

## Palm Oil Innovation Group Charter Revised Indicators – July 2015

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

Requirement	Indicator
<p><b>1. Environmental Responsibility</b></p>	<p>1.1.1 A HCS approach which combines biodiversity, carbon conservation and social considerations including community needs will be conducted prior to establishing new plantations or expanding existing ones.</p> <p>1.1.2 HCS forest areas shall be identified and mapped.</p>
<p><b>1.1 High Carbon Stock and High Conservation Values</b></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><b>1.1.3 No new plantings shall take place in HCS forest areas identified for conservation after March 2014.</b></p> <p>1.1.4 Identified HCS forest areas are actively conserved as part of a participatory land use plan and the FPIC process, and an overall estate conservation plan that includes HCV areas, riparian zones, peatland areas and any other areas legally required to be conserved.</p> <p>1.1.5 A report of the HCS approach including maps shall be made public.</p> <p>1.1.6 As part of the carbon conservation approach the RSPO report on the potential emissions and the plan to minimise them will be made public.</p>
<p><b>1.2 Peatland</b></p> <p>No peat clearance: All areas of undeveloped peatlands (peat of any depth) are protected and all drainage, fires or road building on peat soils is prohibited. Maintenance of peatlands: Water tables are managed in existing plantations on peat in order to minimize both the subsidence of the peat and the release of GHG emissions. Strategies are employed to progressively restore critical peatland ecosystems, with a preference for replanting on mineral soils, including via 'land swaps'.</p>	<p><b>1.2.1 There shall be no development, including drainage, of areas of undeveloped peatland of any depth after March 2014.</b></p> <p>1.2.2 There shall be no use of fires on peat soils.</p> <p>1.2.3 Where there is existing planting on peat, an assessment shall be required to determine whether there are opportunities to contribute to the restoration of critical peatland ecosystems. [If opportunities are identified,] a time-bound and expert reviewed strategy for restoration shall be developed and implemented. Strategies shall seek to replant on mineral soils, including via 'land swaps'.</p> <p>1.2.4 For existing plantings on peat, the water table should be 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 (Criteria 4.4 and 7.4).</p> <p>1.2.5 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</p>

	<p>alternative use of such areas. If the assessment indicates high risk of serious flooding and/or saltwater intrusion within two crop cycles, growers and planters should consider ceasing replanting and implement rehabilitation.</p> <p>1.2.6 Reporting shall include identification of total area of peatlands (of any depth) within the company land bank, the area of peatlands that is planted and the emissions associated with its cultivation.</p>
<p><b>1.3 Greenhouse gas (GHG) accountability</b></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><b>1.3.1 All sources of GHG emissions, including those related to land use and non-land use activities, shall be identified and monitored using the RSPO Palm GHG methodology or equivalent.</b></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 CO<sub>2</sub>eq shall be defined and documented.</p> <p>1.3.3 Biennial GHG emissions from all sources and progress towards the targets documented in 1.3.2 shall be publicly reported.</p>
<p><b>1.4 Pesticide use minimisation</b></p> <p>Highly toxic, bio-accumulative and persistent pesticides shall not be used. These include chemicals on the FSC 'Highly Hazardous' list and SAN prohibited pesticide list. Producers shall by 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><b>1.4.1 Highly toxic, bio-accumulative and persistent pesticides (PBT) shall not be used. This includes chemicals listed by the following: World Health Organisation Class 1A or 1B, Stockholm or Rotterdam Conventions, FSC 'Highly Hazardous' list, SAN prohibited pesticide list and Paraquat.</b></p> <p>1.4.2 Emergency use of listed pesticides is permitted subject to POIG Organising Committee approval.</p>
<p><b>1.5 Chemical fertiliser</b></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><b>1.5.1 Use of chemical fertilisers shall be minimised. SOPs shall demonstrate preferential use of other methods to manage soil fertility, such as '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.</b></p> <p>1.5.2 Phosphorus and nitrogen levels in relevant watercourses shall be monitored.</p> <p>1.5.3 Results of phosphorous and nitrogen monitoring in water courses shall be included in public reporting.</p>
<p><b>1.6 GMOs prohibition</b></p> <p>The cultivation of GMOs in the management area is prohibited.</p>	<p><b>1.6.1 The cultivation of GMOs in the management area is prohibited.</b></p>

<p><b>1.7 Water accountability</b></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 consumption across plantation operations shall be monitored.</p> <p><b>1.7.2 The water management plan shall include targets and measures to minimise and/or reduce water consumption by plantations and mills.</b></p> <p>1.7.3 Water consumption by plantations and mills shall be included in public reporting.</p> <p>1.7.4 The water management plan shall include targets and measures designed to minimise and/or reduce pollution from both plantations and mills.</p> <p>1.7.5 The water management plan shall be designed to ensure that the plantation and mill operation water use does not negatively impact the current water use by directly affected stakeholders.</p>
<p><b>1.8 Protect and conserve wildlife</b></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><b>1.8.1 Where HCV 1-3 have been identified, management plans shall include action plans for protection and survival of all rare, threatened or endangered species in the landscape beyond the management area.</b></p> <p>1.8.2 Conservation activities for all rare, threatened or endangered species shall wherever possible extend beyond the concession and/or geographical presence.</p> <p>1.8.3 Management plans include measures to protect native plants and animals, especially endangered species, and prevent the poaching of endangered species in all operation areas.</p> <p>1.8.4 The RTE management plan takes into consideration traditional hunting by communities outside the management area and includes specific activities to achieve the protection and survival of RTE species affected by hunting.</p>

<p><b>2. Partnerships with Communities</b></p>	
<p><b>2.1 Free, Prior and Informed Consent</b></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><b>2.1.1 Resourced access to independent expert advice shall be offered at each stage of an FPIC or conflict resolution process to affected communities.</b></p> <p>2.1.2 Processes of consultation and negotiation shall not be constrained by local legal frameworks.</p> <p>2.1.3 The acquisition or replanting of existing plantations shall include measures to ensure redress for any issues arising from inadequate FPIC processes when those plantations were established.</p> <p>2.1.4 If indicator 2.1.3 is applicable, participatory surveys will identify HCV's 4, 5 and/or 6 that existed before areas were converted to oil palm.</p> <p>2.1.5 Land shall not be acquired through expropriations in the national interest (eminent domain).</p>
<p><b>2.2 Food security</b></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 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 on existing plantations is assessed and included in a social management plan. The scope of the food security assessment shall include additional impacts that oil palm production operations may have on relevant requirements including land, water, labour and infrastructure as well as substitutability between income generation for food purchase and subsistence food production if workers, smallholders and affected communities.</p> <p><b>2.2.2 After March 2014, a minimum of 0.5 ha per person (in a family unit) shall be identified via participatory mapping, and enclaved for meeting food security needs.</b></p> <p>2.2.3 Measures designed to maintain or enhance local food security shall be included in participatory 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><b>2.3 Effective conflict resolution</b></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 parties. 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 shall be accessible to all affected parties.</p> <p>2.3.2 The system will provide a clear and known procedure with an indicative time frame for each stage.</p> <p>2.3.3 The system will keep parties to a grievance informed of its progress.</p> <p>2.3.4 The system shall include 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><b>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.</b></p> <p>2.3.6 Evidence that outcomes and remedies resulting from use of the mechanism are compatible with internationally recognised human rights.</p>
<p><b>2.4 Social conditions</b></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 shall incorporate the issues of potential human rights violations, social conflicts and land grabbing.</p> <p><b>2.4.2 Social impact assessments and plans for the avoidance or mitigation of impacts shall address key equity issues, including housing, healthcare, education, and empowerment of women.</b></p>
<p><b>2.5 Workers' rights</b></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>Remuneration</p> <p>2.5.1. Wages are paid regularly, on time, directly to the worker and in legal tender or cheque.</p> <p>2.5.2 Wage advances, loans and deductions are strictly monitored to ensure they are legal and to prevent deception, fraud and debt bondage.</p> <p>Working Hours and Leave</p> <p>2.5.3. Records show that hours of work do not exceed the maximum allowed by local law, regulation or collective agreement. The normal work week, not including overtime, does not exceed 48 hours, and workers are entitled to at least one day off in 6 consecutive days. Workers report that all overtime is voluntary.</p> <p>2.5.4 All workers are provided legally mandated public holidays and periods of leave consistent with applicable law, including paid annual, parental, compassionate and sick leave.</p>

	<p>Child labour</p> <p><b>2.5.5. A clear policy and compliance system is in place that prohibits child labour and sets the minimum age for employment consistent with applicable law.</b></p> <p>2.5.6 Young workers legally permitted to work but subject to compulsory education laws only work outside school hours.</p> <p>2.5.7 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>Forced or trafficked labour</p> <p><b>2.5.8. 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.</b></p> <p>2.5.9 The retention of passports, other government-issued identification and any personal valuables by the employer or third part recruitment or employment agency is strictly prohibited in policy and monitored in practice.</p> <p>2.5.10. 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><b>2.6 Support to smallholders</b></p> <p>Contracts with smallholders are based on a fair, transparent and accountable partnership. Smallholders are supported to improve 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><b>2.6.1 A smallholder support programme shall be 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 the same productivity level as company estates; b) Support relating to financial management and budgeting and c) Support relating to logistics, FFB processing and improved market access.</b></p> <p>2.6.2 Progress in implementation of the smallholder support programme shall be 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 a group certification system.</p>

<p><b>3. Corporate and Product Integrity</b></p>	
<p><b>3.1 Anti-corruption and Transparency</b></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><b>3.1.1 The ethical policy prohibiting all forms of corruption shall be publicly available.</b></p> <p>3.1.2 The ethical policy shall cover 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>3.1.3 Documentation of communications of policy e.g. training or guidance documents provided within the organisation; and supplier or agent clauses in contracts.</p> <p>3.1.4 In cases where anti-corruption legislation is lacking, anti-corruption measures shall be demonstrated in order to ensure compliance with the ethical policy, proportionate to the scale and intensity of management activities and the risk of corruption.</p>
<p><b>3.2 Traceability</b></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><b>3.2.1. Within 12 months all mills shall have in place a traceability system to identify the location (at least GPS coordinates) of production of FFB.</b></p> <p>3.2.2. Within 24 months the mills will only source FFB from known and identified sources and not from illegal sources.</p> <p>3.2.3. The company will have a time-bound plan to bring all FFB sourced into compliance with the POIG indicators.</p>
<p><b>3.3 Report on Social, Labour and Environmental Performance</b></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><b>3.3.1 A publicly available sustainability report shall be 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.</b></p> <p>3.3.2 The public sustainability report shall include details relating to the company's governance of its sustainability systems, consistent with the GRI Sustainability Reporting Guidelines (or equivalent approach).</p>

<p><b>3.4 RSPO Certification and Company Operations</b></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 shall be RSPO certified upon commitment to this Charter.</p> <p><b>3.4.2 A documented commitment shall be made, and progress monitored, to achieve 100% RSPO certification of the company’s plantations within 2 years.</b></p> <p>3.4.3 A documented commitment shall be made, and progress monitored, to purchase 100% RSPO certified FFB within 2 years. Acceptable alternatives may be defined for independent smallholders.</p> <p>3.4.4 Where there are new acquisitions of uncertified plantations, these shall be RSPO certified within 2 years of acquisition.</p>
<p><b>3.5 Responsible Supply Chains</b></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><b>3.5.1 Compliance with the POIG indicators shall be independently verified within 12 months of commitment, and then on an annual basis.</b></p> <p>3.5.2 The results of the independent verification shall be publicly reported within 12 months of commitment, and then on an annual basis.</p>