

Palm Oil Innovations Group Charter

Introduction

The Palm Oil Innovations Group (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, and corporate and product integrity, POIG members will strengthen their commitments to socially and environmentally responsible palm oil production.

The POIG focuses on leveraging its experience to create innovations in the palm oil industry and act as advocates for these innovations. The 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 currently focused on palm oil producer companies (those who generate a majority of their profit from growing and processing Fresh Fruit Bunches).

The POIG is open to any stakeholder in the palm oil sector who supports this charter and shares this vision. The 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. It is expected that additional Charter components will be added for traders, investors, manufacturers, retailers and consumers who support the Charter to ensure these standards apply to the full supply chain.

Objectives and Purpose

The 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 production¹ to the RSPO P&Cs and demonstrating through 3rd party verification the following requirements²:

1. Environmental Responsibility:

1.1 Breaking the link between Palm Oil Expansion and Deforestation³:

Forest Protection - Conserving and Restoring High Conservation

Value (HCV) and High Carbon Stock (HCS) Areas: The link between oil palm expansion and deforestation will be broken through undertaking a High Carbon Stock⁴ approach in addition to a 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).

Relevant RSPO Criteria

7.1, 7.3, 7.5,

7.6, 7.8

1.2 Peat land:

a) No peat clearance: All areas of undeveloped peat lands (peat of any depth) are protected and all drainage, fires or road building on peat soils is prohibited.

b) Maintenance of peat lands: 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 peat land ecosystems, with a preference for replanting on mineral soils, including via 'land swaps'.

4.3, 7.1, 7.2,

7.4, 7.8

1.3 Greenhouse gas (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 CPO).

5.6, 7.8, 8.1

1.4 Pesticides use minimization: highly toxic, bioaccumulative and persistent pesticides shall not be used⁵. These include chemicals on the FSC 'Highly Hazardous' list and SAN prohibited pesticide list⁶. 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.

4.5, 4.6, 8.1

1.5 Chemical fertilizer: To reduce climate and environmental impacts producers shall strive to minimize chemical fertilizer use, and preferentially use 'precision agriculture'⁷, organic fertilizers, and where possible use waste as

4.4, 5.3, 8.1

¹ From all operations regardless of size of shareholding or location.

² An additional set of indicators will be annexed that clarify what are the actual additional requirements over and above RSPO P&C indicators. These indicators will be verified as an add-on to existing 3rd party certification audits.

³ **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).

⁴ A **High Carbon Stock** forest are the vegetation classes above the level between degraded lands (former forest now scrub and grassland) and regenerating secondary natural forest. It is identified through a combination of vegetation stratification based on interpretation of remote sensing images and field checks, and a biome or regional specific carbon threshold or range.

GAR/TFT/Greenpeace has developed an HCS methodology and is available at http://www.goldenagri.com.sg/sustainable_hcs.php. Other equivalent approaches may be used.

⁵ Including Paraquat. Emergency use of pesticides is permitted subject to POIG approval

⁶ 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.

⁷ **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.

a source of phosphorus⁸. Phosphorus and nitrogen levels in water courses are monitored and disclosed.

1.6 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 minimization and disclosure of water use, pollution elimination, equity with other users, and consideration of catchment level impacts of irrigation.

4.4, 8.1

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 species within their concession land, concession holders also make a positively contribution to their survival in the wild in areas beyond the concession.

5.2, 7.3

2. Partnerships with Communities

2.1 Free, Prior and Informed Consent (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').

2.2, 2.3, 6.4, 7.6

2.2 Food Security⁹: 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 of and diversity of food production systems. There is transparency of the land allocation process.

6.1, 7.1

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 party's. The system will include the option of access to independent legal and technical advice, the ability for

6.3

⁸ To avoid present fertilizer pollution in water and possible future 'peak phosphorus' *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>

⁹ 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
<http://www.fao.org/docrep/013/a1936e/a1936e00.pdf>

complainants to choose individuals or groups to support them and/or act as observers, as well as the option of a third party mediator.

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’¹⁰, and addresses key social equity issues including housing, healthcare, education and empowerment of women.

6.1, 6.13

2.5 Workers Rights: 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 discrimination¹¹.

6.5, 6.6, 6.7, 6.8,

6.9, 6.12

2.6 Support Palm Oil Small Holders: Contracts with smallholders are based on a fair, transparent and accountable partnership. Small holders 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.

6.10, 6.11

3.0 Corporate and Product Integrity

3.1 Transparency and Corruption: Producer companies shall publicize a commitment to prohibit any form of corruption¹² 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, 1.3, 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 organization demonstrates good governance of its sustainability system using the guidance of the Global Reporting Initiative¹³ 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 2 years. This shall cover all palm oil operations, subsidiaries, acquisitions of existing

¹⁰ **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)

¹¹ 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.

¹² See UN 2004. Convention Against Corruption, Articles 5 - 12.

http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

¹³ Current version 4

plantation and fresh fruit bunch purchases from third parties, with possible alternatives to full RSPO certification for small independent producers¹⁴.

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 plantation¹⁵ including FFB from 3rd party suppliers.

13th November 2013

Agropalma Brazil
DAABON Group
Forest Peoples Programme
Greenpeace
New Britain Palm Oil Ltd
Rainforest Action Network
Worldwide Fund for Nature

¹⁴ Those <25 ha or the agreed national level threshold. This may include a simple due diligence process

¹⁵ 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).