

POIG Charter

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Palm Oil **Innovation** Group



Palm Oil Innovation Group Charter

Introduction

The Palm Oil Innovation Group (POIG) is a multi-stakeholder initiative that strives to achieve the adoption of responsible palm oil production and procurement practices by key players in the supply chain through developing and sharing a credible and verifiable benchmark that builds upon the Roundtable on Sustainable Palm Oil (RSPO), and creating and promoting innovations. Founded in 2013, the initiative was developed in partnership with leading NGOs as well as with progressive palm oil producers.

POIG aims to support the RSPO through building on RSPO standards and commitments and by both demonstrating innovation to implement RSPO existing standards as well as with additional critical issues. With a focus on the three thematic areas of environmental responsibility, partnerships with communities including workers' rights, and corporate and product integrity, POIG members will strengthen their commitments to socially and environmentally responsible palm oil production. Therefore, POIG-verified oil comes from POIG members' palm oil plantations and supplying smallholders certified to the RSPO Segregated standard and additionally verified to the POIG Verification Indicators.

POIG focuses on leveraging its experience to create innovations in the palm oil industry and acting as an advocate for these innovations. POIG will demonstrate that by setting and implementing ambitious standards, the industry can in particular break the link between deforestation, and human, land and labour rights violations, and palm oil. The POIG Charter is primarily focused on palm oil producer companies (those who generate a majority of their profit from growing and processing fresh fruit bunches (FFB)). A retailers and manufacturers component of the POIG Charter was launched in November 2015, and a traders and processors component in 2017¹. It is expected that additional components will be added for other key stakeholders such as investors and consumers to ensure these standards apply to the full supply chain.

POIG is open to any stakeholder in the palm oil sector who supports this Charter and shares this vision. POIG wants to explore ways to increase the market demand for palm oil products that are produced by innovators within the industry who are operating in accordance with this Charter, so in particular welcomes the support of manufacturers and consumers.

¹ The POIG Charter for Retailers & Manufacturers and Traders & Processors can be accessed from our website at www.poig.org

Objectives and Purpose

POIG:

- promotes and supports innovation and improvements in oil palm plantation and extraction mill management and throughout the supply chain on a range of environmental, social, supply chain and governance issues, and seeks to have the innovations rolled out across the palm oil industry and reflected in the RSPO standard.
- creates added value for innovative and progressive producers and supply chain partners through increased market recognition and demand for palm oil products from innovative and improved practices.
- acts as a forum for open discussions and sharing of experience with innovations and improvements in: oil palm plantation practices, extraction mill management practices, responsible procurement, and product traceability and verification throughout the supply chain.
- acts as a forum to collectively engage with governments towards achieving recognition and support for innovations, and have them included in regulations and law.

The parties signing on to the Charter commit to certifying all of their palm oil production² to the RSPO Principles & Criteria (P&C) and demonstrating through third-party verification the following requirements:³

1. Environmental Responsibility:

1.1 Breaking the link between oil palm expansion and deforestation:⁴ forest protection - conserving and restoring High Conservation Value (HCV) and High Carbon Stock (HCS)⁵ areas:

The link between oil palm expansion and deforestation will be broken through undertaking an HCV-HCSA assessment, and a process of obtaining Free, Prior and Informed Consent (FPIC) to use land. The approach combines biodiversity and carbon conservation, as well as social considerations (including community needs).

Relevant
RSPO Criteria

3.4, 4.4, 4.5,
4.6, 4.7, 7.10,
7.12

² From all operations regardless of size of shareholding or location.

³ An additional set of indicators that clarify the requirements are available on the POIG website. These indicators are verified as an add-on to existing third-party certification audits.

⁴ **Deforestation** means direct human-induced conversion of forest to non-forests, with an exception for small-scale low intensity subsistence conversion by indigenous peoples and forest dependent traditional communities (consistent with HCV 5).

⁵ **High Carbon Stock** forests are the vegetation classes above the level between degraded lands (former forest now scrub and grassland) and young regenerating natural forest. HCS forest areas are identified through vegetation stratification based on interpretation of remote sensing and field plot data, and forest patch analysis via a decision tree to achieve an Integrated Conservation and Land Use Plan that incorporates robust social safeguards including participatory mapping and FPIC and the protection of HCV areas, HCS forests and peatland. The HCS Approach (HCSA) is overseen by the multi-stakeholder HCSA Steering Group, and can be accessed at www.highcarbonstock.org. Other equivalent approaches may be used.

1.2 Peatland:

a) 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.

b) Maintenance of peatlands: Water tables are managed in existing plantations on peat in order to minimise both the subsidence of the peat and the release of greenhouse gas (GHG) emissions. Strategies are employed to progressively restore critical peatland ecosystems, with a preference for replanting on mineral soils, including via 'land swaps'.

Relevant
RSPO Criteria

3.4, 7.4, 7.5,
7.6, 7.7, 7.10

1.3 GHG accountability:

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 tonne of crude palm oil (CPO)).

3.2, 7.10

1.4 Pesticides use minimisation:

Highly toxic, bioaccumulative and persistent pesticides shall not be used.⁶ These include chemicals on the FSC 'Highly Hazardous' list and SAN prohibited pesticide list.⁷ 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.

3.2, 7.1, 7.2

1.5 Chemical fertiliser:

To reduce climate and environmental impacts producers shall strive to minimise chemical fertiliser use, and preferentially use 'precision agriculture',⁸ organic fertilisers, and where possible use waste as a source of phosphorus.⁹ Phosphorus and nitrogen levels in water courses are monitored and disclosed.

3.2, 7.3, 7.8

1.6 Genetically modified organisms (GMOs) prohibition:

The cultivation of GMOs in the management area is prohibited.

1.7 Water accountability:

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.

3.2, 7.8

1.8 Protect and conserve wildlife:

Following comprehensive biodiversity surveys to identify HCV 1-3, in addition to ensuring the protection and survival of all rare, threatened or endangered (RTE) species within their concession land, concession holders also make a positive contribution to their survival in the wild in areas beyond the concession.

7.12

⁶ Including Paraquat. Emergency use of pesticides is permitted subject to POIG approval.

⁷ According to pesticides on these lists on the date of the Charter. Subsequent updates to these lists will need to be verified by POIG members.

⁸ **Precision agriculture** adapts field operations to local variations in crop and soil conditions by the use of state of the art technology, combined with a knowledge of intensive field management, to maintain a high field productivity and increase nutrient efficiency.

⁹ To avoid present fertiliser pollution in water and possible future 'peak phosphorus' https://en.wikipedia.org/wiki/Peak_phosphorus <http://www.greenpeace.to/greenpeace/wp-content/uploads/2012/06/tirado-and-allsopp-2012-phosphorus-in-agriculture-technical-report-02-2012.pdf>

2. Partnerships with Communities

2.1 FPIC of indigenous peoples and local communities:

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').

Relevant
RSPO Criteria

4.4, 4.5, 4.6,
4.7, 4.8

2.2 Food security:¹⁰

As part of the FPIC 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.

3.4, 5.1

2.3 Effective conflict resolution:

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.

4.2

2.4 Social conditions:

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',¹¹ and addresses key social equity issues including housing, healthcare, education and empowerment of women.

3.4, 4.1, 5.1

2.5 Workers rights:

Palm oil producers shall respect worker's rights including the International Labour Organization (ILO) requirements for 'decent work' and core conventions on child labour, forced or compulsory labour, freedom of association, and elimination of discrimination.¹²

6.1, 6.2, 6.3,
6.4, 6.5, 6.6

¹⁰ Food security exists when people affected by the plantation and extraction mill, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.- 1996 World Food Summit www.fao.org/docrep/013/a1936e/a1936e00.pdf

¹¹ **Landgrabbing** is described as: "any contentious acquisition of large-scale land rights by a foreign or outside entity." (from Pearce, F. 2012. The Landgrabbers – the new fight over who owns the planet. Eden Project Books. pg viii)

¹² See ILO Conventions 87, 98, 29, 105, 138, 182, 100, 111, 155, 161, 181, ILO Multilateral Framework on Labour Migration, Non-binding Principles and Guidelines for a Rights-based Approach to Labor Migration (2005), the ILO Declaration on the Fundamental Principles and Rights at Work, and the UN Palermo Protocol.

2.6 Support palm oil smallholders:

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 fresh fruit bunches (FFB) processing, and improved market access such as through group certification. Companies shall report on the support they have provided to smallholders.

Relevant
RSPO Criteria

5.1, 5.21

3. Corporate and Product Integrity

3.1 Transparency and corruption:

Producer companies shall publicise a commitment to prohibit any form of corruption¹³ 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.

1.1, 1.2, 2.1

3.2 Traceability:

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.

3.3 Report on social, labour and environmental performance:

Disclose on the company social, labour and environmental performance including the elements of this Charter, and how the organisation demonstrates good governance of its sustainability system using the guidance of the Global Reporting Initiative (GRI)¹⁴ or equivalent approach.

3.4 RSPO certification and company operations:

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 24 months. 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.¹⁵

¹³ See UN 2004. Convention Against Corruption, Articles 5 - 12. www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf

¹⁴ Current version of GRI Standards, available at: www.globalreporting.org

¹⁵ Those <25 ha or the agreed national level threshold. This may include a simple due diligence process.

3.5 Responsible supply chains:

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 plantation¹⁶ including FFB from third-party suppliers.

Approved by the Organising Committee
on 27th September 2019.

Agropalma Brazil
DAABON Group
Ferrero
Forest Peoples Programme
Greenpeace
Musim Mas
Rainforest Action Network
Worldwide Fund for Nature

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¹⁶ Charter members commit to due diligence to identify aspects of new acquisitions not in compliance with the Charter and to develop and implement a time bound plan to achieve compliance. The time bound plan shall be submitted to the POIG for approval (within 12 months of purchase).



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If you want to
know more about
the **Palm Oil
Innovation Group**,
please contact us:

C/O Helikon
Suite 15-2a Plaza See Hoy Chan
Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Phone: +603 2072 2130
Email: info@poig.org
Web: www.poig.org