



The Palm Oil Innovation Group

Verification Audit Requirements

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1. Introduction

The Palm Oil Innovation Group (POIG) is a multi-stakeholder initiative that strives to achieve the adoption of responsible palm oil production 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) standard.

The [POIG Charter](#) focuses on three thematic areas of environmental responsibility, partnerships with communities including workers' rights, and corporate and product integrity. POIG members who adhere to the Charter will strengthen their commitments to environmentally and socially responsible palm oil production. The POIG Charter sets forth requirements whereby POIG members who own or manage palm plantations submit to third-party site verification of conformance to the [POIG indicators](#) in addition to the RSPO standard. Those members who conform to the RSPO and POIG can be considered producing 'POIG verified oil'.

The scope of this document primarily covers provisions and requirements that are *additional or innovations* to the RSPO performance standards and procedural requirements. Where there are requirements articulated below that are duplicative of RSPO requirements, they are done so for emphasis.

2. General Provisions

2.1 POIG qualified certification body:

- 2.1.1 Is registered with POIG
- 2.1.2 Is accredited by Assurance Services International (ASI) to audit either of the following certification standards:
 - Roundtable on Sustainable Palm Oil (RSPO)
 - Forest Stewardship Council
- 2.1.3 Has demonstrated competence in auditing palm oil plantations
- 2.1.4 Has not been suspended by an accreditation body within one year prior to being registered or re-registered with POIG after a suspension
- 2.1.5 Has a gender balanced roster of available auditors and content experts
- 2.1.6 Complies with POIG verification indicators in section 2.5 Worker's Rights except for 2.5.14
- 2.1.7 Have attended a POIG Verification audit requirements webinar
- 2.1.8 Serves at the discretion of POIG. POIG reserves the right to select or suspend certification bodies based on conformance to these auditing requirements and competency, independence, honesty and integrity of the certification body (CB) and its auditors.

2.2 Maintaining objectivity and independence of POIG verification audits:

- 2.2.1 POIG verified palm plantation companies rotate/change CBs at least every five years except for when there is not more than one qualifying CB operating in the region, or willing to work with small operations (<5000 ha).
- 2.2.2 POIG verified palm oil companies who hire auditors from the audit team who evaluated their company as consultants or employees within one year of the audit will prompt an immediate re-audit
- 2.2.3 POIG auditees shall pay 70% percent of the audit cost before the audit begins to ensure that the CB's costs are not dependent on the audit results.
- 2.2.4 CBs rotate/change lead auditors on the same auditee every 3 years.
- 2.2.5 The lead auditor and audit team members shall have no other business or family relationships or financial interests with the auditee, other than as independent auditors, currently and for at least three years prior to serving on the audit team.

3. Specific Additional Provisions for POIG Verification Audits

3.1 Audit team size, composition and competency:

- 3.1.1 The audit team shall have expertise and experience in all three POIG Charter areas being audited – environmental responsibility, social responsibility (including labour relevant to the country/setting), and corporate governance. This would require a minimum of 3 members in the audit team, including content experts, with the exception of an audit of small operations.
- 3.1.2 One member of an audit team is qualified by the CB to be the lead auditor.
- 3.1.3 At least one member of an audit team is female (auditor or content expert).
- 3.1.4 The audit team can include content experts.
- 3.1.5 Content experts shall be used for providing technical expertise where a qualified auditor with the relevant expertise is not available. Content experts work under the supervision of the lead auditor.
- 3.1.6 The audit team shall include a person fluent in the local language and cover the language requirements of worker or local community interviews, including migrant and/or indigenous workers. If an auditor or content expert with the requisite language skills is not available, a third-party translator shall be used. A third-party can be an auditee's worker, contractor or a community member, but not from the auditee ownership or management.
- 3.1.7 At least one member of the audit team is a resident in the country of the audit, or resident in a nearby country with similar ecological, social and corporate conditions and/or have work experience in the country where the main parts for the audit are conducted.

3.2 Audit/Assessment process:

- 3.2.1 The main evaluation is the first POIG audit of an organisation. All relevant indicators shall be evaluated.
- 3.2.2 A surveillance audit shall be conducted after the main evaluation has been completed and at the minimum of once annually. An annual surveillance audit is a regularly scheduled annual audit where: 1) the relevant¹ indicators are re-evaluated; 2) the action plan is evaluated for progress in closing the non-conformities found in the previous audit(s).
- 3.2.3 A non-scheduled (surprise) audit shall be conducted when:
- A complaint has been filed with POIG, RSPO or ASI for sexual harassment, environmental degradation, child labour, labour disputes, health and safety violations, community intimidation, worker abuse, tenure conflicts, violation of traditional rights, or harassment of human rights defenders. The audit shall focus only on the complaint. The auditee is given a maximum of one-hour notice prior to the commencement of the audit.
 - Non-conformities found during an annual surveillance audit relating to any of the following: sexual harassment, environmental degradation, child labour, labour disputes, health and safety violations, community intimidation, worker abuse, tenure conflicts, or violation of traditional rights. The auditee is given a maximum of one-hour notice prior to the commencement of the audit.
- 3.2.4 For a multi-site (multi-estate, multi-subsidary) audit
- The choice of sites to be audited is based on a sample that gives preference to sites with the highest risks of non-conformance (examples: new planting, tenure or community disputes, HCV areas, traditional indigenous areas, labour or contract disputes, etc.).
 - Field sites that encompass and reflect the diversity of sites and situations.
 - The scope or result of the audit is for all sites or operations even though only a portion of sites are sampled in any particular year.
- 3.2.5 The methodology for selecting the sites shall be described in the audit report.
- 3.2.6 The sample size is based on RSPO or Rainforest Alliance audit requirements with an expectation that over a three-year period all sites/areas/concessions will be audited.
- 3.2.7 The POIG auditee shall allow audit teams full access to visit or inspect any parts, location or aspects of an operation relevant to the POIG indicators or complaint.
- 3.2.8 Stakeholder notification and engagement is carried out in a way that is culturally appropriate

¹ Only relevant indicators are verified to expedite the audit and reduce costs. E.g. the verification of HCSA and peat is only to be verified at the time of planting or replanting but not on annual basis

- for the stakeholder group to ensure clear communication is achieved on the proposed audit.
- 3.2.9 Stakeholder engagement shall represent a cross-section of interested and affected parties to cover all relevant issues related to the audit, including environment, social and governance matters.
 - 3.2.10 The auditor prioritises face-to-face stakeholder engagement during the field audit with affected parties.
 - 3.2.11 Interviews with stakeholders are conducted only after an explicit agreement to participate.
 - 3.2.12 Worker and stakeholder interviews are confidential and conducted free of the auditee's management presence or interference. The audit team ensures that they protect the identity of the respondents and that the respondents will not be penalised in any way for participating in the interview.
 - 3.2.13 Interviews with workers are conducted in a language understood by them. Auditors are free to select interview respondents, their method of interview and select a representative sample of workers in terms of gender, age, work assignment, employment status, nationality, religious affiliation, trade union membership, and other qualities, as applicable.
 - 3.2.14 Female workers and community members are interviewed by female auditors or female content experts.
 - 3.2.15 The methodology for selecting stakeholders and methods of communicating with stakeholders shall be described in the audit report.

3.3 Conformance with the POIG indicators:

- 3.3.1 As per POIG indicator 3.5.1, the main evaluation shall begin within 12 months of the organisation's signing of their commitment to the POIG Charter. The final verification results of the main evaluation are not complete until conformance with all major indicators is achieved at a minimum. Major indicators must be brought into conformance to the satisfaction of the CB through verified observable actions within two years (before a POIG membership suspension process would become effective), subject to POIG approval. The two-year period begins with the POIG approval of the organisation's action plan in accordance with 3.4.5. However, during this period the organisation or operation is not considered POIG verified.
- 3.3.2 Non-conformities against major indicators found during an annual audit shall be closed within six (6) months of the approval of the final audit report. The organisation will maintain their verification status during this period. POIG may grant a time extension if the POIG Verification Working Group agrees that circumstances affecting the closing of a non-conformity is not within the control of the organisation.
- 3.3.3 Non-conformities articulated in 3.2.3 found during the main evaluation, surveillance audit or complaint audit could result in immediate suspension of the organisation's verification and/or

- membership in POIG at the discretion of POIG Verification Working Group and the POIG Organising Committee.
- 3.3.4 Continued and recurring non-conformance of non-major indicators or lack of action to bring them into conformance over more than two years could lead them to be considered as a major non-conformance, with the exception of where due to the local or site-specific context, full conformance with the non-major indicator may not be appropriate or necessary, subject to POIG approval.
 - 3.3.5 The POIG Organising Committee can approve a variance to the POIG Charter, Indicators or Audit Requirements given local or site-specific context where conformance with a particular requirement may not be appropriate or relevant or where a member company has provided compelling rationale for waiving a requirement.

3.4 Audit report, action plan and public availability:

- 3.4.1 The draft verification report shall be submitted to the POIG Secretariat within 90 days from the end of the field verification work.
- 3.4.2 The POIG member undergoing verification or the CB shall notify POIG if the report is going to be delayed beyond the 90-day report writing period.
- 3.4.3 POIG can allow a time variance for submission of the report at the discretion of the POIG Verification Working Group.
- 3.4.4 A report that is submitted after two extensions will not be accepted, the POIG verification will be suspended and a new audit must take place using a **different CB**.
- 3.4.5 A response and action plan from the auditee to address both major and minor non-conformances shall be provided to the POIG Verification Working Group within the 90-day period. These actions shall be detailed in a time-bound plan.
- 3.4.6 The POIG verification report template² shall be used.
- 3.4.7 **The report remains a draft until finalised and approved by POIG.**
- 3.4.8 The final verification audit report shall be made publicly available by the auditee. All audit reports will be included on the POIG website.

² The official POIG verification report template is made available by the POIG Secretariat upon request. Please contact info@poig.org.

Appendix A – Glossary

Accreditation Body – The organisation that is monitoring the auditing practices and performance of the CBs on behalf of the Standard Setting Organisation.

Auditee – The organisation being audited.

Certification Body – The organisation conducting conformance audits on behalf of the Standard Setting Organisation.

Content Expert – A person who is not an auditor on an audit team, but contributes specific expertise and experience needed to fully evaluate the critical aspects of the organisation undergoing an audit.

Demonstrated – An action taken by the auditee that is observable by the auditors in the field, through third-party interviews, or documentation.

Evidence – Information or data based on facts that can be proven through direct observation, third-party interviews, and documentation.

Gender balanced – In the context of women’s empowerment, women are well represented in all facets of POIG verification work.

Local Community – Generally, this means neighbouring communities of a palm plantation or milling operation.

POIG Charter – POIG’s articulated goals, objectives and standards that the membership is committed to. <http://poig.org/the-poig-charter/>

POIG Verification Working Group – POIG members who are assigned to develop the verification standards and procedures, approve verification reports and results.

Small Operations – Plantations under single ownership of less than 5000 hectares. Small operations definition does not include subsidiaries or plantations owned by large corporate owners (those owning multiple plantations of larger than 5000 hectares).

Stakeholders

- Affected parties such as neighbouring communities, indigenous people, smallholders, servicing businesses, traders, wholesalers, labour unions, workers, contractors, local NGOs, etc.
- Interested parties such as non-local NGOs, government, global consumers, national citizens, etc.

Standard Setting Organisation – or **standards body** is an organisation whose primary activities are developing, coordinating, promulgating, revising, amending, reissuing, interpreting, or otherwise producing technical standards.

Third-Party - a person or organisation not directly involved in an activity, transaction, or contract with the auditee.

Workers – Domestic or foreign workers including full time, part-time and seasonal employees, contractors and service providers.