



Mill-level verification assessment: methodology and exchange platform

Update | 3 March 2016



To cover

1. Suggested adjustments to indicators
2. Walk through a sample verification assessment report
3. Update on the proposals for exchanging verification results

Recap



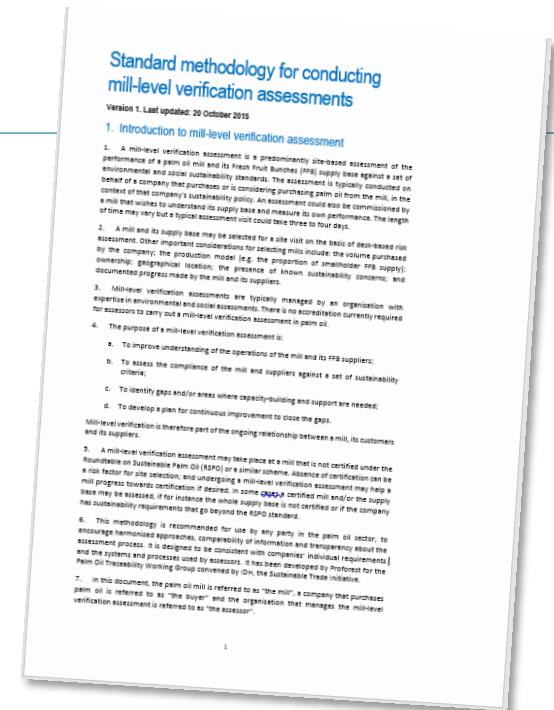
- Mill-level verification assessments
- Issues:
 - How to avoid duplication
 - Potential for collaboration
- 2015: consultation by Proforest, commissioned by IDH

Recap

Outputs:

1. Standard methodology
2. Standard criteria and indicators
3. Recommendations for a platform for exchanging verification results

➔ Presented to TWG in September



Annex 1. Assessment criteria and indicators

Section	Criterion	Indicator
1	Adherence to land legislation	
	1.1 Commitment to comply with sustainability standards consistent with these requirements	1.1.1 There is a documented policy commitment that current operations and future new plantings comply with these requirements.
	1.2 Compliance with applicable and relevant laws and legislation	1.2.1 There is compliance with all applicable local, national and ratified international laws and regulations.
2	Deforestation	
	2.1 No development of High Carbon Stock (HCS) forest areas	2.1.1 High Carbon Stock (HCS) areas are identified, prior to establishing new plantations or expanding existing ones. 2.1.2 Any new plantings are consistent with the results of the HCS assessment, such that no new plantings take place on identified HCS areas.
	1.3 Land tenure rights held (production only on legally held land)	1.3.1 The right (of the mill and its suppliers) to use the land is demonstrated, and is not legitimately contested (by local people or recent local residents who can demonstrate that they have legal, customary or user rights). 1.3.2 There are no significant land conflicts, unless conflict resolution processes are being implemented that are accepted by all of the parties involved.

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Methodology - recent developments

- Proforest exploring the use of the standard criteria and indicators as basis for verification assessments – in collaboration/ agreement with clients
- Suggested amendments to standard criteria and indicators
 - Based on Proforest experience and TWG members' comments

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Updated criteria and indicators

- Main additions:
 1. More on management of environmental impacts of existing plantations
 2. Inclusion of waste management

Section	Criterion	Indicator
5	Management of environmental impacts	
	5.1 Environmental impacts are identified and mitigated	<p>5.1.1 An assessment of the environmental impacts of existing operations and any new plantings is undertaken.</p> <p>5.1.2 Where significant negative impacts are identified, measures to mitigate these impacts are implemented.</p> <p>5.1.3 Waste is managed responsibly, including the disposal, reuse and recycling of hazardous and non-hazardous wastes.</p>

See: [TWG_Mill_Verification_Methodology_Version2_3March2016.pdf](#)

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Example of a detailed verification report

- *Please refer to the to the detailed verification report circulated*

[Name of mill]
Mill-level verification assessment
 Conducted by Proforest Ltd
 [Date Month Year]
Detailed report

1. Mill details

Name (company)	Xxxxx
Address	Xxxxx
Geographical coordinates	Xxxxx
Mill representative	Xxxxx
E-mail	Xxxxx
Phone number	Xxxxx

2. Information about the mill and its supply base

2.1 Operations

[Description of location and mill ownership].

Size of mill workforce is 160 people, broken down as follows:

- Permanent staff: 40 male, 15 female
- Temporary staff: 35 male, 32 female
- Seasonal staff: 20 male, 18 female

Managed plantations:

- Xxx: 850 ha, average age 11 years (immature 30%, young 25%, prime 45%)

Supply base:

- 800 associated smallholders
- Estimated 10 independent suppliers, of which eight are large estates
- Total size of supply base: 15,000 ha
- Range of planted areas: 1.5 ha to 400 ha

Proportions of FFB supply: 45% managed plantations; 35% scheme smallholders; 20% third party

3. Methodology and scope

Objective of assessment	Assess compliance with customer's Responsible Palm Oil Sourcing policy; identify areas where support is needed
How assessment was commissioned	The mill-level verification assessment was commissioned by a customer which purchases palm oil from [Mill X] through a third party
Methodology used	Developed by Proforest, based on standard TWG Methodology for Conducting Mill-Level Verification Assessments, version of 7 September 2015
Assessment criteria and indicators	Based on customer's Responsible Palm Oil Sourcing policy
Amendments to criteria and indicators	Not applicable

3.1 The assessor

Proforest (www.proforest.net) was commissioned to undertake the mill-level verification assessment. Proforest, an independent company working with natural resource management and specialising in practical approaches to sustainability, has 15 years of experience in the implementation of responsible sourcing programmes, focusing on policy development, risk analysis across complex supply bases, supply chain mapping, and compliance assessments of suppliers. During the assessment, Proforest sub-contracted [Xxx] as a local partner to assist in [xxx].

Assessment team:

Name	Credentials and expertise
Xxxxx XXXXXXXXX (Team Leader)	Xxxxx
Xxxxx XXXXXXXXX	Xxxxx
Xxxxx XXXXXXXXX	Xxxxx
Xxxxx XXXXXXXXX	Xxxxx

3.2 Scope of assessment

[Information on landscape and context]. The scope of the assessment was one mill, the managed plantation, associated smallholders and worker housing.

3.3 Sampling and confidentiality

The method used to select a sample of workers to interview was random sampling from a list of workers created by the assessment team from employment documents. In total, xx workers were interviewed, broken down as follows: xx% men and xx% women; xx% permanent, xx% temporary and xx% casual; [xx% fieldworkers, xx% workers at the plant, xx% drivers and machinery operators and xx% nursery and extension staff]. There was also observation and informal discussion with workers during the site visit.

The method used to select a sample of smallholders to interview was a random selection of plots using a map provided by the company; however, their locations were selected purposively in order to cover both north and

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3.3 Schedule

The mill-level verification assessment was carried out on [Date Month Year]. The schedule was as follows:

Date	Time	Activity
Xxxx	Morning	Opening meeting with mill – management and relevant technical staff
	Lunchtime	Interviews with mill and plantation worker representatives
	Afternoon	Time spent in mill: interviews, tour
	Afternoon	Visit to worker housing
	Afternoon	Document review
Xxxx	All day	Smallholder assessment <ul style="list-style-type: none"> • Observations • Discussion and interviews with smallholders
	Lunchtime	Community consultations
	Afternoon	Continued review of documents
	Afternoon	Follow-up discussion with technical staff
Xxxx	Morning	Meeting with FFB dealer and with local NGO [Xxxxxxx]
	Morning	Visits to water treatment systems and chemical storage areas
	Afternoon	Assessment team pre-closing meeting
	Afternoon	Closing meeting with mill – management and relevant technical staff

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4. Assessment results

The table below presents the results of the mill-level verification assessment. Detailed results are provided in the Annex.

Explanation of results classification system:

Compliance	<ul style="list-style-type: none"> Compliance with indicator
Minor	<ul style="list-style-type: none"> Evidence of non-compliance with indicator or risk (minor)
Critical	<ul style="list-style-type: none"> Evidence of non-compliance with indicator or risk (critical)

Note: The criteria and indicators are different from the standard TWG criteria and indicators

Criterion	Indicator	Result
1. Legal and policy compliance		
1.1 The supplier is committed to work towards complying with relevant sustainability requirements	1.1.1 There is a documented policy commitment to ensure that future new plantings do not result in deforestation, conversion of peat lands regardless of depth, or harm to local communities (see criteria 4, 5 and 6 below).	Compliance
	1.1.2 There is a documented time-bound plan with targets for meeting the requirements outlined in this document	Minor
1.2 The supplier has systems designed to ensure compliance with applicable and relevant laws and legislation	1.2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	Critical
<p>Summary: The supplier has a documented policy of no deforestation; however, it does not have a plan or a timetable for its implementation. It was also noticed that some wetlands have been drained to establish new plantations. Although not considered forest areas, they may have likely appeared on an HCV assessment, had it taken place before the drainage.</p> <p>The supplier complies partially with the relevant local, national and international laws and regulations, but it does not have in place a procedure to identify future changes in the legal framework or new laws.</p>		
2. Deforestation		
2.1 No development of High Carbon Stock (HCS) forest areas	2.1.1 High Carbon Stock (HCS) areas are identified, prior to establishing new plantations or expanding existing ones.	Critical
	2.1.2 Any new plantings are consistent with the results of the HCS assessment, such that no new plantings take place on identified HCS areas.	Critical
2.2 No conversion of HCVs since November 2005	2.2.1 There is evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more-High Conservation Values (HCVs), since	Compliance

5. Commentary and response

5.1 Summary of progress made by the mill or elements of its supply base

[Mill X] has not undergone a mill-level verification assessment before. However, according to the findings of its recent RSPO baseline assessment, [Mill X] has made some progress in recent months in strengthening its health and safety policy and instituting a procedure for communicating the policy among smallholders and monitoring implementation.

In 2014, an association of 75 independent smallholders began receiving training and capacity-building from the NGO Xxx as part of a programme to support small-scale export-oriented agriculture in [region]. Since then, the smallholders have significantly improved their practices for using and storing chemical pesticides and have been assisted in collectively identifying High Conservation Values.

5.2 Response to findings by mill during closing meeting

The assessment team presented the preliminary findings to the mill management during the closing meeting. The mill made the following comments:

- It has faced a challenge in identifying a definition of High Carbon Stock and in building capacity among its staff for overseeing HCS assessments.
- In May 2014, representatives of plantation workers requested a change to the method of payment, from daily to weekly rates. The mill acknowledges that the current system is flawed and often leads to delays to workers. The management reported that there have been challenges in updating the accounts system to weekly payments, but that it expects to introduce the new system in Q4 of 2015.
- The mill questioned the evidence for harmful child labour among independent smallholders and observed that the assessment team visited only a proportion of the supply base. The assessment explained that in addition to conducting interviews, they gathered information from the local partner, Xxx. It was also noted that a follow-up site visit could help to better assess the extent of child labour in the supply base and confirm its socio-economic characteristics.

5.3 Recommendations and actions preliminarily agreed

During the closing meeting, the mill and assessment team discussed possible measures to address the sustainability risk areas identified during the site visit, with the potential support of the customer. The recommendations of Proforest are as follows:

1. Legal and policy compliance:

- Develop a plan for implementing the no-deforestation policy, including the time, and the human and financial resources to implement it.
- Meet the partners to share the findings regarding compliance with the criteria and indicators about local, national and international laws and regulations, and establish a work plan for compliance with the criteria and indicators.
- Develop and implement a training programme for plantation managers, using them to achieve a multiplier effect with the staff working in the plantations.
- Assign more staff to conduct agricultural extension, conducting more frequent and longer visits to the plantations and also to adequately respond to adverse situations that may arise.
- Plan assessment days to measure the degree of compliance with the commitments made in the work plan developed with partners.

2. Deforestation:

- Conduct a Social and Environmental Impact Assessment (SEIA) when developing new plantations.
- Develop a documented plan for the management and operational procedures within each production unit to avoid or mitigate the potential negative impacts identified.
- Promote an awareness raising process to encourage internal decision making within producers and associative farm enterprises with the aim of generating a new understanding towards systems development (environmentally sustainable, economically viable and socially equitable and fair palm growing activities).

6. Annex: Detailed assessment findings against each indicator

Criterion	Indicator	Evidence gathered and assessment detail	Result
1. Legal and policy compliance			
1.1 Commitment to comply with sustainability standards consistent with these requirements	1.1.1 There is a documented policy commitment to ensure that future new plantings do not result in deforestation, conversion of peat lands regardless of depth, or harm to local communities (see criteria 4, 5 and 6 below).	The company has in place a documented policy of no deforestation.	Compliance
	1.1.2 There is a documented time-bound plan with targets for meeting the requirements outlined in this document	The company does not have a documented time-bound plan including a schedule of activities and a list of responsible people for the monitoring of the compliance with the objectives and goals contained in the no deforestation policy mentioned above.	Minor
1.2 The supplier has systems designed to ensure compliance with applicable and relevant laws and legislation	1.2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	The supplier partially meets the local, national and international laws and regulations: the mill does not meet the standards for sewage discharges and the measuring of GHG emissions; there are providers operating in the buffer zones of protected areas without a beneficial interest agreement; human resources in plantations are not trained in the safe handling of chemicals and do not use, or partly use, protective equipment.	Critical
2. Deforestation			
2.1 No development of High Carbon Stock (HCS) forest areas	2.1.1 High Carbon Stock (HCS) areas are identified, prior to establishing new plantations or expanding existing ones.	No assessment is performed to identify high carbon stock areas prior to establishing new plantings or expanding the existing ones.	Critical
	2.1.2 Any new plantings are consistent with the results of the HCS assessment, such that no new plantings take place on identified HCS areas.	There is misinformation or ignorance on the producers' side about what are high carbon stock areas and their importance, which makes some new plantations inconsistent with the results of the HCS assessment.	Critical

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Summary report

Current proposal: it would contain similar content as detailed report, but without following sections:

- Detailed checklist findings (annex table)
- Recommendations

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Update on platform concept

- Concept: a digital platform for controlled exchange of information, especially site verification results and mill progress reports
- Main benefits:
 - Save costs of commissioning or undergoing mill-level verification assessments
 - Avoid duplication and audit fatigue
 - Identify best practices and synergies
- Enthusiasm but key questions to address
- Concept note: Daemeter, Proforest, WRI

Key points

1. **Quality and transferability**
 - Wide adoption of standard methodology
2. **Confidentiality and legality**
 - Standard reporting format
3. **Access permission**
 - Getting mills on board to agree to share results
 - Communicating with NGOs
4. **Method of exchange**
 - Long-term idea: Global Forest Watch-based platform
5. **Cost sharing and cost recovery**
 - Potential for membership organisation

Next steps

- Daemeter, Proforest and WRI to consult TWG members
- A view to piloting standard methodology with criteria and indicators in the field and sharing experiences with TWG
- Concept note for platform





Comments? Questions?

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