

# Charter Indicators

Retailers & Manufacturers  
September 2019



Palm Oil **Innovation** Group





Charter commitment	Indicator
<p><b>1. Transparency and information exchange</b></p>	<p>1.1.1 Submission of a list of top 10 highest volume derivatives and fractions purchased and their supply chain status in the annual retailers and manufacturers progress report.</p> <p>1.2.1 Public availability of a list of direct palm oil suppliers at least annually.</p> <p>1.3.1 Existence of text in sustainability report, website or other public communication outlining procurement challenges at least annually.</p>
<p><b>1.1</b> Retailers and manufacturers shall contribute to an updated list with information on the availability of palm oil fractions and derivatives, within the limitations allowed by national and international anti-trust guidelines and competition law.</p>	
<p><b>1.2</b> Retailers and manufacturers shall publish a comprehensive list of all direct suppliers, mills and producer groups whose palm oil entered the member’s supply chain in the previous year.</p>	
<p><b>1.3</b> Retailers and manufacturers shall produce public reports on progress, including reporting on responsible palm oil procurement bottle necks.</p>	
<p><b>2. Responsible procurement policy and roadmap</b></p>	<p>2.1.1 On joining POIG, members need to have an existing, public, responsible palm oil policy.</p> <p>2.1.2 Within 12 months, this policy must be reviewed to align to the POIG Charters<sup>1</sup>.</p> <p>2.1.3 For existing members without a POIG aligned policy, this will need to be published within 12 months of these indicators being introduced.</p> <p>2.1.4 Before publication and finalisation, members must share the draft policy for comment and consultation with the POIG Organising Committee.</p> <p>2.1.5 The policy commitments must be groupwide for all operations regardless of shareholding or location.</p>
<p><b>2.1</b> Retailers and manufacturers shall maintain a policy stipulating that segregated palm oil which has been third-party verified against the POIG Charter Verification Indicators for growers’ entire operations and landholdings, rather than individual estates, is the ultimate goal.</p>	

<sup>1</sup> POIG’s Grower Charter, Trader & Processor Charter, and Retailer and Manufacturer Charter.



<p><b>2.2</b> Retailers and manufacturers shall develop a roadmap toward practical implementation, which includes specific targets and timelines for global implementation; eliminating RSPO Credits (with exceptions made for smallholder-specific supply chains) and conventional (i.e. not RSPO certified or POIG verified) palm oil from their supply chain.</p>	<p>2.2.1 The existence of a roadmap and targets for manufacturers' and for retailers' own-brand products, which must meet these minimum thresholds:</p> <p>2.2.1.1 Crude palm oil must be 100% SG within 12 months of adoption of these indicators (or within joining POIG), and demonstrate increasing uptake of POIG verified volume to achieve 100% within 24 months.</p> <p>2.2.1.2 Palm kernel oil must be 100% SG within 24 months of adoption of these indicators (or within joining POIG), and demonstrate increasing uptake of POIG verified volume to achieve 100% within 36 months.</p> <p>2.2.1.3 Fractions must be 100% SG within 24 months of adoption of these indicators (or within joining POIG), and demonstrate increasing uptake of POIG verified volume to achieve 20% within 36 months.</p> <p>2.2.1.4 Derivatives must be moved away from conventional by year-end 2020, and must demonstrate active engagement with derivatives suppliers promoting POIG. This target can be revised after 24 months in case of changes in the supply chain.</p> <p>2.2.2 In cases of acquisitions, the acquired unit will be subject to the requirements of new members, with the exception of the requirement of an existing palm oil policy.</p> <p>2.2.3 In cases of smallholder-specific supply chains, an exemption can be granted for the thresholds under indicator 2.2.1 on a case-by-case basis for non-POIG verified sources that proactively support independent smallholders' inclusion into RSPO and/or POIG supply chain. The member must be able to document the project objective, maps, as well as projected volumes that are being sourced. In addition, an explanation of how NDPE risks have been addressed must be included, and all projects must be able to document third-party verification.</p> <p>2.2.4 In cases where the targets and timebound plans have not been achieved, members must be able to clarify transparently the reason for the failure to comply, why it was inevitable, and when the member expects to be back on track.</p>
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<p><b>3. Supply Chain engagement</b></p>	<p>3.1.1 Presence of a list of activities undertaken and results of engagements.</p>
<p><b>3.1</b> Retailers and manufacturers shall communicate their responsible palm oil procurement policy and roadmap to suppliers and customers, and work with them to find solutions and set out expectations of compliance.</p>	
<p><b>3.2</b> In cases where supplier practices are found to be in explicit breach of the POIG Charter, and are found to be unwilling to take remedial action, retailers and manufacturers will, where legally possible, take steps to exclude such suppliers from their supply chain.</p>	<p>3.2.1 Presence of a grievance mechanism which sets out clear exclusion criteria, including how such grievances are identified, and any actions taken reported in the annual progress report. 3.2.2 Within 6 months of adoption of these indicators (or within joining POIG), members must establish a public grievance mechanism and protocol for dealing with non-compliant suppliers with clear thresholds for suspension and reinstatement to the supply chain, and regularly publicly report on cases of non-compliance.</p>
<p><b>4. Communications</b></p>	<p>4.1.1 Independent third-party verification must be in compliance with the POIG Verification Indicators and Verification Audit Requirements, and claims must be aligned with the requirements in the POIG Communications Policy &amp; Guide<sup>2</sup>.</p>
<p><b>4.1</b> All claims made by members about procurement of POIG-verified oil or products must be backed by independent third-party verification.</p>	
<p><b>4.2</b> All members shall promote responsible palm oil, making specific reference to the POIG Charter and clearly communicate the rationale against a palm oil boycott.</p>	<p>4.2.1 Include in annual progress report the actions taken to promote POIG publicly and communicate the rationale against a palm oil boycott. 4.2.2 A statement on a website, in a report or policy explaining the case against boycotting palm oil is publicly available.</p>
<p><b>4.3</b> All members shall promote positive case studies and showcase innovations in procurement and production of responsible palm oil.</p>	<p>4.3.1 A list of proactive actions taken is available.</p>

<sup>2</sup> POIG Verification Indicators, Verification Audit Requirements and Communications Policy & Guide are available on our website at [www.poig.org](http://www.poig.org).



<p><b>5. Advocacy</b></p>	<p>5.1.1 Inclusion of reference to the POIG Verification Audit Requirements and best practices, and mention of POIG in the organisation’s ACOP reports.</p>
<p><b>5.1</b> All members shall advocate for reforms and improvements of RSPO audit procedures, quality control and for complete and comprehensive reporting in Annual Communication of Progress (ACOP) reports.</p>	
<p><b>5.2</b> All members shall advocate the phase-out of the RSPO’s Credit system with the exception made for smallholders-specific supply chains.</p>	<p>5.2.1 Inclusion of support for a phase-out in the ACOP reports.</p>



## Glossary of Terms

- **Derivatives (Reference 2.2.1.4)**

A derivative is obtained by chemical modification such as hydrogenation, esterification, hydrolysis of a fraction or palm oil / palm kernel oil directly. Examples derivatives include fatty acids, fatty alcohol and glycerine.

- **Fractions (Reference 2.2.1.3)**

A fraction is obtained by physical separation (mainly distillation) of (refined) palm oil, palm kernel oil without any further chemical modification to any of the components of the feedstock or the fraction. Examples for fractions include different grades of olein and stearin.

- **RSPO Credits (Reference 2.2)**

One RSPO Credit represents one metric tonne of RSPO certified sustainable palm oil product under the RSPO Book and Claim supply chain model.

# Palm Oil Innovation Group

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