

**Term of Reference - RSPO Assurance Task Force
March 2016¹**

1.0 Background

As a standard setting body and a member of ISEAL, the RSPO relies on other parties known as Certification Bodies (CBs) and assessors (henceforth referred to as 'CB auditors') to provide assessment, verification and certification against its standards. Accreditation Services International (ASI) provides a service to RSPO to assure the quality of its CBs through accreditation. Similarly, the scheme is relying on independent 3rd parties (henceforth referred to as "3rd party assessors") to conduct assessment on environmental, social, high conservation values and carbon stock. In the case of HCV, the scheme requires the assessor to be licensed under the HCV Resource Network.

At the GA 12 in November 2015 the Resolution 6h was passed that committed the organisation to ensuring the quality, oversight and credibility of RSPO assessments by developing clear and mandatory guidelines and to improve the quality of High Conservation Value (HCV), High Carbon Stock (HCS) and Social and Environmental Impact Assessment (SEIA) and Free Prior & Informed Consent (FPIC) review in the New Planting Procedure (NPP) assessments, as well as to monitor the quality, independence and performance of all RSPO CB auditors and 3rd party assessors.

This resolution was in direct response to the issues raised by recent complaints and NGO reporting on the quality, independence and credibility of some assessments and audits used to underpin RSPO certification. In particular, when the challenges of HCV, land grabbing and community land rights, labour abuse and achieving basic legal compliance have not been identified by 3rd party assessors and CB auditors.

The resolution requests the Secretariat, acting in coordination with members and in accordance with ISEAL procedures, to deliver the followings:

- Develop clear, mandatory guidelines on the minimum acceptable quality of HCV assessments;
- Develop clear, mandatory guidelines on assessments of FPIC in the New Planting Procedure;
- Develop and institute a transparent and robust system for monitoring the quality of assessments;
- Monitor the quality and performance of 3rd party assessors and CB auditors and pursue suspensions or sanctions against underperforming or persistent offenders;
- Monitor RSPO members' adherence to required procedures and report all members that omit submitting NPP notifications before clearing lands to the Complaints Panel.

A review of workstreams includes: (i) RSPO NEXT competency analysis; (ii) CB Auditor competency; (iii) CB Auditor team selection; (iv) Management of CBs to ensure consistency of assessment; (v) Grower performance, internal competency and audit functions; (vi) RSPO's control mechanisms; (vii) Public reporting and stakeholder engagement. See Annex.

¹ The Term of Reference was updated and revised as of 20th July 2016

In response, the RSPO Board of Governors announced it was setting up an Assurance Task Force (ATF) to address those concerns and to propose such measures to the Board of Governors as would ensure that RSPO retains its status as a robust and credible global standard. Moreover, it required this new Task Force (TF) to review which additional requirements for auditors derive from the voluntary RSPO NEXT criteria.

2.0 Governance

The objective of the Task Force is to identify all necessary steps to ensure robust assessment, verification and certification against RSPO standard and roles required for this from all parties, including stakeholders, and to deliver the following output:

1. Make Certification Bodies fit for purpose to undertake all current P&C assessments; as the majority of complaints received relate to NPP, HCV assessments, land disputes and FPIC;
2. Identify what additional skills and competencies will be required of CB auditor to implement RSPO NEXT;
3. Improve the social assessment skills of CB auditor and the wider RSPO community covering land rights and FPIC and labour issues (including use of forced labour and the rights of migrant workers; payment disputes, hazardous working conditions and harassment.)
4. Resolve the conflict of interest and opportunities for collusion in current company and CB auditor relationships;
5. Significant improvement in growers' understanding of their obligations under both the existing P&C, NPP as well as RSPO NEXT including building of internal competency rather than relying on external auditors to identify non-compliant activities;
6. Develop and instigate a transparent and robust system for monitoring the quality of all RSPO audits;
7. Clarify the rule set for notifications related to the New Planting Procedures and for Partial and Time-bound Certifications.

The Resolutions will be implemented through the formation of the following three ad hoc bodies:

- An Assurance Task Force at the RSPO Secretariat
- Steering Group comprise of members of the RSPO Board of Governors, and
- Reference Panel comprise of experts in specific fields

2.1 Role of the RSPO Secretariat Assurance Task Force

The RSPO Secretariat will take lead in implementing the desired tasks and its delivery. This may include identifying appropriate facilitation, project management, research and secretariat resources, as well as appointing a number of consultants to undertake mandated tasks.

The operation of the Task Force will be guided by a Steering Group and supported by expertise from the Reference Panel.

2.2 Role and composition of the Steering Group

A Steering Group is to be established to guide and advise the Task Force as well as act as an oversight of the Task Force.

The Steering Group will comprise of the following Board members:

- NGO – Both ENDS (Paul Wolvekamp), WWF (Adam Harrison), WRI (Anne Rosenbarger)
- Grower - Indonesian grower (Edi Suhardi), Malaysian grower (Carl Bek Nielsen), ROW grower (Marcello Brito)
- Supply Chain - HSBC (Ian Hay), Retailers (Jonathan Horrell), Consumer Goods Manufactures (Hugo Byrnes)

2.3 Role and composition of the Reference Panel

A Reference Panel will be appointed to provide ad hoc advice to the Task Force on issues of integrity, peat, labour, high conservation value, high carbon stock and humans right.

Individuals that could be appointed to the Reference Panel are:

- Faizal Parish (GEC: HCS), Grant Rosoman (Greenpeace: Biodiversity)
- John Clendon (UNIVANIC: Thailand SH), Representative from SHWG (TBA)
- Representatives from the retired CB Auditor (TBA by the Secretariat)
- Pat Baskett (Retired grower)
- Daniel Seligman (Columbia Research Corp: Audit Integrity), Jago Wadley (EIA: Audit Integrity)
- Representative from HRWG (TBA), Daryll Delgado (Verite Asia: labour/ or Jaime: RAN)
- Marcus Colchester (FPP: FPIC)
- Eric Wakker (AidEnvironment: HCV and SEIA), Paulina Villalpando (Representative from BHCVWG)

3.0 Timeframe

The work of the TF will commence on appointment and conclude by end of October 2016. A concise interim report with recommendations for short term actions to curb immediate risks to the CEO and Board of Governors of RSPO by end of July 2016 and a final comprehensive report with full recommendations for systematic changes by 1st November 2016.

Annex.

Review Work streams include:

A. RSPO Next Competency Analysis

- Clarification of what additional company and auditor competencies are required to undertake an RSPO NEXT assessment;
- Review of all available third party metrics and toolkits e.g. Palm Oil Welfare Index. High Carbon Stock Approach Toolkit etc.;
- In conjunction with the HCVRN and others undertake desk research on all available data sets available for reference by country of RSPO members' operations.

B. CB Auditor Competency

- Clarification of the skills and competencies required to conduct both existing P&C and RSPO Next audits (Revision to check this covers all aspects of expanded RSPO process);
- Liaison with Accreditation Body (Accreditation Services International - ASI, HCVRN Network and others on management of CB auditors and 3rd party Assessors within the RSPO process;
- The social competencies, labour rights and FPIC process understanding required to undertake the social dimension of RSPO workload;
- Burden of proof and external monitoring/evidence of skills, competencies and availability of ongoing professional development.
- Options to address capacity building needs for auditors – e.g. through more awareness, training, coaching, independent observers to enable feedback and learning.

C. CB Auditor Team Selection

- Protocols for the selection of required Resources: Project and site risk assessment, quality of CB auditors, make up of teams, access to specialist skills;
- Communication of CB auditor team skills profile to company to be audited (and potentially RSPO) at project commissioning stage,

D. Management of CBs to ensure consistency of assessment

- RSPO, ASI's and HCVRN's roles and responsibilities;
- The management of CBs to upgrade to new requirements;
- Best practice information sharing and training materials development;
- Independence of CBs and management of auditors by companies;
- Availability of skilled audit resources and CB approach to skills shortages;
- Control of audit report content – company vetting, submission via third party etc.;

- Review current levels of remuneration and option of audit costs schedule for RSPO audits and assessments to avoid cost cutting undermining standards.

E. Grower Performance, Internal Competency and Audit Functions

- Performance reporting by growers to identify when additional requirements are evoked (e.g. NPP);
- Feedback, stakeholder and societal engagement in monitoring behaviour on the ground;
- Quality of P&C implementation within companies;
- Internal responsibility for in-house audit skills and performance gap analysis;
- Company dispute process with CBs.

F. RSPO's Control Mechanisms

- Review of RSPO's relationships with ASI and the HCVRN;
- Creation of new financial arrangements e.g. Escrow account option or other strategies for delinking CBs from companies' payment for audits;
- Feasibility of creation of Register of RSPO accepted Auditors (independent of registration of CB firms) with public rating system;
- Proactive approach by RSPO to skills development (Identify options such as bursary funds, course endorsement, partnerships and collaborations etc.);
- Options that help correct past sub-standard verification, such as compensation schemes for those suffering damages or harm from previous poor quality assessment and/or role of insurance, Review of role of Practice guidance and Public Performance Metrics to inform CBs and Auditors of RSPO's minimum standards.

G. Public Reporting and Stakeholder Engagement

- Mechanisms for RSPO stakeholders to access Audit Summary Reports;
- Public register of auditors;
- Review of mechanisms for stakeholder consultation and involvement on site.



The RSPO is an international non-profit organization 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.



RSPO will transform markets to make sustainable palm oil the norm

FIND OUT MORE AT

www.rspo.org

**Roundtable on Sustainable Palm Oil
Unit A- 37-1, Level 37, Tower A, Menara UOA Bangsar
No. 5, Jln Bangsar Utama 1, 59000 Kuala Lumpur, Malaysia
T : +603 2302 1500 F : +603 2302 1542 E : rspo@rspo.org**

**Other RSPO Offices
Jakarta, Indonesia
London, United Kingdom
Beijing, China**