

Verification

Towards a robust and
credible assurance
framework

Photo credit: Agropalma

Palm Oil **Innovation** Group



Verification



Towards a robust and credible assurance framework

Lessons from the Palm Oil Innovation Group

The verification system developed by the Palm Oil Innovation Group (POIG) was launched in 2016, following initial trial audits in 2014, to verify performance against the POIG Charter and indicators, and attempt to address a number of the shortcomings of existing assurance systems. This publication looks back on the innovations adopted and includes reflections from POIG grower and NGO members regarding its utility and impact.

A journey towards **responsible** palm oil

A process of continual improvement

The credibility of a voluntary sustainability standard rests on its assurance system, so that participants, consumers, and other stakeholders can be confident that there is an added benefit for the environment or social conditions. However, the certification process where independent certification bodies assess and confirm conformance with the standard requirements is often a source of controversy. Frequent criticisms include auditor bias and lack of oversight, ambiguities of standard requirements, and potential conflicts of interest between certification bodies and their clients. In the past, the Forest Stewardship Council (FSC) and the Roundtable on Sustainable Palm Oil (RSPO) were condemned by NGOs¹ for what they considered to be ineffective assurance

systems, and both standards have attempted to address shortcomings over time.

However, as the sustainability agenda widens and changes focus, efforts to address certification shortcomings have needed to adapt. Early concerns regarding the RSPO standard were raised over inadequate auditing of environmental and land rights requirements (high conservation value (HCV) assessments, New Planting Procedure, Free and Prior Informed Consent) by the accredited certification bodies. In recent years, the emphasis has been on the ineffective quality of labour standard audits.

This trend is demonstrated by the high number of complaints submitted against RSPO certification bodies, as well as grievances raised against RSPO members via the RSPO Complaints and Appeals Procedure (CAP). In a 2017 benchmarking report, civil society organisation and POIG founding member Forest Peoples Programme (FPP) concluded that although the RSPO was the most robust palm oil certification system with respect to human and social rights (unfortunately POIG was not included), concerns remained around

implementation on the ground, audits, and provision of remedies². While the RSPO has attempted to address some of the shortcomings of the certification process following the adoption of the 2018 Principles & Criteria, its Assurance Standing Committee has yet to finalise slated improvements to “the credibility and accountability of the RSPO Assurance System.”³

¹ <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>, <https://eia-international.org/wp-content/uploads/EIA-Who-Watches-the-Watchmen-FINAL.pdf>, <https://www.earth-sight.org.uk/news/blog-open-letter-fsc-no-longer-fit-for-purpose-and-must-urgently-reform>, https://www.greenpeace.org/static/planet4-international-stateless/2021/04/b1e486be-greenpeace-international-report-destruction-certified_finaloptimised.pdf

² https://www.forestpeoples.org/sites/default/files/documents/Palm%20Oil%20Certification%20Standards_lowres_spreads.pdf

³ <https://rspo.org/who-we-are/governance/standing-committees/assurance-standing-committee/>



Photo credit: Musim Mas

Identifying the shortcomings of sustainability certification

In 2016 founding POIG member WWF released a report entitled “Expecting too much, getting too little? A think piece on sustainability certification auditing in the oil palm sector”⁴. The think piece attempted to identify the causes and shortcomings of RSPO’s standard and certification system (RSPO P&C 2013, RSPO Certification Systems 2007/2011 and subsequent versions) and came up with the following recommendations:

- Tightening the standard
- Increasing the transparency of individual audit reports
- Limiting the number of successive audits by the same lead auditors and certification bodies (CBs)
- Applying risk-based approaches as part of the audit process
- Improving the complaints systems associated with the standards
- Strengthening training of auditors
- Removing the direct link between certification bodies and their customers
- Separating monitoring of member progress from auditing

The POIG working group tasked with developing the assurance systems reviewed these recommendations. Some were deemed impractical given POIG’s membership size and internal capacity, but some were adopted or trialled.

Looking at POIG’s assurance system it is important to recognise two aspects: a) POIG verification builds on RSPO certification and b) assurance under POIG happens through verification (see box overleaf). POIG grower companies must provide evidence of successful RSPO certification to become eligible for POIG verification. POIG builds on the RSPO’s assurance system and has attempted to eliminate some of its weaknesses. To make the certification process simpler and more cost-effective, in some cases, POIG and RSPO audits were carried out simultaneously by the same CB.

⁴ http://poig.org/wp-content/uploads/2017/11/WWF_Auditing_Innovations_Nov-2017.pdf



Assurance, Verification, Certification and Conformance, a short digression into the auditing realm

An assurance system is the overarching set of rules that include the standard, its implementation, independent assessment of conformance, grievance system and any sanctions arising from violations or non-conformances. The standard (termed P&C under the RSPO, or the POIG Charter) lay out the requirements that plantations or companies need to comply with. They are usually broken down into indicators (POIG: verification indicators), which must be assessed during an audit.

Certification bodies (CB), which employ auditors, are generally accredited by an accreditation body who ensures that they fulfil the qualifications of the standard and have procedures in place to properly assess conformance and to provide certificates (including ISO norms).

Following a successful audit, a company or plantation is granted a certificate that documents compliance with the standard. It is usually issued by another unit within the CB, after an internal review, to reduce any bias by the auditors.

Verification differs from certification in that the results of an independent audit do not result in the granting of a certificate. POIG has chosen a verification system for three reasons: Considering the critiques surrounding certification POIG members felt that the last level of oversight should rest with the POIG Verification Working Group (VWG), rather than a certifier employed by a CB. In addition, given the limited size of POIG grower membership verification was considered more appropriate, as it is less bureaucratic and costly (no need for an accreditation body, dedicated certifiers), and more conducive to continuous improvement. Finally, it was felt that a POIG certification system would potentially compete with RSPO, which would defeat the purpose of POIG strengthening the RSPO.

POIG verification

In the absence of an accreditation body, POIG has recognised three eligible CBs, which are able to conduct POIG verification audits. Selection criteria include accreditation as a CB under the RSPO or FSC, demonstrated competence in auditing oil palm operations, no suspension by an accreditation body prior to registration with POIG, a gender-balanced roster of qualified auditors, and participation in a POIG Verification Audit requirements webinar. POIG retains the discretion to select or suspend any eligible CBs, based on their performance in verification audits and competency. Given the controversies surrounding some CBs, POIG introduced these requirements to ensure that only the best CBs are allowed to verify POIG grower members.

Audit teams must be able to demonstrate expertise in the three fields (environmental responsibility, social responsibility and corporate

governance) and include at least one female member. One member (auditor or content expert) must be fluent in the local language and able to cover language requirements of local communities and workers, including migrant and indigenous workers. At least one member of the audit team must be resident of the country where the audit takes place. These measures are meant to ensure that at least someone on the audit team is a) familiar with the local context, b) able to communicate in the native language(s), and c) female workers or community members will be interviewed by a female auditor or content expert. Unfortunately, aside from Preferred by Nature and IBD, which audited the Musim Mas Group and Agropalma respectively, the gender balance requirement of the audit team was not consistently met for the remaining POIG verification field audits, barring extenuating circumstances such as travel restriction during the pandemic.

The Verification Audit Requirements (VAR) further spell out the audit process, which can include non-scheduled (surprise) audits under certain conditions. The VAR covers conformance assessment and treatment of non-conformities, and expectations with respect to audit reports, action plans for non-conformities and report submission to the VWG. In addition, POIG required CBs to use a uniform verification report template from 2019 to ensure overall consistency.

The verification procedure

Audit reports by registered CBs must be submitted to the POIG VWG within 90 days of the audit. In addition, the audited company must submit a response and action plan, detailing how any major and/or minor non-conformances will be addressed in a time-bound manner. The reports are then reviewed by an independent content expert, who obtains clarifications from the CB and makes a recommendation regarding approval of the report to the VWG. The VWG then makes the final decision regarding the verification result. The VWG is composed of grower and environmental and social NGO representatives. To avoid conflict of interest grower representatives are excused from reviewing their own organisation's audit reports.

Physical POIG verification audits are mandatory annually, with a full audit followed by four surveillance audits. Special measures were introduced during the Covid pandemic, where on-site verification audits were prohibited due to movement restrictions enacted by governments.

Unannounced audits are possible under POIG if special conditions are met. This is a novel development compared to other palm oil standards.

A full description of the verification process and guidelines for auditors is available in the POIG repository (POIG Verification Audit Requirements⁵). It should be noted that RSPO has in the meantime adopted some of these requirements.

POIG Charter requirements for Retailers and Manufacturers

Initially the focus of POIG's assurance system was on palm oil production. However, as more and more retailers and manufacturers joined POIG it was agreed to develop a POIG Charter for Retailers and Manufacturers as a benchmark for responsible procurement. The Charter was subsequently complemented with verification indicators, which are the basis for annual progress reports. However, it was agreed not to develop a separate independent verification system, but rather to rely on self-declaration.

⁵ http://poig.org/wp-content/uploads/2019/11/POIG-Verification-Audit-Requirements_v1.1-August-2019-Final.pdf

Audit Innovations

Adoption of recommendations within POIG's verification system

Referring to the specific recommendations of the 2016 WWF report, POIG considered the following points:

Tightening the standard

This recommendation is based on the observation that standards tend to become more extensive and complex with every revision. This is a common feature across most voluntary sustainability standards. Unfortunately, the introduction of additional indicators does not automatically improve the auditability of a particular criterion. Nor does it always reflect the intended outcome of a criterion to require steadily more documentation (policies, reports or SOPs). Rather, such additions substantially increase the assessment efforts required of auditors, which have to be completed within

a limited amount of time. And they distract auditors from assessing if and how a particular criterion is implemented in the field.

While the POIG Charter has remained unchanged since its inception, the POIG verification indicators were revised and updated in 2019. The review included consultation with CBs and ex-auditors to enhance the auditability and remove any ambiguities from indicators. This reality check was considered essential to ensure that auditors do not have to second guess conformance requirements of the POIG Charter.

Since POIG builds on the RSPO, the POIG Charter contained only requirements that were not included in the RSPO P&C 2013. As such it had a narrower scope compared to other palm oil standards. The adoption of the RSPO P&C 2018, which included many of the POIG Charter requirements created a significant amount of overlap. The revision of the POIG verification indicators in 2019 acknowledged this development and attempted to remove any ambiguities in the POIG and updated RSPO indicators. In 2020, the POIG growers proposed further streamlining of POIG verification indicators to avoid duplication of audit efforts

between POIG and RSPO. However, efforts to pursue this task further by the POIG VWG were hampered by the Covid pandemic.

Full transparency

In ISEAL's Assurance Code of Good Practice⁶, it is recommended that audit outcomes are made public but it does not specify how this should be done. RSPO, like many other standards, provide audit summary reports for certified operations. Unfortunately, it is difficult to analyse how audit decisions were reached in a summary report, and it does not allow stakeholders to review and challenge how auditors arrived at a specific conformance rating.

Unlike to other standards, POIG requires publication of the full audit reports on the POIG website⁷. This is meant to provide full transparency of the audit findings, including major and minor non-conformances or observations. It places auditors and CBs under much greater public scrutiny, which is intended to improve report quality.

⁶ <https://www.isealliance.org/defining-credible-practice/iseal-codes-good-practice>

⁷ <http://poig.org/the-poig-charter/poig-verification-assessments-reports/>



Limiting the number of successive audits by the same lead auditors and CBs

One phenomenon that can compromise audit quality is so-called habituation. If the same audit team repeatedly assesses the same operation, this can lead to overall reduced attention, based on previous visits (“we’ve looked at this already before”), or worse, cronyism between company staff and auditors.

The POIG Verification Audit Requirements specify that any registered CB is only allowed to conduct five consecutive audits. Thereafter, a new CB must be selected. Lead auditors must rotate every three years. These measures are meant to reduce habituation and to ensure full scrutiny of audit teams.

In addition, in order to further reduce financial dependency of CBs, 70% of the audit costs must be paid by the auditees before an audit commences. This is to counteract any risks of companies holding up payments until a satisfactory audit result is obtained.

Applying risk-based approaches as part of the audit process

Risk-based approaches come into play at two levels, namely a) in the selection of an audit site for multi-site operations and b) in the emphasis given to certain verification indicators. Both are meant to reduce chances

of unexpected non-conformances and focus the auditor’s attention on issues that carry highest risks.

With respect to audit site selection, auditors used a risk-based approach for Musim Mas, the only POIG grower member with mills spread across several provinces. During the second annual audit, a RSPO mass balance-certified mill was chosen, which relies to a large part on external FFB from independent small-holders and/or outgrowers. This is because deforestation risks might be higher in such a constellation, compared to a supply-shed which is entirely under a company’s control.

Risk-based approaches with respect to individual indicators were not pursued in a prescriptive way. However, in 2021, a non-conformance assessment of all POIG audit results to date was conducted to identify potential areas of elevated risk. Unfortunately, the previously planned revision of the VAR and verification indicators was postponed as a result of the Covid pandemic and eventually abandoned.

In reality, however, a risk-based approach was likely followed on an ad hoc basis, in the sense that non-applicable indicators were not assessed in consecutive audits. For example, Agropalma sites are not located on peat, hence peat verification indicators (1.2.1-1.2.7) were not



assessed. Similarly, if there was no evidence of expansion of planted area on a particular site, verification of an updated HCV/HCS assessment (indicator 1.1.1) or free, prior and informed consent (FPIC) (2.1.1-2.1.4) for the newly planted area were usually not undertaken. However, any experienced auditor – even in non-POIG registered CBs – would probably pursue such an approach.

Improving the complaints systems associated with the standards

Most standards require an accessible and effective complaints or grievance system, both for the standard and member companies. RSPO has maintained a complaints system since its inception and the RSPO P&C requires growers to maintain accessible grievance systems. The POIG Charter also requires growers to implement a conflict resolution system. However, the POIG Organising Committee (OC) decided not to pursue the development of its own grievance system, given the size of the organisation and the effort required to operate it, as well as the existence of the RSPO CAP.

While each POIG/RSPO member company has a grievance system, aggrieved parties also can submit complaints to the standards or the accreditation bodies. While this is a legitimate means to obtain remedy, more effort should be made to approve company grievance systems as a first point to address issues, and to unburden

standard's grievance systems. In the course of an independent labour assessment of Musim Mas' operations during 2021 by POIG member Verité Southeast Asia (VSEA), the complaints system was scrutinised in four of Musim Mas' operations⁸ as well as in some third-party suppliers. The labour expert's recommendations to improve accessibility and to deal with potentially complex grievance cases are currently being implemented.

One suggestion in the 2016 WWF report was to use complaints records to inform risk-based auditing. To be useful for auditors, corporate complaints systems must be robust and detailed. They are only useful for risk analysis if they are able to capture the full scope of potential grievances and are considered fully accessible by stakeholders. That is why voluntary expert assessments as the one carried out by Musim Mas and VSEA are critical.

Strengthening training of auditors

Generalist auditors are increasingly challenged as standard requirements become more comprehensive and complex, and the trend goes towards auditors/content experts with in-depth knowledge in environmental and social matters. Standard bodies like the RSPO have developed audit checklists, to standardise and ease conformance assessments. However, these tend to be inadequate for labour or human rights issues. An increasing number of labour-

related complaints against RSPO members and CBs starting around 2015 was in part due to a lack of expertise of CBs in detecting labour issues.

POIG does not maintain an audit checklist, but lead assessors are expected to participate in training webinars. While RSPO, and its accreditation body Assurance Services International (ASI), have carried out similar training programmes, initially these were often not mandatory for lead assessors. Rather attendance from CB representatives was considered adequate, which led to implementation gaps. However, RSPO has since corrected this shortcoming.

Removing the direct link between certification bodies and their customers

Many NGOs argue that the financial dependency of CBs on their clients can affect the quality of audits. Evidence of this is scarce, but a study from India on environmental audits of industrial plants showed that auditors detected more

⁸ <https://www.musimmas.com/wp-content/uploads/2022/07/Verite-Musim-Mas-labor-report-1-Jun-2022.pdf>

non-conformances, as verified through independent backchecks, when financial links to audited companies were removed⁹. In addition, companies in the treatment group improved their performance, since audits were more effective in detecting violations, so there was a positive impact with respect to legal compliance. Similar results were obtained in a meta-analysis¹⁰ of nearly 17,000 code-of-conduct audits in 66 countries. Fewer non-conformances were detected when there was an indication of habituation, audit teams were poorly trained or all male, and when audits were paid by the audited company.

As a consequence of rising complaints against RSPO CBs and a non-conformance assessment by ASI, which showed gaps in detection of non-conformances, a group of NGOs submitted a resolution to the RSPO's General Assembly in 2018 tasking the RSPO to "delink" auditors for the operations they audit. Although the resolution was narrowly defeated, the topic is still being discussed in the RSPO's Assurance Standing Committee.

While POIG thoroughly discussed the de-linking issue and the added value of demonstrating how to implement it, it was decided not to establish such procedure. Reason being that POIG lacked the needed structure, which would include a facility to collect and disperse audit fees, an expanded pool of eligible CBs and

a mechanism to assign them. Although the POIG VWG could have assumed these tasks it seemed unpractical with only three growers spread across two continents and a limited pool of registered CBs.

Separating monitoring of member progress from auditing

One significant criticism of auditing is that it occurs once a year, and thus reflects a snapshot in time. Furthermore, as it is usually announced beforehand, "things can be put in order" before the auditors arrive. While interviews with workers and stakeholders can circumvent this weakness to some extent, they cannot entirely eliminate it, and some experts have suggested to rely on ongoing community-based monitoring or external experts.

POIG has relied on the second option: the commissioning of two independent labour audits by Musim Mas, involving VSEA as a renowned authority in labour issues is one example. So is the ongoing assessment of the HCSA Social Requirement 13 by FPP and civil society partners in one of Musim Mas' operations. This assessment focuses on community land rights, FPIC and company engagement at the community-level. Likewise, Agropalma has engaged Insituto Peabiru to conduct an assessment of land claims and disputes on their areas. While technically speaking such assessments are also snapshots

in time, they differ from conventional audits in several ways: a) Local stakeholders or workers are less reluctant to speak openly to local NGOs than to auditors b) Expert assessments tend to be longer in duration and focused on specific topics and c) Results of such assessments are not pass/fail. Companies are probably more open to address observed deficits if they are volunteering to conduct such assessments. Hence such interventions promote continual improvement much more than conventional audits.

Aside from these examples from POIG members, the POIG Audit verification requirements (and audit template) clearly spell out the minimum number of workers, community members/local stakeholders, their respective gender and the selection procedure required for interviews. By being so prescriptive, POIG auditors should be able to obtain a representative opinion from potentially affected stakeholders, recognising the limitations of time constraints during audits and that local stakeholders/workers might be hesitant to speak openly to auditors.

⁹ Duflo E, et al. 2013. Truth-telling by third-party auditors and the response of polluting firms: Experimental evidence from India. NBER Working papers.

¹⁰ https://www.hbs.edu/ris/Publication%20Files/14-032_a106325c-070b-403d-8d60-9d037bcc3162.pdf

RSPO Response

Over time, the RSPO has adopted a number of POIG innovations. While there is a clear link between the POIG Charter and the adoption of many of its requirements under the RSPO P&C 2018, this is less evident for RSPO's audit and verification requirements. Some changes might have been borne by the criticisms and complaints arising from RSPO's inadequate assurance system. Others have been introduced by POIG members active in relevant RSPO working groups. Irrespective of the causes there has been some convergence in the 2020 RSPO Certification Systems¹¹ in the following areas:

Audit team composition

- The lead auditor needs to be changed after two consecutive audits of the same management unit and cannot participate in any audits of the same operation for two years.

- The audit team must be fluent in the main languages, but interpreters are allowed if not all team members have required language skills.

While there are detailed descriptions of the skill sets required, there is no consideration of gender, neither with respect to an audit team composition, nor interviews with female workers or community members.

Training

- RSPO provides a lead auditor P&C course, which must be refreshed every three years, as well as specialised training for compliance assessment of the independent smallholder standard (ISH) and new planting procedure (NPP); including FPIC and HCV/HCS requirements.
- Auditors must undergo supervised training in practical audit against the P&C.

Training requirements of the RSPO currently exceed those of POIG.

Audit procedure

- Sampling of management units for auditing is based on a risk assessment, in cases where there are multiple management units.

While there is an expectation that cross-sections of workers, community members and relevant stakeholders are to be interviewed in the course of an audit, RSPO does not prescribe minimum numbers. POIG also goes further with respect to privacy protection or that interviews must be carried out without company staff being present.



Photo credit: Musim Mas

¹¹ https://rspo.org/wp-content/uploads/RSPO_Certification_Systems_Document_-_November_2020-ENG-1.pdf

Limits to POIG implementation

Aside from the size limitations that made decoupling unfeasible, POIG was challenged by several other issues. Although the VAR spells out clear timelines for audit report submission and final approval by the VWG, those timelines were often not kept, and this created unnecessary delays. After some NGOs left POIG or stepped down from the VWG, it was difficult to maintain a consistent composition of the VWG, which delayed report approval further.

Despite efforts to streamline auditing via webinars, the VAR and the audit template, audit report quality differed significantly among the three CBs, requiring substantial efforts by POIG technical experts to clarify matters and to ensure that indicators were properly assessed. Having more eligible CBs would likely have encouraged “a race to the top”. But since POIG had only three growers, there was no great incentive by additional CBs to invest in training auditors for POIG Charter verification. Furthermore, for a while only one RSPO-endorsed CB was available in Latin America.

Finally, the Covid pandemic complicated both audits and verification. It took the VWG time to develop guidance for virtual audits, largely based on the procedures by the RSPO, and to ensure implementation. Likewise efforts that attempted to streamline verification, by tightening the standard and to place a greater emphasis on risk-based auditing were delayed, and eventually abandoned following the decision to close POIG.



Photo credit: Rainforest Action Network

Impacts of POIG verification

The potential impacts of the POIG assurance system can be viewed in terms of the POIG grower members, or more broadly in the context of voluntary sustainability standards. In both realms it is difficult to quantify concrete impacts.

Based on the reflections of the growers below it appears that the verification approach itself had a lesser impact on operations than various aspects arising from the POIG Charter requirements, such as the decent living wage approach (Agropalma), or validation of adequate implementation of POIG requirements (e.g. labour and land rights assessments for Musim Mas) in collaboration with specialised NGOs. From the perspective of POIG NGO members it seems that Verité Southeast Asia's biggest takeaway was the opportunity to verify the improvement of labour conditions based on POIG and RSPO requirements. Finally, WWF felt that POIG's greatest impact was the integration of POIG Charter and verification requirements into the RSPO's processes.

Agropalma

Reflections from Brazil

Agropalma has been implementing POIG Charter since 2014, starting from the trial period. In this period our company implemented important advances inspired by POIG requirements.

Following the need of carrying out a Living Wage assessment, Agropalma deeply dove into the Anker methodology and developed a detailed assessment of our workers remuneration and benefits, relying mainly in primary data collection and sampling a relevant number of employees. The study demonstrated that in kind benefits are a very important component of the Living Wage and, therefore, the new decisions of providing a food voucher and extend the private health care system to all workers, in addition to previous benefits were in the right direction.

Following the spirit of POIG innovations, Agropalma is now assessing the feasibility of implementing agroforest systems, by intercropping palms with other crops and native trees. Some of our family farmers are already trialling cassava, cocoa and lemon trees intercropped with oil palms.

Musim Mas

Reflections from Indonesia

Musim Mas was the first and only Southeast Asian producer to complete verification and by doing so established the proof-of-concept for responsible palm oil production in Southeast Asia, as defined by the POIG Charter.

Musim Mas considers the aspect of utilising audits by external experts most impactful for our operations. Following the approval of POIG membership, Musim Mas commissioned labour assessments of our plantations and mills by the international labour NGO, Verité Southeast Asia in 2016 and 2021. The assessment aimed to determine good practices, system gaps, and areas for improvement of Musim Mas' mills and supply bases, against the labour requirements of the RSPO P&C, POIG's Charter, and relevant VSEA Best Practice Standards and other international norms on worker protection. The results have given us valuable insights on how to improve labour relations beyond legal compliance and conformance to standard requirements.

Currently, Musim Mas is jointly trialling the HCSA Social Requirement (HCSA SR13) with Forest Peoples Programme in one of Musim Mas' operations in Central Kalimantan to ascertain retrospectively how community engagement and land acquisition happened in accordance with requirements at the time and the HCSA Social requirements. It is meant to strengthen our FPIC and community engagement efforts.

Verité Southeast Asia

Reflections from a labour NGO

For Verité Southeast Asia (VSEA), establishing clear, comprehensive, and meaningful standards is an important first step in innovation, in raising the bar on human rights in the workplace and in the entire sector. Ensuring that the implementation of the standards is done well, and that this results to the intended effects is just as critical. Monitoring and verification, through robust assessment methodologies, help deliver these desired outcomes and flag unintended consequences and implementation gaps that need to be addressed for continuous improvement. As an NGO and a social auditor for POIG companies, we do this by looking not only at whether the standards were interpreted well through policies, procedures, and practices. We look at whether the root causes of issues are addressed and if management systems are mature enough to support the workplace improvements the standards were intended for. We look at whether innovations made by companies enhance workers' ability to exercise their rights. We speak with all categories of workers, different levels of management, various relevant stakeholders whose perspectives are carefully considered in our analysis. We conduct comprehensive review of documents, physical inspections and observations, and other ways of gathering empirical evidence to help us provide POIG member companies an objective, in-depth assessment of their performance against POIG standards.

This is why we have continued to support POIG and its verification system, because it also supports our mission: to achieve transformative social and economic justice, where all workers are empowered to advocate for their rights and wellbeing, through innovation, collaboration, and promoting policies that drive key stakeholders to action.

WWF

Reflections from an environmental NGO

The Palm Oil Innovation Group has shown that you can improve assurance systems through innovation. WWF helped found POIG when the 2013 P&C review wasn't as successful as we were hoping. POIG members used the years in between the reviews working jointly between producers, NGOs and auditors to verify that the ambitious POIG Charter was implementable and credibly verifiable on the ground. They collected enough evidence, so that the revised RSPO standard in 2018 and the Certification requirements got much closer to the requirements of POIG and made a significant step forward in addressing the weaknesses in the previous versions.

With respect to the broader context, while there has been some convergence by RSPO, some key elements of POIG are still lacking. National palm oil standards such as the Indonesian Sustainable Palm Oil (ISPO) and the Malaysian Sustainable Palm Oil (MSPO) will probably have even less rigorous assurance requirements. And beyond palm oil, there has been some recognition of POIG's verification system, although it is difficult to qualify these. In any case, palm oil and assurance experts will be able to make reference to POIG based on the available documentation on the website and from this publication, if they want to improve their assurance systems.

Perhaps the biggest potential impact of POIG's verification efforts could have been the development of a pilot for "delinking". Unfortunately, POIG's size was prohibitive for such an effort. However, the fact that discussions are still ongoing both within the RSPO but also other commodity standards shows that the topic remains relevant.

Lessons for other standards

The POIG initiative is completing and winding down at a time when RSPO is developing the 2023 version of the P&C. While POIG members individually participate in the P&C taskforce and public consultations, it is not comparable to the 2018 P&C revision. POIG members within and outside the RSPO undertook a concerted effort to lobby for improvements in the P&C, with the consequence that the 2018 P&C became closely aligned with the POIG Charter requirements, and a substantial part of POIG's mission was accomplished. The subsequent reduction of NGO contributions within POIG diminished when Greenpeace left the initiative and FPP and Rainforest Action Network stepped down as OC members. Consequently, POIG's influence is also diminished within the RSPO's Assurance Standing Committee (ASC), the committee tasked with improving RSPO's assurance system, because in particular Greenpeace was active in RSPO's Assurance task force, which preceded the ASC.

Despite RSPO advances via the P&C 2018 and the 2020 Certification systems, a number of challenges remain, such as the need to avoid an inflated and complex standard, a focus on ticking audit checklist boxes, rather than assessing risk, and above all ensuring that auditors are highly qualified, truly independent and rigorous. While the RSPO accreditation body has suspended a number of CBs, ASI could benefit from far greater transparency and greater focus on competences. This concerns reasons for CB suspension, the major findings of witness or compliance audits and evidence, and greater transparency around the lifting on suspensions. A publicly available report, which compares performance of CBs over time – in the form of a sequential conformance assessment – is lacking. Currently, there is too much opacity regarding CBs improvement over time, and it is unclear if NGO criticisms surrounding RSPO certification have been addressed.

The criticisms of the RSPO holds for other voluntary sustainability standards. Standards such as the FSC, Rainforest Alliance or Fairtrade have expanded and gotten more complex with each revision, posing challenges to auditors and producers to understand intent and conformance requirements. Transparency surrounding audit reports or quality of CBs is still lacking, making cost a key criterion for CB selection, rather than quality. As mentioned at the outset, an assurance system ultimately determines the credibility of a standard, and transparency is the key attribute to ensure the trust and support by stakeholders and ultimately consumers.

Note: An earlier version of this impact report published online in May included a statement on the suspension of Agropalma's RSPO certification by its certification body. Agropalma's RSPO certification has since been reinstated in June 2023.



This publication is the second in a series published in connection with the 10-year anniversary and conclusion of the Palm Oil Innovation Group.

The publications attempt to capture the efforts made by POIG's members, the impact of POIG's work on the RSPO and palm oil production and use in general, and share the lessons and questions still outstanding to achieve responsible supply chains that have broken the link between palm oil production and the destruction of forests and peatlands, the exploitation of communities and workers, and climate change.



Palm Oil Innovation Group

Photo credit: Agropalma



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