

RSPO

Roundtable on
Sustainable Palm Oil



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RSPO ASSURANCE FORUM 9

Conducted virtually on 25 June 2024

RSPO

RSPO Assurance Forum 9 |
25 June 2024

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Disclaimer: All the information presented in this report was deemed correct at the time the forum was held.

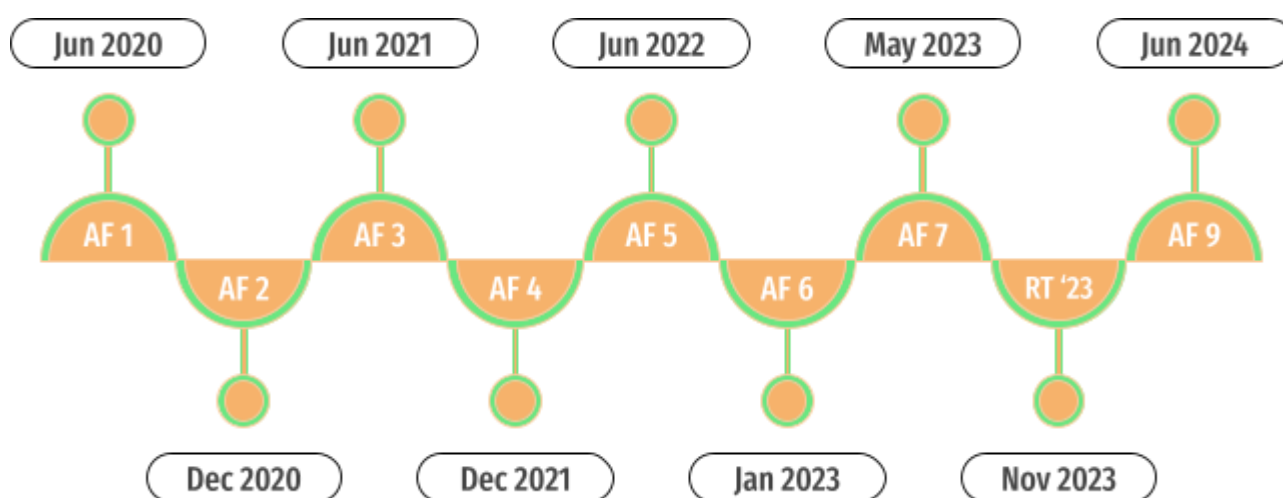


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ASC	Assurance Standing Committee
ASI	Assurance Services International
CAB	Conformity assessment body (synonymous with CB)
CB	Certification body
CFU	Compliance follow-up
CH	Certificate holder
CSDDD	Corporate Sustainability Due Diligence Directive
FI	Financial Institution
GMT	Greenwich Mean Time
HRWG	Human Rights Working Group
ISEAL	International Social & Environmental Accreditation & La.
ISH	Independent Smallholder
IUCN	International Union for Conservation of Nature
LAG	Labour Auditing Guidance
LW TF	Living Wage Task Force
NC	Nonconformity
OFI	Opportunity for improvement
P&C	Principles and Criteria
P&T	Processor & Trader
prisma	Palm Resource Information and Sustainability Management
RSPO	Roundtable on Sustainable Palm Oil
SSC	Standard Standing Committee
UoC	Unit of Certification
VSS	Voluntary sustainability standards

The RSPO Assurance Forum is a bi-annual event conducted by the RSPO Secretariat with the support of the Assurance Standing Committee (ASC). The forum seeks to create an open platform for constructive dialogue among the Secretariat, the ASC, RSPO Members, and non-RSPO Members. Each forum will focus on different themes, addressing various assurance-related topics to enhance the RSPO Assurance System. To date, the forums have been conducted virtually, ensuring maximum participation from stakeholders across different time zones.



A timeline of the previous Assurance Forums

Details of the recently concluded **Assurance Forum 9**, which this report will discuss in detail are as follows:

- Date: 25 June 2024
- Time: 5:00 PM to 7:00 PM. (GMT+8)
- Venue: Virtual meeting via Zoom (link: <https://zoom.us/j/97279747894>)
- Recordings: Available upon request via the Secretariat

RSPO Assurance Forum 9, held on 25 June 2024, focused on the theme of **“Improving auditors’ capability in social audits”**. Much of the discussion took place in the Zoom meeting’s chatbox, as well as verbal questions asked in the allotted Q&A sessions placed at the end of each topic in the agenda. An interactive session was held using slido.com, where participants were able to give their feedback on an open-ended question relating to the RSPO Labour Auditing Guidance. Below is the agenda for the two-hour forum:

9th RSPO Assurance Forum Agenda		
Time	Topic	Presenter
5:00 PM	Opening Remarks	RSPO
5:05 PM	Setting the Scene: Ensuring Audit Effectiveness in Detecting Labour Violations, Initiatives for Capacity Building for Auditors and Insights from a Study on De-linking Commercial Relationships	RSPO
5:30 PM	RSPO P&C Certification Bodies Performance 2023: Key Issues and Resolutions of Social Non-Conformities	ASI
5:40 PM	Critical Issues in the Labour Auditing Process: Findings from the “Review of Evidence on Labour Auditing and Recommendations to Improve Practice”	Proforest
6:05 PM	Interactive Session	RSPO
6:10 PM	Independent Review of the RSPO Labour Auditing Guidance: Methodology, Areas of Focus and Expected Outputs	Proforest
6:35 PM	Certification Systems Revision 2024: Updates & Key Changes	RSPO
6:55 PM	Closing Remarks	RSPO

Participants

The forum received 99 attendees, including members of the Assurance Standing Committee (ASC), RSPO Members, representatives from RSPO service providers, non-RSPO Members, and staff from the RSPO Secretariat. Below is a summarised list of organisations represented by the participants:

Organisation	Category	Organisation	Category
Golden Agri Resources	Grower	Daemeter	CB/ Auditor
Golden Star Oil Palm Plantation	Grower	PT TUV Rheinland Indonesia	CB/ Auditor
SIAT SA	Grower	SCS Global Services	CB/ Auditor
Evans Group Indonesia	Grower	SIRIM QAS International Sdn Bhd	CB/ Auditor
FGV Holdings Berhad	Grower	Checkmark Training	CB/ Auditor
IOI Corporation Berhad	Grower	Proforest	Consultant
Olam Palm Gabon	Grower	Sabarinah & Associates Sdn Bhd	Consultant
PT Agro Harapan Lestari	Grower	Shining Light of Forest Consultancy	Consultant
PT Adei Plantation & Industry	Grower	International Institute for Sustainable Development (IISD)	NGO
PT Austindo Nusantara Jaya Tbk	Grower	WWF Singapore	NGO
Tunas Sawa Erma Group	Grower	CNV International	NGO
Yayasan Pertumbuhan Hijau Lestari	Grower	Forest Peoples Programme	NGO
Musim Mas Holdings	P&T	Preferred by Nature	NGO
Lestari Capital	Financial Institution	Alliance for Water Stewardship	NGO
Assurance Services International	AB	ASCP	Others
BSI Group	CB/ Auditor	Freelance Consultants	Others
Bureau Norme Audit	CB/ Auditor	Ministry of Local Government, Decentralisation and Rural Development, Ghana	Others
Bureau Veritas Group	CB/ Auditor	Tokuyama Corporation	Others
Control Union (Malaysia) Sdn Bhd	CB/ Auditor		

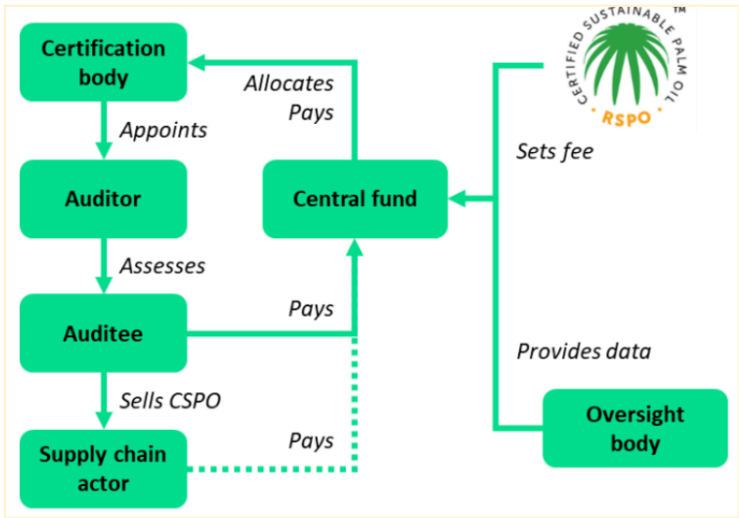
To help participants understand the theme and discussions that will be conducted in the forum, Aryo Gustomo, RSPO's Director of Assurance, presented and explained the following points:

- RSPO acknowledges the importance of ensuring that audits can detect social non-conformities (NCs). **ASI P&C CAB Performance Review 2023** found that **improvements are required** for 7 out of 11 CBs on social NCs.
- To enhance auditors' capabilities, RSPO developed the **RSPO Labour Auditing Guidance (LAG) published in November 2022**, and it was trialled until May 2024.
- **Proforest** is currently **reviewing the LAG** to assess its trial implementation, identify improvements, and recommend whether it should become mandatory.
- The **Board of Governors (BoG)** will **decide on mandating the Guidance based on this review**, and it **remains voluntary until then**.

In addition, the Secretariat appointed the consulting organisation NewForesight to conduct a study on ***Delinking Commercial Relationships Between RSPO-Accredited Certification Bodies and Auditees*** between February and April 2024. The study follows previous studies that indicate credibility issues in the assurance system, including failings insufficiently addressed coming from the relationship between CBs and auditees.



A summary of the main findings based on questions posed in the study:

1. **What does the current situation look like?** - Auditees select and pay CBs, and CBs appoint auditors. CBs operate competitively with increased expectations while dealing with a limited availability of qualified auditors.
2. **What are the challenges to the credibility of the certification process?** - Most stakeholders recognise the risk of conflict of interest, but the scale of malpractice is unclear.
3. **Is delinking the most effective way to address these challenges?** - The question assumes that delinking will address the credibility challenges but most stakeholders mentioned that this may not be the case.
4. **What alternative models could work for RSPO?** - A **central fund model** where a fund manager collects and distributes payments and allocates CBs based on their performance and auditee risk level.
5. **Under what conditions could an alternative model improve the current situation for RSPO?** - The fund would need to be managed by an independent entity, a context and location-specific approach, audit processes & budgets should be predictable, transparent performance ranking and sufficient capacity for stakeholder engagement processes.



An illustration of the proposed central fund model

The study by NewForesight found that **most stakeholders do not view delinking as the best solution** for RSPO's Assurance System credibility issues. They suggested that if pursued, it should be through a **central fund**. Given current priorities on prisma and the Standards and Certification Systems review, delinking is not advisable at this time, so RSPO will further explore the mechanism for the central fund model for future consideration.

 <p>NewForesight interviewed 15 stakeholders directly involved in the RSPO Assurance System (CB scheme managers, auditors, auditees, the AB, and ASC members) and 10 external experts (including consultants, academics, and 2 other sustainability schemes). They also conducted a session with ISEAL community members. The discussion around delinking is a highly polarised one, with stakeholders directly within RSPO's Assurance System mostly challenging the concept (12/15) and only a few being in favour (3/15); External experts provide a more balanced view (4/10 in favour, 1/10 against, and 5/10 neutral).</p>	 <p>In the Zoom chatbox, participants brought up the need to prioritise improving auditor quality, competence, and availability, particularly in addressing social issues where gaps exist. Transparency in the stakeholder interviewee list of the delinking study was emphasised, with suggestions to disclose the sector affiliations of interviewees, but also to ensure their consent before revealing names.</p>
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As delinking was an unpopular method of tackling credibility issues in the RSPO Assurance System, NewForesight recommended instead attempting other methods such as:

- Enhancing Clarity & Capacity Building
 - **Guidance:** Auditors need more guidance from RSPO to interpret the extensive RSPO Standards and make certification decisions.

- **Training:** Auditors require comprehensive training on auditing the RSPO Standards, both at onboarding and continuously.
- Oversight & Transparency
 - **Integrated Oversight System:** RSPO should take a more proactive role with clearer responsibilities and stronger collaboration with the oversight (accreditation) body.
 - **Consistency & Transparency:** Oversight activities need consistency and transparency. RSPO should enhance its role and consider peer reviews for the oversight (accreditation) body.
- Risk mitigation
 - **Risk-Based Auditing:** More focus on risk-based audit scopes with improved monitoring, with the aid of data collection.
 - **CB Rotation:** Enforce CB rotation at the end of certification cycles to mitigate conflict of interest risks.

Note: The full report can be shared upon request to the Secretariat.



Photo credit: RSPO

RSPO P&C Certification Bodies Performance 2023: Key Issues and Resolutions of Social Non-Conformities

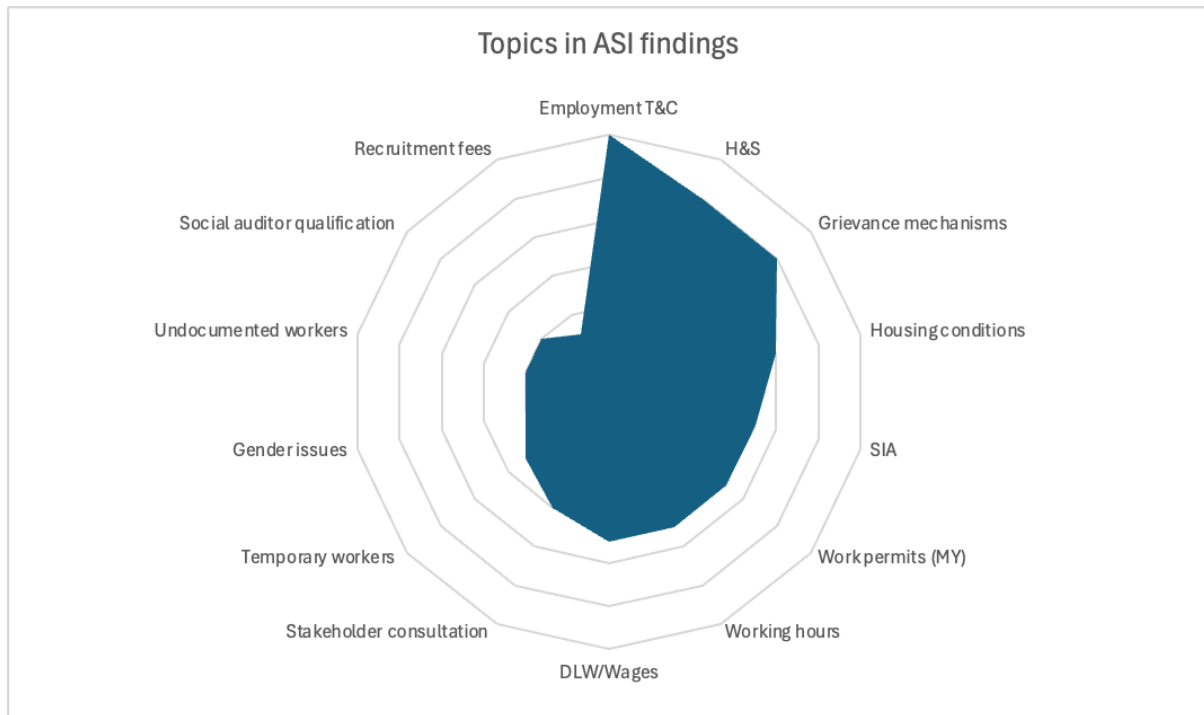
László Máthé, RSPO Accreditation Program Manager at Assurance Services International (ASI) presented findings on the subject after having looked at trends across the RSPO Principles and Criteria (P&C) audits that were assessed by ASI in 2023. ASI findings are categorised as follows:

Findings issued against CBs: Major NC, Minor NC or OFI. These are raised when ASI has evidence that the CB has not conducted its RSPO Certification activities in line with the accreditation requirements.

OR

Compliance Follow-Ups (CFU): raised during compliance assessments that are not related to the CB's performance but for which the CB has to directly follow up with the CH.

Common themes in the ASI NCs and CFUs raised to CABs



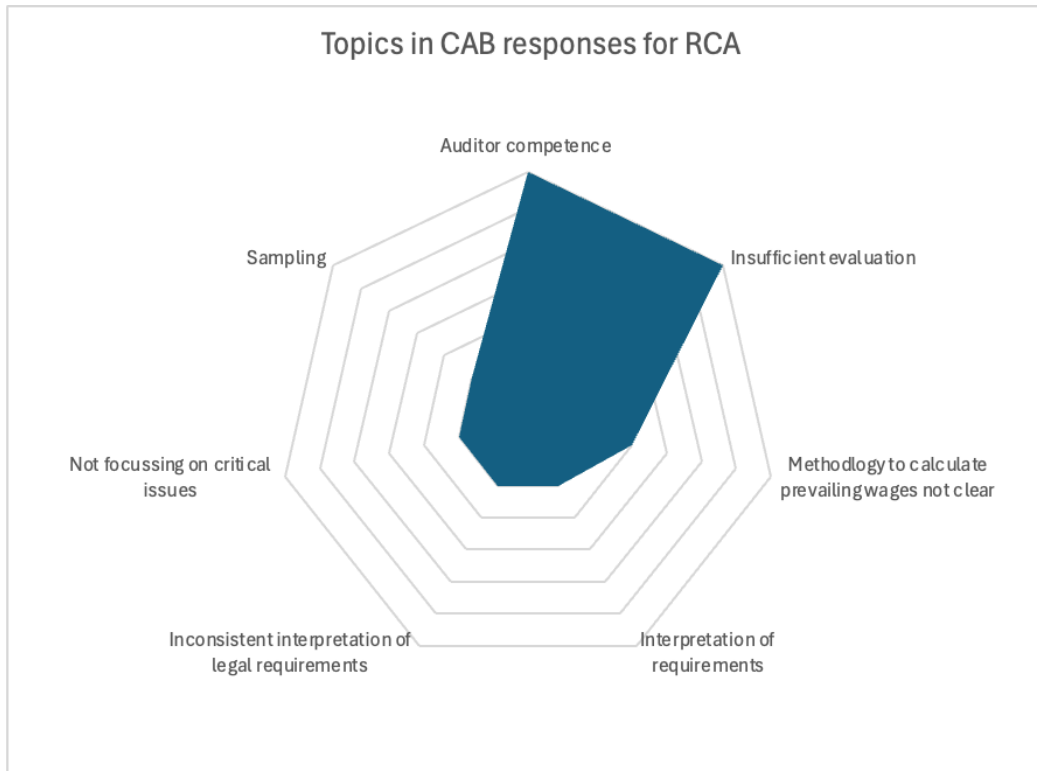
In descending order of frequency of mention, the themes that were most commonly found in NCs and CFUs.

Additionally, the less frequently mentioned topics (once or twice) were customary land rights, interview techniques, productivity targets, workers' paying for their tools, and support for smallholders.

RSPO P&C Certification Bodies Performance 2023: Key Issues and Resolutions of Social Non-Conformities

CAB's responses - Root Cause Analysis

These topics were raised by CABs to justify their performance issues: in



In descending order of frequency of mention, justifications given by CBs in the root cause analysis.

In addition, topics mentioned only once were internal pressure/impartiality, RSPO reporting timelines, procedure not being followed, grievance handling managed by the headquarters instead of site office, anonymous grievance system, auditor receiving sensitive information, poor audit communication within the team, COVID-19, insufficient due diligence and client implemented immediate correction.

ASI looks forward to working with RSPO and its stakeholders to continue improving its oversight, with a focus on priority topics, more risk scanning, compliance assessments, calibrations with CBs, and looking into methods for dealing with the issues that affect a significant part of the industry: work permits, temporary workers, Living Wage, and housing.



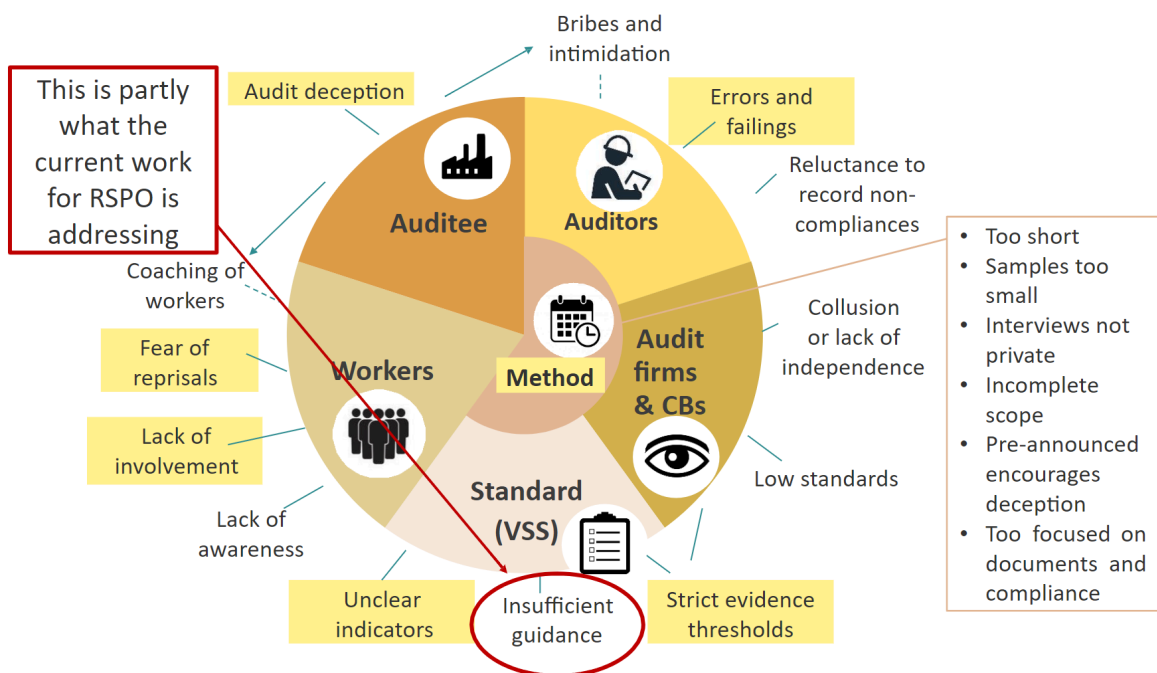
In the Zoom chatbox, a participant inquired about how ASI addresses the potential issue of insufficient competence among ASI assessors, particularly when they might lack specific knowledge of the foreign countries they are working in. ASI responded that all its assessors are required to meet RSPO lead auditor requirements and have completed mandatory training in SA8000. Additionally, ASI reassured that assessors frequently collaborate with local experts when necessary.

Critical Issues in the Labour Auditing Process: Findings from the “Review of Evidence on Labour Auditing and Recommendations to Improve Practice”

Bilge Daldeniz, Associate Director at Proforest presented the following:

Proforest was commissioned by ISEAL in 2023 to study labour auditing, reviewing 39 empirical studies from various sectors over the past decade. Several studies, including those by IUCN, RSPO, and Finnwatch, focused on the palm oil sector. Additionally, Proforest reviewed 6 synthesis reports from NGOs.

The ISEAL review found that studies were critical of labour auditing: all but one study criticised labour auditing for its inability to detect labour violations. Proforest noted that RSPO is working to address the issue of insufficient guidance in voluntary sustainability schemes (VSS) via the RSPO Labour Auditing Guidance (LAG).



An illustration describing the pitfalls of the labour auditing process, highlighting what RSPO addresses via the LAG.

<p> Audit methods are flawed due to incomplete worker observations, brief audit durations, small interview samples, excessive focus on documentation, language interpretation issues, and challenges in uncovering 'invisible' labour problems.</p>	<p> Standards issues include unclear VSS indicators, unrealistic evidence requirements, lack of prioritisation of labour issues, and insufficient guidance for auditors.</p>	<p> Audit teams require more training, an increase in female auditors, reduced time pressure, and mitigation of bribery and intimidation risks.</p>	<p> Workers face audit deception, scepticism, discomfort discussing personal issues, and a lack of awareness about their rights and the audit's purpose.</p>
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Independent Review of the RSPO Labour Auditing Guidance: Methodology, Areas of Focus and Expected Outputs

Claire Reboah, Principal Project Manager at Proforest presented an update on the ongoing review of RSPO’s Labour Auditing Guidance (LAG) implementation. The ASC endorsed the LAG in November 2022. The trial period lasted 18 months and ended in May 2024.

The review aims to identify gaps and inconsistencies in the LAG and recommend improvements, understand why CBs may not be using the guidance, analyse the auditing process's strengths and weaknesses, examine gaps between workers’ rights in P&C 2018 and P&C 2024 and assess the feasibility of making the LAG mandatory in the future

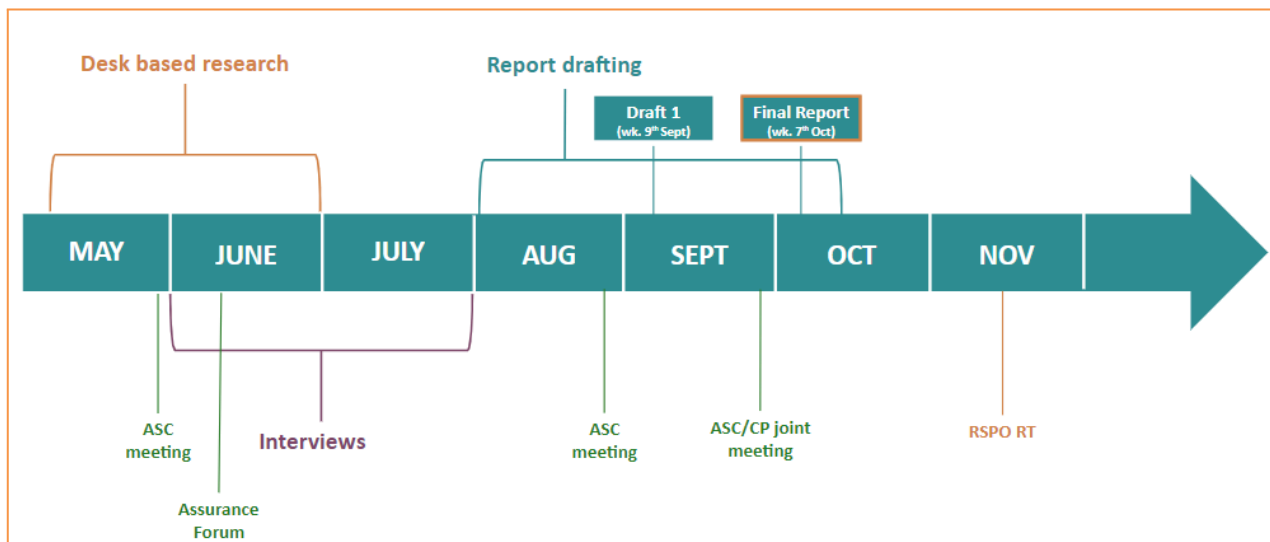
The desk-based review will include a literature review based on Smalley & Daldeniz (2023) for ISEAL (as presented by Bilge earlier) and other relevant sources, an evaluation of equivalent guides in other VSSs, and a review of past CB feedback to the Secretariat.

Interviews will be conducted with Certification Bodies, upstream companies, HR program companies, small and medium-scale producers or cooperatives, civil society organisations/ social NGOs (local and international), other VSSs, labour unions, RSPO Human Rights Working Group members, and RSPO Living Wage Task Force members.

The final report will provide recommendations and solutions for the auditing guidance, highlight key strengths and weaknesses, and offer insights into global trends and best practices in the sector.

Proforest is also planning to prepare presentations: one for the Secretariat to show the ASC and SSC for updates, and a webinar for CBs or presentations for two CB workshops.

A timeline for the review:



The final report is expected to be completed in October 2024.

The review’s framework was drawn from wider literature, including findings from the ISEAL study, critical reviews of labour auditing, best practices in labour auditing, manuals and guidance from other VSS, and Proforest expertise.

The Proforest team’s quick scan of the current LAG highlighted the need for better audit planning, guidance for scheduling audits, detailed workforce demographics, selection of opening meeting participation,

elaboration on good practices and remote consultation, and clearer confidentiality references, especially for sensitive treatment of sexual harassment.



In the Zoom chatbox, a participant emphasised the importance of meaningful stakeholder engagement in line with international legislation on forced labour and decent work. They questioned how RSPO plans to integrate these critical aspects into their labour auditing guidelines, proposing that the scope of engagement should extend beyond traditional audits. Specifically, they suggested incorporating interviews with unions and other external stakeholders to gain a more comprehensive understanding of labour conditions.

In response, Proforest expressed a keen interest in learning more about the participant's organisation and its work on Social Dialogue. They suggested that this conversation be continued offline to explore potential collaborations and deeper insights. Additionally, Proforest noted that the participant's organisation is already included in the interview list for the ongoing LAG review, indicating a commitment to integrating diverse perspectives into the review.



Photo credit: RSPO









Interactive Session: What are the potential implications if RSPO makes the Labour Auditing Guidance mandatory?

During the forum, the participants were asked an open-ended question about the potential implications of implementing the LAG in a mandatory fashion. The answers were collected through a Slido poll, and the forum was very opinionated in their responses.

Note: Slido is a polling tool designed to be user-friendly and effective during presentations. The following are the original responses that were provided impromptu during the session, so some may contain grammatical errors.

What are the potential implications if RSPO makes the Labour Auditing Guidance mandatory?

Open text poll  27 responses  23 participants

-  Anonymous
Maybe RSPO do the audit themselves... then you know the complications of LAG
-  Anonymous
Cert systems requirement now enough... its a management systems LAG does not work... enough adding headaches
-  Anonymous
Will it help RSPO members not to be in USCBP WRO?
-  Anonymous
It's needed but how we ensure tye enforcement and monitoring are sufficient and also align with national legislation?
-  Anonymous
Increase in mandays which will automatically lead to increase in costs Because labour auditing guidance requires auditors to use their own car, experienced auditors car got into an accident within the site. The CB had to bear the cost to fix the auditor car. Suggest to integrate labour auditing guidance into the RSPO P&C. However, remove elements that requires auditors to use their own transport.
-  Anonymous
If needed, go for SA8000. why bother creating another std??
-  Anonymous
Will be increase the cost of the audit as well as impact the time management for the CB resources.
-  Anonymous
There won't be any huge implications, however we will need to extend the mandays needed for the audit

Slido: What are the potential implications if RSPO makes the Labour Auditing Guidance mandatory?








- Anonymous
The audit would be more comprehensive and take more time. Suggest to being audited separately with P&C Audit.
- Anonymous
Just see how many UoC uptake this LAG and compare them with current certified units numbers- thats speaks the reality
- Anonymous
Depends. CAB will need to search for more auditors within this limited resource pool.
- Anonymous
Be good to align with training on labour auditing. So you need guidance AND training investment
- Anonymous
Positive: more commitment among stakeholders and (hopefully) better labour conditions
- Anonymous
If u want to make it mandatory, separate this labour requirement from the main rspo audit. Do specific audit for labour compliance
- Anonymous
It will create a trustworthiness issue on the audit
- Anonymous
Increased operational costs Need to balance with productivity
- Anonymous
Cost of the audit
- Anonymous
It will be improve the reputation of RSPO
- Anonymous
Additional cost of certification to the CH
- Anonymous
The potential implication is the length of audit become so long and need more time to ensure all of about the workers

slido

Slido: What are the potential implications if RSPO makes the Labour Auditing Guidance mandatory?

What are the potential implications if RSPO makes the Labour Auditing Guidance mandatory?

Open text poll  27 responses  23 participants

-  Anonymous
Potentially more robust audits, but unless risk based auditing is implemented it will lead to longer audits .
-  Anonymous
Too complicate. Indicators must be in the P&C standard not in other documents.
-  Anonymous
Sites not happy with transparency will abandon the program or will find new ways to cheat on auditors.
-  Anonymous
Will need more mandays to audit
-  Anonymous
It will be good
-  Anonymous
The welfare of workers will be positively impacted
-  Anonymous
I don't believe there are any implications

slido

Slido: What are the potential implications if RSPO makes the Labour Auditing Guidance mandatory?

Common themes in the discussion

The question of the potential implications of making the LAG mandatory was the subject of a very active discussion. The following is a summary of points taken from both the Slido and the Zoom meeting's chatbox:



There was a sentiment that implementing the LAG is necessary and could lead to **improved labour conditions, better welfare for workers, and more robust audits** resulting in a **stronger reputation for RSPO**. Additionally, increased commitment from stakeholders and alignment with enhanced training in labour auditing could further improve outcomes.



There was significant resistance to making the LAG mandatory, with concerns primarily centred on **increased costs, longer audit durations, and additional burdens on auditors**. Also, the current LAG framework is **very challenging for auditors to commit to**. For example, one participant mentioned in the chat box that the LAG recommends the audit team avoid using vehicles owned by the management unit being audited. While this may ensure independence, it could also lead to additional costs for the CB in the event of a vehicle accident. These challenges could further **exacerbate the current shortage of qualified auditors**. Additionally, the need for extra training and calibration requirements may necessitate further investment, raising questions about who will bear these costs.



Many participants expressed concerns about uncertainties related to mandating the LAG's implementation:

- Incorporation of international forced labour legislation frameworks, such as the Corporate Sustainability Due Diligence Directive (CSDDD).
- The pursuit of enhanced stakeholder involvement.
- Ensuring sufficient enforcement and monitoring by RSPO.
- Consideration of using standards similar to the LAG, such as the SA8000.
- Potential for adherence to the LAG to prevent getting listed in the US Customs and Border Protection's Withhold Release Order.

Due to time constraints, these inputs were not discussed at length during the meeting. However, the Secretariat will ensure that these critical discussion points are shared with Proforest for thorough consideration in their review of the LAG.

Certification Systems Revision 2024: Updates & Key Changes

Shazaley Abdullah, Head of Certification at RSPO, shared updates and key changes in the Certification Systems Revision project which aims to improve credibility, enhance clarity, and improve processes. Process improvement is being done here alongside prisma's development.

Note: prisma, which stands for "Palm Resource Information and Sustainability Management" is aimed at enhancing trade and compliance to meet current and emerging global regulations.

Key proposed changes include:

- **Impartiality Requirement:** CBs and audit teams, including subcontractors, must remain independent from the UoC for one year after the audit. Some freelance auditors or experts have provided training or advisory services after audits, compromising audit integrity. This change increases transparency and credibility, with a three-year ban as a deterrent.
- **Audit Personnel & Apprentice Auditor:** Define roles and qualifications for additional positions like Peer Reviewers, Technical Experts, Administrators, and Scheme Managers, while introducing Apprentice Auditors with limited field experience but qualifying educational backgrounds to broaden the auditor pool.
- **Pre-Audit Requirements:** Introduces pre-audit requirements, collected through prisma. Mandates that requisite documentation is collected before the audit begins, ensuring a more transparent and systematic audit.
- **Mandatory Audit Checklist:** Integrate the Audit Checklist into prisma as normative, mandating audit reports to include the checklist requirements to improve consistency and provide essential guidance for auditors.
- **Semi-announced audits:** This will give the UoC only a 6-week scheduling window to minimise notice, and prevent alteration from normal activities and realistic practices.



In the Zoom chatbox, a participant raised concerns about semi-announced audits potentially allowing auditees to make temporary changes during the notice period. The Secretariat highlighted that semi-announced audits aim to give minimal advance notice to prevent such alterations, which is a step towards enhancing audit credibility.

- **Workers Sampling:** Add requirements and sampling methodology for worker interviews to ensure proper sampling and help auditors gain deeper insights into social and human rights issues.
- **Audit Duration Guide:** Replace the current 9-man-day requirement for site audits of management units with one mill and one estate, providing clear minimum day allocations for CBs with flexibility based on risk justification, aiming to streamline audit planning and reduce minimum days.



In the Zoom chatbox, a participant highlighted that growers often do not understand the standards that are expected of them before they are audited, suggesting that there should be training programs to clarify. The Secretariat reassured that it does host socialisation and training sessions for this exact purpose.

RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

www.rspo.org



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