

**RSPO**

Roundtable on Sustainable Palm Oil

# ROUNDTABLE MEETING ON SUSTAINABLE PALM OIL



SUSTAINABILITY  
**WHAT'S NEXT?**



## Improving Social Auditing in the RSPO Certification System

### Assessment of Social Auditing

by **Verite  
Southeast Asia**  
in partnership with  
**Oxfam-Novib**

To provide input to the HRWG, and the Social Auditing Subgroup, in its task to come up with a guidance to improve social auditing within the RSPO

- Focus on how **land, labour, and gender** aspects are audited within the revised P&C framework

- Research locales:  
Malaysia and Indonesia.

- Workers, CBs, growers, and NGO stakeholders, RSPO-affiliated organizations, operating within and outside these two locales were consulted

## Verite Systems Assessment Approach

**Intent** → Goals & objectives

**Implementation** → Standards & requirements,  
processes & procedures, audit protocols &  
auditor qualifications, monitoring & evaluation

**Effectiveness** → Impact, usefulness, value

## Auditing towards Sustainability

**Social Auditing**

Accountability  
Transparency  
Social Responsibility

**Certification**

**social,  
environmental,  
economic  
Sustainability**  
Product differentiation  
Premiums & Incentives

Different goals  
Different standards  
Different methods & schemes

**BloombergBusinessweek**  
Global Economics

**Bloomberg Markets**  
Get the inside view of the Global Financial Markets

Free year of Bloomberg Pursuits, our luxury lifestyle quarterly

<http://www.businessweek.com/articles/2013-07-18/indonesias-palm-oil-industry-rife-with-human-rights-abuses>

**Indonesia's Palm Oil Industry Rife With Human-Rights Abuses**  
By E. Benjamin Skinner | July 18, 2013

**FEATURES**

**Palm oil fuels Indonesia deforestation**  
Indonesia is the world's top palm oil producer, but that has led to **land grabs and violence against indigenous people.**  
[Dana MacLean](#) Last updated: 04 Apr 2014 11:11


“Female plantation workers are particularly affected by the increased dependence on cash resulting from the decrease in agricultural land as men tend to receive and control cash income, as has been reported in Indonesia, the Philippines and PNG”  
*Forest Peoples Programme, 2011*

**Pulitzer Center ON CRISIS REPORTING**

REPORTING | Published and Broadcast | Untold Stories | Projects | Gateways | E-books

Palm Oil for the West, Exploitation for Young Workers in Malaysia

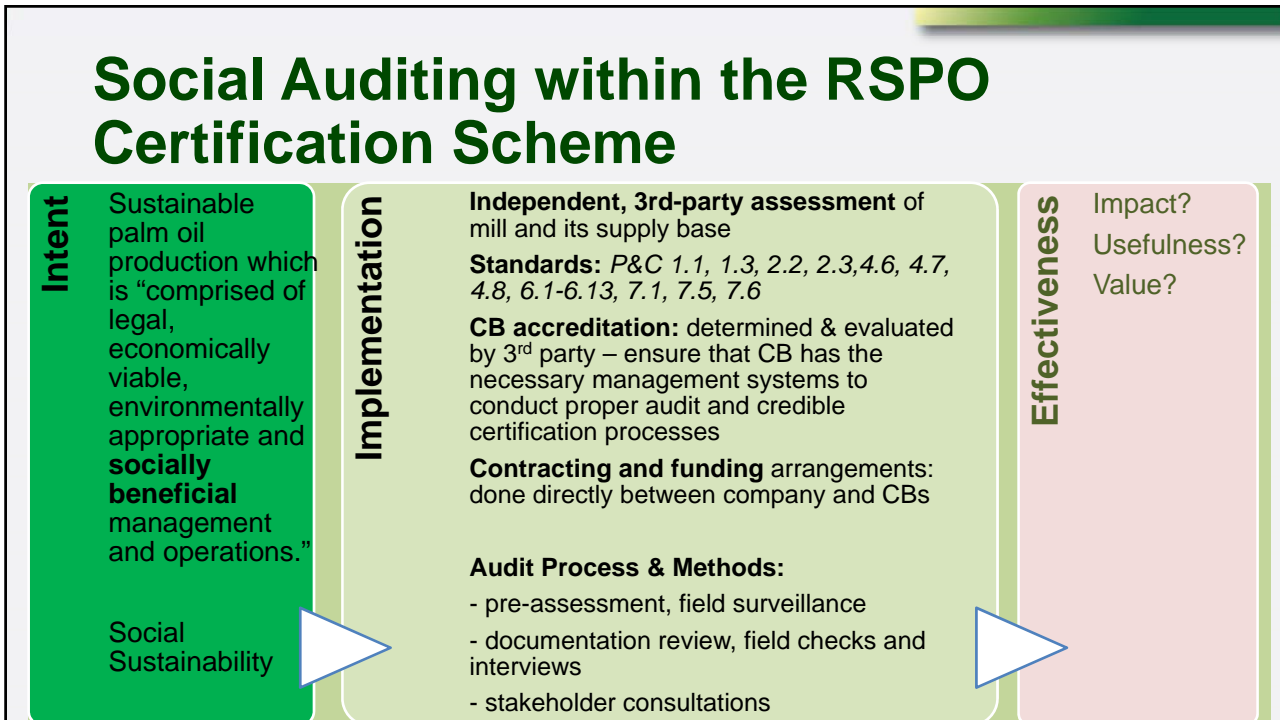
Project overview | Reports | Blog | Events | Search | Subscribe



**ILRF**

**EMPTY ASSURANCES**

Three case studies reveal serious human rights abuses at industry certified palm oil plantations, including labor trafficking and child labor



## Some Best Practices

*In what ways are practices **inclusive and thorough, objective and independent, fact based and accurate?***

- ✓ Stakeholder consultation with local peoples & NGOs
- ✓ Triangulation - using several data points from various sources
- ✓ Respect for confidentiality
- ✓ Fair and efficient sampling
- ✓ Time and resources management - audit is thorough and complete despite constraints

## Challenges and Barriers

Nature of social issues

Country-specific concerns -> aligning P&C and national legislation

**Risks, gaps, and weaknesses in the system that impede or impact on the conduct of meaningful social audits**

## **Most challenging social issues to audit and address**

- Conflicts over land rights – legal, customary, and user rights; demonstrable rights
- Lack of or insufficient FPIC, participatory mapping, and stakeholder consultation
- Working conditions of migrant workers in plantations
  - Deceptive recruitment and restrictions on freedom of movement
  - Undocumented and stateless youth and children workers

## **Most challenging social issues to audit and address**

- Working conditions of contractual and seasonal workers
- Workers' freedom of association
- Presence of child workers
- Undocumented, unpaid female workers
- Lack of protection for female workers
- Discriminatory practices against female workers

## Risks, gaps, and weaknesses identified

Gaps in the way social issues are framed by the P&C

-> gaps in interpretation by CBs

- Lack of clarity of indicators, and insufficiency of auditable standards
- Lack of guidance on how to interpret the social standards in the P&C, viz. minimum compliance with national or local laws
- The method of grading and determination of a conformance or nonconformance, wherein a nonconformance with some social standards can still result to a “passing” rate and eventual certification

Lack of external oversight and guidance on SEIA and FPIC process

- No accredited external assessors
- Not enough time for CBs to verify results.

## Risks, gaps, and weaknesses identified

Non-specific qualifications, parameters against which CBs and auditors are evaluated on their competence to conduct social audits

- Social or ethical accountability code auditing skills and knowledge are required, but in practice social auditors are not always embedded in CB teams, and are contracted on a per project basis
- No specific accreditation process for social auditors

## Risks, gaps, and weaknesses identified

Lack of guidance on the methods and procedures for data and evidence gathering and analysis, documents review, worker-interviews, and stakeholder consultation

- Not all worker categories are represented in the sample
- Private, confidential interviews are not always conducted
- Where documents are insufficient, no other means to verify
- No specific guidance on the manner by which consultation with direct and indirect stakeholders should be conducted

Lack of opportunities for stakeholder feedback and involvement in the corrective action process

- CBs passively gather input from stakeholders, instead of conducting consultation sessions
- Stakeholder have no visibility into manner of corrective action

## Risks, gaps, and weaknesses identified

Lack of operational controls and oversight on pricing and contracting mechanisms

- Costing and payment schemes currently require Growers & Millers to select and pay for their preferred CBs
- Pricing matters primarily in the selection of CBs for the certification process
- Pricing influences capacity of CBs (number of clients handled) and quality of output

## System and Standards Recommendations

- ✓ Include **Management Systems** requirements in the P&C
- ✓ Strengthen social auditor accreditation & qualification criteria
- ✓ Provide a strictly guided approach to auditing social issues
- ✓ Provide capacity building that complements the requirements and ensures adherence to the social standards in the P&C
  - Define the auditable standards
  - Provide comprehensive training on social standards and social issues
  - Provide clear guidance tools, enrichment activities

## System and Standard Recommendations

- ✓ Strengthen mechanisms for participation of communities, workers, local groups
  - Ensure that all stakeholders are informed of the complaints procedures
  - NGO Stakeholders of the RSPO should provide an independent socialization, awareness-raising on RSPO standards, and mechanisms to local groups, worker groups, and communities



## Protocols and Procedures Recommendations

### For RSPO

- Explore escrow funding and promote costing transparency
- Take more control over how the SEAI and FPIC are conducted
- Provide stronger guidance on SEIA and FPIC for assessors and growers; and capacity-building sessions for CBs on how to verify if these were undertaken properly.

### For CB Accreditation Body and Training Providers

- Strictly require worker-interviews, consultation with external stakeholders and communities
- Require that gender and cultural sensitivities are considered in audit processes

## Protocols and Procedures Recommendations

### For the HRWG and NGO stakeholders:

✓ Provide country-specific guidance for CBs for the initial audit phase

- identifying red flags and risks associated with the locale
- familiarizing with local and national laws and contexts
- conducting consultation with local NGOs and experts

✓ Provide a guidance document or directory of critical stakeholder groups to consult with.

## Other recommendations

A similar attention provided by RSPO to environmental issues should be undertaken in a convening on social issues, particularly as they relate to land, labor, and gender.

“There should be a template for CBs to use, especially for social issues. This template can guide CBs on what to look into, what methods to use...”

*“The FPIC process can be very costly and very time-consuming, but we invested in it because we want clear and clean agreements with the people. We eliminate more risks in the future when we do a proper FPIC. This is really one of the strengths of the RSPO – the requirement to undertake this properly. But RSPO needs to guide us and show us who, exactly, can do this properly, which organizations can we work with to help us fulfill this important requirement.”*

“There are guidelines on SEIA, but I would agree that there needs clearer terms on this... It would be good to have some guidance on how to go about assessing food security, living wage. Because this is something that we really don't know how to do.”

“Notwithstanding the complexity of social issues, the RSPO needs to make the audits more straightforward, simple, as much as possible...”

## Moving Forward

- ✓ Raise the profile of social issues associated with the industry
- ✓ Pursue more extensive, thorough, and periodic assessment of social auditing
- ✓ Adopt a Systems Approach in assessing the social auditing component of the RSPO certification scheme

THANK YOU!

Prepared by:  
Daryll Delgado  
Research & Stakeholder Engagement  
Verite Southeast Asia