indicators in its final form that will be compatible with all of the POIG indicators.

#### Summary

A comparative analysis between the POIG indicators and the RSPO P&C Draft 2, by RSPO Principle.

##### Principle 1- Transparency & Ethics:

- Transparency (RSPO 1.1), making the management documents open to stakeholders, workers and the public, is mostly compatible with the POIG indicators on requiring public documents in that the RSPO criteria requires “management documents” pertaining to the P&C to be made public.
- RSPO (1.2) requires ethical conduct and overall ethical business practices of certified unit but does not elaborate what that means. RSPO is not compatible in that POIG (3.1) has explicit reference to unethical activities, highlighting corruption as particularly problematic.

##### Principle 2- Legality:

There are POIG indicators that are relevant to “Legality”, however, a detailed comparison was not carried out given that the RSPO requires that all laws and regulations pertaining to operating an oil palm plantation are followed. Some specific comparison notes are available in the indicator level comparative analysis document.

### Principle 3- Planning Procedures and Improvement:

- RSPO planning, assessment and monitoring requirements are broad-based and flexible whereas POIG requires more specific issues to be considered. With a few changes to the requirements for social assessments, the RSPO (3.4) could meet the POIG (2.4) indicators.
- RSPO (3.4) does not meet the POIG indicators (3.3.1 & 3.3.2) by not requiring an overall public sustainability report or a report on the company's governance of its sustainability systems, consistent with the Global Reporting Initiative Sustainability Reporting Guidelines (or equivalent approach).

### Principle 4- Community Rights and Benefits:

- RSPO (4.2) and POIG (2.3) conflict resolution and grievance procedure indicators are mostly compatible. RSPO should be more explicit that the outcomes of the conflict resolution process have been agreed to by all parties.
- RSPO's land use (4.4) FPIC (Free, Prior and Informed Consent) requirements are comprehensive and appear to meet or exceed the POIG indicators (2.1). The only issue is that the RSPO allows for plantations to be certified that were acquired by past eminent domain processes during or after 2018 rather than the POIG limitation of after March 2014.
- With regards to FPIC for plantations that had been developed prior to the establishment of an FPIC process, RSPO (4.8.3) has indicators compatible with POIG (2.1) in that it addresses the need for FPIC prior to replanting those plantations and to redress any conflicts that may have occurred during the establishment of the plantation. Where RSPO falls short is the identification HCV 4,5, and 6 that may have existed prior to plantation establishment.

### Principle 5- Smallholder Inclusivity:

- A discussion of the draft RSPO independent smallholder standard can be found below.
- RSPO's indicator (5.2.1) that requires supporting smallholders' productivity, yields and entrepreneurial competencies essentially meets the POIG smallholder support indicator, although POIG requires that the company publicly report on their smallholder support programme and RSPO does not. Where RSPO falls short of POIG is that POIG (2.6.1) addresses both schemed and independent smallholders and in requiring (2.6.3) that companies help smallholders obtain certification within a defined timeframe and report (2.6.4) on the percentage of smallholders in their supply chain that are certified.

### Smallholder Standard:

There have been other certification schemes that have attempted to create a smallholder standard. They are generally still impractical because of the cost to get certified and maintain certifiable management plans, assessments and monitoring. There are still too many open questions around the development of

indicators to determine whether the [RSPO Smallholder Standard](#) will be practical and affordable as well as provide effective protections for people and the environment. However, based on a top-level review, two initial observations have been provided below:

- The new definition proposed by the standard opens up the smallholder category to medium farmers who do not live in the locale where they have a holding and do not themselves work there. The definition would include as ‘smallholders’, land speculators and absentee landlords, including persons and legal persons (i.e. small medium enterprises—SMEs) that may have multiple small land holdings. Research shows that many such medium growers have very negative social and environmental practices, and so would require different treatment to that of small family farms. The recommendation would therefore be to revert to the original (current) [RSPO Definition of smallholders](#).
- There is no mention of FPIC in the standard yet, while this is a basic requirement of the RSPO. Smallholders should also acquire lands through a fair and just process based on FPIC.

To maintain effective protections for people and the environment, the RSPO needs to require companies to provide more support to all smallholders in their supply chain so that they can meet the social and environmental standards of the RSPO. If the smallholder standard is too simple or watered-down, it opens up potential for companies to abuse the scheme.

### Principle 6 - Workers rights and conditions:

There is some compatibility between RSPO and POIG regarding workers’ rights and conditions requirements, but, there is caution around several issues:

- RSPO (6.2.6) has a living wage indicator, but does not have a definition of living wage. POIG (2.5.2) requires a credible methodology be used to determine living wage such as the [Global Living Wage Coalition](#).
- RSPO (6.2.7) states that casual, temporary and day labour should be limited to jobs that are temporary or seasonal, but it does not set a hard cap as POIG does at 20% (2.5.1). Keeping high percentages of workers in casual or temporary status—i.e. precariously employed—signals a high risk of further rights abuses.
- RSPO (6.6.1) has a list of prohibited forced or trafficked labour indicators that essentially meets POIG (2.5.13), however, it allows for the retention of identity documents or passports with consent of the worker. That opens the door for employers to coerce the worker to give up their passport. There is no good reason for an employer to retain a passport of an employee.

### Principle 7- Natural Resource Management and Biodiversity Enhanced:

- RSPO does not prohibit GMOs.
- RSPO (7.2) requires the minimisation of pesticides, prohibition of toxic pesticides and establishment of an integrated pest management (IPM) programme, which partially meets POIG (1.4), but does not ban pesticides on FSC or SAN banned lists. RSPO does not require that companies preference natural pest and weed control (POIG 1.4.2). RSPO has no provisions for the control or monitoring of chemical fertilisers.
- RSPO (7.8) prohibits new planting on peat of any depth, which meets POIG (1.1.2). The caution here is how RSPO defines peatlands. For Malaysia and Indonesia, the RSPO is proposing for its new P&C to not follow the common definition of Histosol, but instead follow national definitions which include less soils (only from 65% organic matter instead of 35% organic matter in other countries). RSPO (7.8) does not mention the assessment of peatlands for critical ecosystem restoration opportunities as in POIG (1.2.3 & 1.2.4) or fires and road building in developed plantations (RSPO 7.8.6/ POIG 1.2.2). RSPO includes peatland management restrictions for current plantation and rehabilitation areas based on the RSPO Best Management Practice guidelines. The requirements for auditors will be further detailed in audit checklists. RSPO (7.8.4) is mostly compatible with POIG 1.2.6 regarding drainability assessments.
- RSPO (7.9) requires water conservation or accountability in mills, but not in plantations as per POIG (1.7). RSPO does not require that companies set targets for, or require the minimisation or reduction of, water consumption. RSPO refers to using water efficiently.
- RSPO (7.11) compares favourably to POIG (1.3) in requirements around greenhouse gas (GHG) accountability. While RSPO requires reduction or minimisation, it does not require the companies to set targets.
- At the general principle and criterion level, RSPO's no deforestation criteria (7.13) largely meets POIG (1.1). However, RSPO has proposed exemptions for High Forest Cover (HFC) country situations (>60% forest cover), and their stated aim here is to only 'reduce deforestation' rather than 'break the link'— i.e. halt deforestation— in POIG. The HCS/HCV assessment in RSPO (7.13.2.1) would include identification and mapping of HCS forest areas. RSPO HFC exemptions allow for conversion of HCS forest areas for smallholder and legacy cases (7.13.2.2 and 7.13.2.3) and is not consistent with the High Forest Cover Landscape (>80% forest cover) requirements of the HCS Approach. Also, POIG has an earlier cut-off date than RSPO's proposed date of November 2018.
- The RSPO (7.13.7) requires management plans and monitoring of the status of RTE species, however, it does not consider protection or enhancing the survival chances of the RTE species.

### Conclusion

The latest RSPO P&C Draft has made some improvement in meeting the standard of responsibility articulated in the POIG indicators. While many RSPO criteria and indicators could be improved to meet the POIG indicators with a few additions, there is still a serious concern around these issues:

- RSPO and companies need to recognise that political and financial corruption is a major impediment to social and environmental responsibility and must be prohibited in any form.
- It is likely impossible for smallholders to meet RSPO standards, including smallholder standards, without the technical and financial support from RSPO member companies. Support needs to be required by the RSPO P&C.
- RSPO is allowing companies to maintain more than 20 percent of its workforce as casual workers. Maintaining a large contingent of casual workers can be a ploy to deny benefits and is a risk indicator for rights abuses.
- Passport retention by employers with worker consent can lead to coercing workers to acquiesce to a demand by the employer. There is no articulated reason why an employer needs to retain a passport (or other official identification document).
- RSPO's definition of peatland needs to be clarified and a single globally accepted standard confirmed to assure that all companies and stakeholders understand what "no new planting on peat" means.
- Exemptions for High Forest Cover countries do not halt deforestation. RSPO needs to align its 'High Forest Cover' requirements with those of the [High Carbon Stock Approach](#).