

## Internal Audit Interpretation of the ISH Standard

### Background

Independent Smallholders (ISH) certified against the RSPO ISH Standard 2019 are required to carry out an annual internal audit for all group members at Milestone B. (**ICS B1.1 MS B**: The ICS is implemented and an annual internal audit of the group is conducted for all group members and all audit findings are resolved.)

The average size of the existing certified ISH groups is 247 (global average). The capacity and resources required to implement this requirement and audit all the group members annually poses a challenge for larger ISH groups. The group certification standard that the existing certified groups have been certified against until 2020 required the internal audits to be done for group members based on a sampling formula. As a consequence, approximately 80% of the certified groups who have more than 100 members, will find it challenging to comply with this requirement and risk losing their certificate. The following interpretation was proposed and has been endorsed by the RSPO Board of Governors for the requirement of **ICS B1.1 MS B**.

### Interpretation of ICS B1.1 MS B

Compliance against the requirement of **ICS B1.1 MS B** shall be shown by completing an internal audit for all group members by:

1. The **first** annual surveillance audit (i.e., **ASA 1**) for **New** ISH Groups
2. The **second** surveillance audit (i.e., **ASA 2**) for **Existing** ISH Groups transitioning from the *RSPO Management System Requirements and Guidance for Group Certification of FFB Production* to the *RSPO ISH Standard*.

This effectively provides a **two-year** allowance to comply with the requirement of **ICS B1.1 MS B**. At least **50%** of the ISH Group Members (New and Existing) shall be audited during the first year.



For the consecutive annual surveillances of the certificate, the group manager shall carry out a **risk assessment\*** of the ISH group members. All **high** and **medium risk** group members, and all **new members** being added to the group in that year, **shall be audited annually**, regardless of number. The risk assessment to identify these ‘**high**’ and ‘**medium**’ risk group members shall consider diversity as well as the perceived risk relating to the activities undertaken by group members and previous year’s internal and external audit results. When the total number of high- and medium-risk group members, as well as new members, is below 33% of the group size, the low-risk group members shall be included as part of the annual internal audit to reach a minimum of 33% of group members being audited internally.

\*The risk assessment carried out shall be in accordance with a standardized document provided by the RSPO.