

Standard methodology for conducting mill-level verification assessments

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1. Introduction to mill-level verification assessment

1. A mill-level verification assessment is a predominantly site-based assessment of the performance of a palm oil mill and its Fresh Fruit Bunches (FFB) supply base against a set of environmental and social sustainability standards. The assessment is typically conducted on behalf of a company that purchases or is considering purchasing palm oil from the mill, in the context of that company's sustainability policy. An assessment could also be commissioned by a mill that wishes to understand its supply base and measure its own performance. The length of time may vary but a typical assessment visit could take three to four days.

2. A mill and its supply base may be selected for a site visit on the basis of desk-based risk assessment. Other important considerations for selecting mills include: the volume purchased by the company; the production model (e.g. the proportion of smallholder FFB supply); ownership; geographical location; the presence of known sustainability concerns; and documented progress made by the mill and its suppliers.

3. Mill-level verification assessments are typically managed by an organisation with expertise in environmental and social assessments. There is no accreditation currently required for assessors to carry out a mill-level verification assessment in palm oil.

4. The purpose of a mill-level verification assessment is:

- a. To improve understanding of the operations of the mill and its FFB suppliers;
- b. To assess the compliance of the mill and suppliers against a set of sustainability criteria;
- c. To identify gaps and/or areas where capacity-building and support are needed;
- d. To develop a plan for continuous improvement to close the gaps.

Mill-level verification is therefore part of the ongoing relationship between a mill, its customers and its suppliers.

5. A mill-level verification assessment may take place at a mill that is not certified under the Roundtable on Sustainable Palm Oil (RSPO) or a similar scheme. Absence of certification can be a risk factor for site selection; and undergoing a mill-level verification assessment may help a mill progress towards certification if desired. In some cases a certified mill and/or the supply base may be assessed, if for instance the whole supply base is not certified or if the company has sustainability requirements that go beyond the RSPO standard.

6. This methodology is recommended for use by any party in the palm oil sector, to encourage harmonised approaches, comparability of information and transparency about the assessment process. It is designed to be consistent with companies' individual requirements and the systems and processes used by assessors. It has been developed by Proforest for the Palm Oil Traceability Working Group convened by IDH, the Sustainable Trade Initiative.

7. In this document, the palm oil mill is referred to as "the mill", a company that purchases palm oil is referred to as "the buyer" and the organisation that manages the mill-level verification assessment is referred to as "the assessor".

2. Overview of the process

8. The components of a mill-level verification assessment are similar to those of a typical certification assessment. They include document review, physical observation, interviews and reporting. The findings are used as the basis for developing a continuous improvement plan, for ongoing engagement with the mill and its suppliers after the assessment.

9. Table 1 below presents an overview of the typical process, indicating the roles for each participant. It assumes that the mill-level verification assessment was commissioned by a buyer such as a refinery or manufacturer. Specific elements are described in greater detail elsewhere in this document.

Table 1. The process for a mill-level verification assessment

	Role	Steps
1	Buyer	<ul style="list-style-type: none"> Define the intended purpose of the mill-level verification assessment. Inform the mill or, if appropriate, its tier 1 supplier of its wish to conduct a mill-level verification assessment, explain its sustainability implementation programme and the intended purpose of the assessment, and introduce the assessor
2	Assessor	<ul style="list-style-type: none"> Agree with the buyer on approach and any additions to the methodology Engage with the tier 1 supplier and/or mill; share this methodology with them Arrange dates for the assessment; provide the mill with the necessary preparatory information; request information Identify an in-country delivery partner if appropriate
3	Tier 1 supplier (if appropriate)	<ul style="list-style-type: none"> Introduce the mill to the proposed assessment and to the assessment organisation; share this methodology with them Arrange assessment dates and details with the mill; provide any necessary pre-assessment information
4	Mill	<ul style="list-style-type: none"> Prepare for the assessment
5	Assessor (and local delivery partner if appropriate)	<ul style="list-style-type: none"> Prepare the assessment plan and team Conduct assessment Produce assessment report Develop, with the buyer and the mill, a continuous improvement plan and agree on follow-up steps
6	Mill	<ul style="list-style-type: none"> Agree on who the detailed report, summary report and continuous improvement plan may be shared with

3. Assessment criteria and indicators

10. The standards that the mill and its supply base should be assessed against are presented as a set of criteria and indicators in Annex 1. The criteria and indicators were formulated after consultation with a range of actors in the palm oil sector. They have been designed to capture the common commitments of palm oil buyers as contained in their responsible sourcing policies. They cover some of the requirements of the RSPO Principles and Criteria (P&C), albeit in less detail, but in some aspects also go beyond the P&C. The criteria and indicators will be reviewed periodically to ensure that they continue to reflect the most up-to-date areas of sustainability risk in palm oil production. For definitions of terms contained in the criteria and indicators, see Section 10, Technical guidance.

11. As a minimum, the mill-level verification assessment should address all of the criteria and indicators in Annex 1. If the assessor judges that one or more of the criteria and indicators need to be modified or interpreted to suit the local context, this should be discussed with the buyer and mill, and clearly indicated in the reporting. The buyer may wish

Box 1. Additional criteria

Some buyers may have compliance requirements not covered by the criteria and indicators in Annex 1. For example, biofuel producers may be required by law to meet additional environmental and greenhouse gas demands such as those set out in the RSPO-RED system. These requirements may be added to the criteria and indicators in Annex 1.

to assess the mill and its supply base against additional criteria or indicators (see Box 1). This should be discussed with the mill and assessor, and clearly indicated in the reporting.

12. The criteria and indicators provide a basic checklist for assessment. The assessor should be aware of the buyer's objectives for the assessment, so that the overall design of the assessment will meet its needs. If the mill was selected on the basis of known or assumed risks, the assessor should pay close attention to those risk criteria.

4. Preparation

a. Initial discussions

13. A mill-level verification assessment is announced in advance. In cases where the assessment is commissioned by a buyer which has selected a mill and supply base for a site visit, the buyer must approach the mill to propose a mill-level verification assessment. It will be important for the buyer to gain the trust and cooperation of the mill and its supply base. It is especially important for the buyer and assessment organisation to gain the buy-in of high-level management at the mill. Therefore, these initial discussions with the mill are crucial to the whole process. The discussions are likely to involve the buyer and perhaps also the assessment organisation, as well as the intermediary tier 1 supplier if applicable. It may be useful to hold a meeting at the offices of the mill or tier 1 supplier, to bring the parties together.

14. During the initial discussions, the buyer may wish to:

- Introduce the mill-level verification assessment process and demonstrate what the mill and its supply base will be assessed against;
- Explain why the mill and its supply base was chosen for assessment;
- Explain the purpose of the assessment and what the results will be used for, referring to the buyer's responsible sourcing policy or sustainability commitments;
- Discuss measures to protect individual and company confidentiality;
- Clarify that a mill-level verification assessment is different from a certification audit;
- Explain that a mill-level verification is part of a longer term process of engagement by the buyer with its suppliers. The assessment can be seen as a learning process for both sides as they work towards compliance with the buyer's requirements and with the wider sustainability standards of the palm oil industry.

Some of the information may be provided to the mill and supply base as written information, in locally appropriate language.

15. The initial discussions provide an opportunity for the mill to ask questions about the assessment process and to raise any concerns. The parties should agree on the meaning of specialist or technical terms, with the assistance of the assessment organisation as necessary.

b. Preparation by the mill

16. The mill should undertake the following preparation in advance of the site visit:

- a. Collate basic information such as information on: locations; planting; production; workforce (including a breakdown by gender); nature of supply base and number of smallholder suppliers; certification status; and previous assessments (e.g. HCV, FPIC). This could be provided in a questionnaire (in the local language if appropriate) that is supplied to the mill by the assessment organisation. Such information will help the assessment organisation to plan the schedule and the assessment team, and to identify priority areas;

- b. Inform staff and FFB suppliers who may be asked to participate during the assessment. The mill should explain the process and purpose of the assessment and outline the confidentiality arrangements for interviewees;
- c. Collate existing relevant documentation for the assessment team to review during their visit (see Section 4.c);
- d. Identify a private meeting space for the assessment team to use during their visit.

17. Depending on the scope of the assessment and the nature of the supply base, it may be necessary for the assessor to make arrangements separately to meet associated or independent FFB suppliers.

18. The assessor should also arrange to meet local authorities, community representatives, union officials or other workers' representatives, and other stakeholders, as needed.

19. The assessor should make arrangements for the visit, taking into consideration the language, customs and other contextual factors which may affect which days and hours are best for visiting communities, the distances involved and the need of a translator. It should communicate the schedule to the mill and other stakeholders to be consulted during the assessment, and organise logistical details. The assessor should identify key personnel whose participation is requested.

c. Documents for review

20. The assessment organisation will confirm to the mill the documentation that its assessment team need to consult during the site visit. The mill should prepare this documentation in advance so that it is ready for the assessors.

21. The assessment organisation should also consult other documentary sources.

22. Overall, the documents will be used in conjunction with interviews, observation and stakeholder consultation, to produce findings for the criteria and indicators in Annex 1. For some risk areas, such as land conflict, forced labour, child labour, low labourer wages paid by smallholders and mistreatment of female workers, interviews, observation and stakeholder consultation may be more effective sources of evidence than documentation.

23. The documents to be reviewed by the assessment team will vary with context (see Box 2), but may include:

- Plant and site plans; maps; aerial and site photographs; housing plans
- Planting records
- FFB delivery records
- Details of chemicals used; machinery inspection records; figures for greenhouse gas mitigation
- Company policies; health and safety manual
- Employee handbook
- Employee records; recruitment history; worker identification cards; payroll and time records
- Training documentation
- Grievance procedures, records of complaints, accidents and appeals
- Collective bargaining agreements; union documentation
- Inspection records, licences or other documentation showing compliance with applicable laws and regulations
- Audit reports; environmental inspection reports; baseline assessments; HCV assessment reports
- Social and environmental impact assessment reports

Box 2.
Documentary sources

Assessors may consult specialist audit and assessment manuals for guidance on documentary sources for assessing specific sustainability risk areas. Potential guides include GSCP's *Reference Environmental Audit Process & Methodology* and SAI's *Guidance Document for Social Accountability 8000*. Useful generic guidance is provided by ISO19011:2011 *Guidelines for auditing management systems*.

- Traceability information
- Smallholder supplier contracts
- Minutes of community meetings and stakeholder consultation; documented outcomes of FPIC processes
- Title deeds; land acquisition records

5. Scope of the assessment

24. The scope of topics to be addressed is represented by the set of criteria and indicators in Annex 1. If the criteria and indicators are modified for local context or added to, this should be clearly indicated in the reporting (see Section 3).

25. The unit of assessment is a palm oil mill and its supply base. A supply base means the sources of FFB that is processed at the mill, and although there is considerable variation, a supply base may comprise: a plantation or plantations managed by the mill; associated smallholders; and independent FFB growers, who may or may not be smallholders. See Box 3 for more detail. Note that this definition of supply base differs from the RSPO definition¹ as it may include independent suppliers.

26. A mill normally includes the processing plant, associated buildings and machinery, water and waste management facilities, office buildings and any worker accommodation. If there is a kernel crushing plant at the mill site, this could be included in the mill-level verification assessment if requested by the buyer. This should be clearly indicated in the reporting and the schedule should be adjusted accordingly.

27. If a palm oil mill is one of two or more mills owned by a company that supplies the buyer and if all of the mills were selected for site assessment, it may be possible to include them in the same mill-level verification assessment but more likely each mill will require a separate visit. Alternatively, it may be possible to coordinate several mill-level verification assessments at unrelated mills in the same landscape or jurisdiction. However, it is assumed that mill-level verification assessment takes place at a single palm oil mill. In the absence of master data (a unique identification code) for palm oil mills, it is important to include the name of the mill, plantation name(s), address, geographical coordinates and owner in the reporting so that the site can be identified.

28. An assessment could be commissioned by a mill that wants to improve its understanding of its associated and independent FFB suppliers. This methodology could be modified for that purpose, but it is recommended that the mill itself should still be included in the scope of the assessment in order to cover risk areas related to workers, greenhouse gases and chemicals management and to better understand the relationship between suppliers and the company.

29. There is no prescribed geographical scope for a mill-level verification assessment. The assessor should gather information on the supply base and use that to define the geographical boundaries of the assessment. The assessor may attempt to identify the farthest points where FFB sourced by the mill is grown, although it may not be possible to do so accurately if supply sources include independent growers who have not been traced or mapped.

30. To define the supply base, the assessor may use traceability and supply chain information provided by the mill or a tier 1 supplier to the buyer, information gathered during a prior risk assessment, information provided by the mill during the preparation phase and information gathered during the site visit.

¹ “The mill and its supply base ... must include both directly managed land (or estates) and associated smallholders and outgrowers”. RSPO. 2007. *RSPO Certification Systems*, page 10.

Box 3.

Supplier definitions

Smallholder: A farmer growing oil palm, where the family provides the majority of labour, the farm provides the principal source of income and the planted area is usually below 50 hectares.

Associated smallholder: An oil-palm smallholder under exclusive contract to supply FFB to the mill. Also known as: scheme smallholder, smallholder outgrower, plasma farmer.

Independent FFB grower: A farmer growing oil palm who is not under exclusive contract to supply FFB to the mill. Also known as: third-party supplier.

Plantation: The land containing oil palm and associated infrastructure, riparian zones and conservation set-asides. Also known as: estate.

Sources: RSPO Principles and Criteria 2013; Sustainable Palm Oil Platform (www.sustainablepalmoil.org).

6. Stakeholder consultation

31. To fully assess the mill and its supply base against the criteria and indicators in Annex 1, the assessment team must speak to a range of people.
32. It will be necessary to consult:
 - Mill management (including technical staff, the health and safety officer);
 - Workers (such as plantation workers, machinery operators, support staff). This should include permanent, temporary, seasonal and migrant workers, and must include workers employed by contractors and smallholders, as well as by the mill company;
 - Smallholders and/or larger growers.
33. It may also be necessary to consult:
 - Local residents, community groups or indigenous peoples' groups;
 - Additional stakeholders and sources of information such as FFB dealers, local authorities, forest authorities, a labour union, traders, farmers' associations, NGOs or healthcare providers.

7. Sampling

34. A sampling strategy is needed to select which workers to interview and which plantations (if there are several), smallholders and other growers to visit.
35. The mill and its supply base may have been selected for assessment on the basis of a desk-based risk assessment. In this case, the findings of the risk assessment will help the assessment organisation to identify priority risk topics for the site visit.
36. The expectations for sampling in a single mill-level verification assessment can be lower than for a certification audit, for three reasons. Firstly, mill-level verification assessment is often a process that mills are invited to undergo by their customers. Therefore the levels of motivation and cooperation among mills in mill-level verification can be lower than in a certification audit which the mills initiate themselves voluntarily, and it can be more difficult for an assessor to gain the total access needed for statistically rigorous sampling. Secondly, the risk-led nature of mill-level verification, and the practical consequences of limited time availability, often suits a targeted or selective ("purposive") approach rather than purely random sampling. Thirdly, mill-level verification assessment is part of a long-term process of supplier engagement which may provide the opportunity for further site visits to reach people or areas it was not possible to reach during the first visit.
37. If the buyer has a strict requirement for sampling, the assessor may try to meet it. However, it may not be possible to meet the requirement given the challenges and limitations mentioned in this section.

a. Mill workers to be interviewed

38. The purpose of interviewing workers is to build understanding of the working conditions and practices of the range of people who work at the mill in the range of roles that they hold. Interviewing workers should add to and help corroborate information gained from documentation, observation and interviews with mill management in relation to the criteria and indicators in Annex 1 and Section 6 of the Annex in particular.
39. Interviews are typically held in a confidential setting and are considered in addition to more open and informal discussions with workers that may be held by the assessment team

during a site tour. The assessment team may use a combination of individual and group interviews. It may be effective to interview women separately.

40. The assessor should communicate to the mill in advance the numbers and types of workers that may be interviewed, so that the mill can plan to avoid disruption. Although the mill may give guidance on potential workers to interview, the selection of workers should be made by the assessor and the identity of interviewed workers should not be disclosed to the mill or to the buyer.

41. The assessor should use information about the workforce provided by the mill during the preparation phase to select which workers or types of worker to interview. **As a minimum, it is recommended to select numbers of workers to interview based on the square root ($\sqrt{}$) of the workforce of the mill (excluding management).** This would give a total of seven workers for a workforce of 50, 10 workers for a workforce of 100, 12 workers for a workforce of 150 and 14 workers for a workforce of 200. This number is a guide only and may need to be increased to explore issues that emerge.

42. The assessor should aim to interview a range of workers so that the main differences within the workforce are represented. To achieve this, the assessor may need to use stratified or non-random purposive sampling instead of simple random selection of workers. When selecting workers, the assessor should aim to achieve representation across some or of all of the following:

- Type or area of work;
- Contract type: permanent, temporary or seasonal;
- Pay grade;
- Shift pattern;
- Gender;
- Age;
- Nationality, ethnicity, religion or migrant status.

43. The assessor may wish to seek out workers involved in environmental monitoring and waste management; workers involved in hazardous tasks; workers who are commonly recognised in social auditing best practice as potentially vulnerable; workers with recorded grievances; or health and safety representatives or union members. The assessor should ascertain if there are types of work that is mostly done by women and ensure that they are represented in interviews.

b. Estates, smallholders and other suppliers to be visited

44. The purpose of site visits to and/or interviews with estates, smallholders and other growers that supply the mill with FFB is to assess production practices, working conditions and environmental and social impacts, as well as relationships with the mill. The exercise should include interviews with farmers and farm workers as well as physical visits to the oil palm sites. It should add to and help corroborate information gained from documentation, observation and interviews with mill management and workers in relation to the criteria and indicators in Annex 1.

45. The assessment team may use a combination of individual interviews combined with site visits and group interviews which perhaps involve representatives of a farmer group, association or cooperative. It may be effective to interview women and farm workers separately. Group interviews are typically easier to arrange, but site visits offer the assessment team the opportunity to gather information on potential risk through observation.

46. It is recommended that the sampling strategy for selecting oil palm sites should be decided by the assessor in consultation with the buyer, based on a number of factors such as

Box 4. Sampling approaches

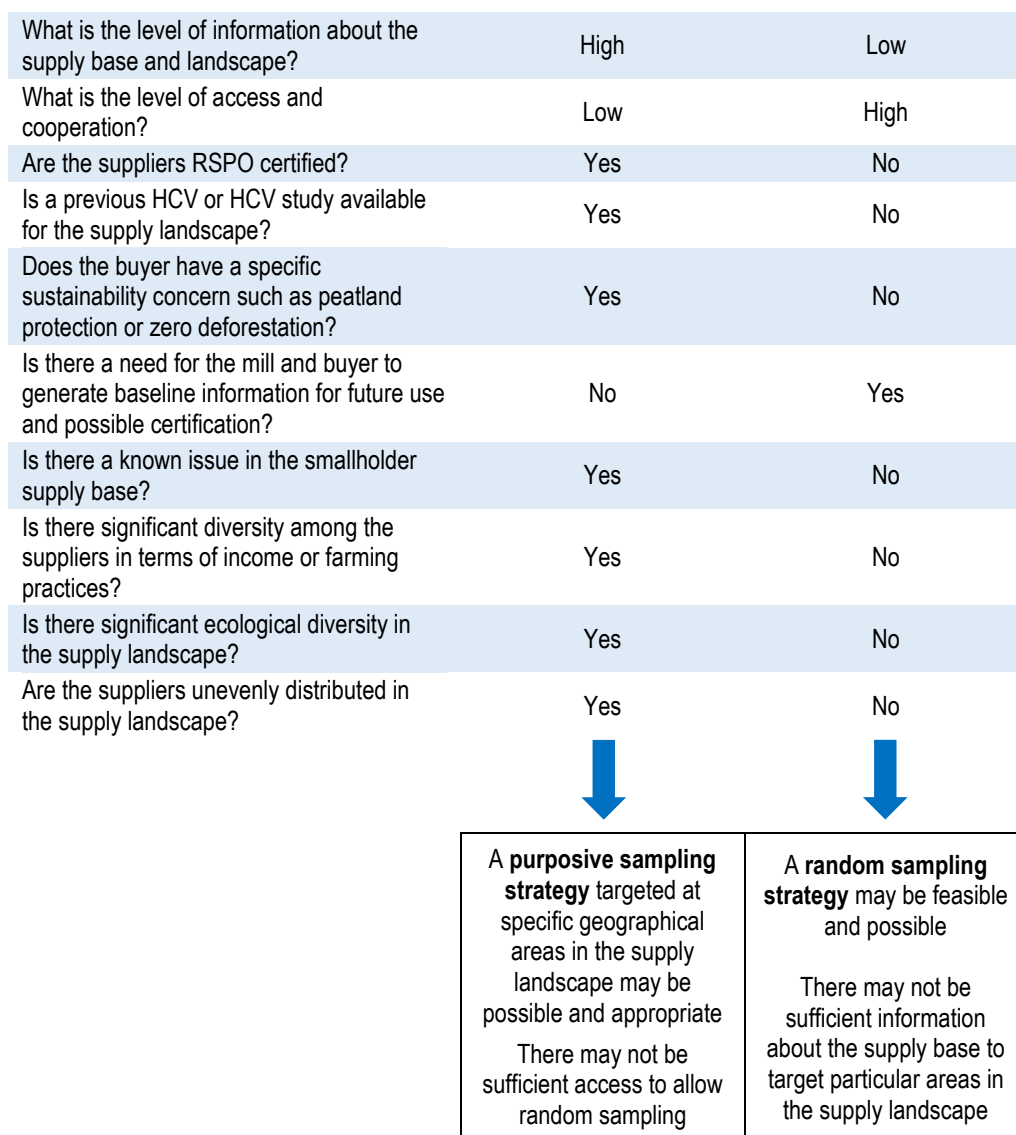
Random sampling uses a list of the total 'population' of entities and a sample is selected at random. If the sample is large enough, it will be statistically representative of the total population.

In *purposive sampling*, the selection of the sample is guided by agreed criteria. It is not necessary to know the total population but the resulting sample may not be representative.

Stratified sampling, which may be random or non-random, is an attempt to address important differences or

the nature of the supply base, the availability of information and the objective of the mill-level verification assessment. This is shown in Figure 1. The situation may be suited to a purposive or random sampling strategy (see Box 4).

Figure 1. **Factors that may determine the supplier sampling strategy**



47. If a strategy of purposive or non-random stratified sampling is chosen, the assessor should base the selection of suppliers on some or of all of the following:

- Hectarage;
- Age of planting and type of production system;
- Contractual relationship with mill (e.g. associated or independent) and other growers (e.g. supplier is also FFB dealer);
- Proximity to mill;
- Proximity to protected area;
- Presence of HCV or HCS;
- Association with a known issue (e.g. peat burning, land conflict);
- Ecological context;
- Proximity to downstream communities or other resource users;
- Residential history of grower;
- Grower's organisational membership, certification status and/or involvement in any smallholder-oriented sustainability initiative.

48. If a strategy of random or random stratified sampling is chosen, a possible approach is to map the supply base; split it into four regions (e.g. four 90° quarters); and select suppliers from each quarter, perhaps stratifying them by size if that information is known.

49. Ideally, the numbers of large estates, associated smallholders and independent FFB suppliers in the sample will be proportional to their volumes and numbers in the supply base. However, it may be difficult to gather information on and reach independent suppliers (see paragraph 54 below).

50. The assessor should use any findings of a prior risk assessment and information about the supply base provided by the mill during the preparation phase to select the purposive or random sample of suppliers. The assessment team will only inform the mill of the suppliers selected for assessment on Day 1 and the selection can be honed by new information received on site. **As a minimum, it is recommended to select numbers of sites/suppliers to visit and/or interview based on the 0.8 x square root (\sqrt{v}) of the supply base of the mill (excluding managed plantations).** This would give a total of six sites/suppliers for a supply base of 50, eight sites/suppliers for a supply base of 100, and 26 suppliers for a smallholder supply base of 1,000. This number is a guide only and could be increased to explore issues that emerge or reduced if there is consistency in the early findings.

c. Reaching the hard to reach

51. The assessor will need to draw on its own and external expertise to reach people who are difficult to reach and are often under-represented in audits and assessments. They include:

- Child workers;
- Trafficked workers;
- Independent FFB suppliers;
- Remotely located farmers;
- Women who support male relatives in oil-palm cultivation or plantation piece work;
- People with marginalised positions within group settings (e.g. female mill workers, migrant farmers, landless residents).

It is important to reach such people in order to build a full understanding of the mill and its supply base and because they may be disproportionately associated with environmental and social sustainability risks.

52. Techniques for reaching these people include: consulting NGOs and working with a local delivery partner; clearly communicating a confidentiality policy; allowing the assessor autonomy over sample selection; holding individual interviews; holding group discussions with only female participants [interviewing female participants separately]; being aware of non-verbal clues; avoiding over-reliance on key stakeholders or community gatekeepers for information and access to other interviewees; and allowing enough time and budget in the schedule to travel to remote locations in the supply base. See Box 5 for more information.

53. In addition to direct interviews, the assessor can gather information on under-represented and at-risk groups through observation and interviews with others, and consider them when reviewing documents.

54. Although independent FFB suppliers should be covered in the scope of the mill-level verification assessment, it can be difficult to reach them if they have not been included in traceability or supply chain mapping efforts by the mill. If that is the case, the assessor can follow this approach:

- a. Plan to visit and interview independent suppliers when designing the schedule. Include them in the sampling strategy;

Box 5. Techniques for sensitive or complicated situations

Detailed techniques for social auditors are suggested in SAI's *Guidance Document for Social Accountability 8000* and Verité's Fair Hiring Toolkit (www.verite.org/helpwanted/toolkit/auditors). Guidance for environmental assessors is available from the RSPO (www.rspo.org/certification/smallholders) and the HCV Resource Network (www.hcvnetwork.org).

- b. Request information on how many independent smallholders and other growers supply the mill, as well as any notable production practices or sustainability issues. This could be provided by the mill in a pre-assessment questionnaire;
- c. Confirm that information on Day 1 of the site visit;
- d. Determine, through interviews with mill staff and other stakeholders, the locations and hectareage of the independent suppliers;
- e. Compare the independent supply areas with the locations of protected areas, HCV or HCS areas and the locations of any known issues;
- f. Modify as needed the sampling strategy based on the available information, the identified locations and any criteria for purposive selection (prioritisation) as described in paragraphs 46 and 47 above;
- g. Proceed with the assessment. It may be necessary to interview intermediaries such as dealers, to conduct group farmer interviews rather than individual interviews, and to combine interviews with site visits and with farmworker interviews. If independent suppliers form a large part of the supply base and little information on them is available, it may be possible to continue the assessment in a second site visit.

8. Assessment team

55. The mill-level verification assessment should be conducted by a team of at least two people. The team may need to be larger, particularly if the mill site and supply base are large; if the FFB supply network is complex or dispersed; if there are complex ecological, labour, land and/or social issues; or if there is notable diversity among workers and/or supplying farmers. It may be useful to have three team members to specialise in operations and management, in social aspects and in environmental aspects, respectively. There should be a team leader. Assessors may be employed by the organisation that is managing the mill-level verification assessment, they may be individual contractors, or they may be sourced through a local delivery partner organisation.

56. Collectively, the assessment team should have the following:

- a. Knowledge in all three of the following areas:
 - i. The palm oil industry, oil palm plantation sector and basic oil palm agronomy;
 - ii. Environmental aspects of palm oil production;
 - iii. Social aspects of palm oil production;
- b. At least one member who has undertaken ISO 9000, ISO 19011 or RSPO-approved assessor training;
- c. Significant experience in auditing or field-based assessment, with evidence of training and/or skills. This could include:
 - i. Environmental: experience in environmental impact assessment, HCV assessment, HCS assessment, RSPO baseline assessments or field-based research; *and*
 - ii. Social: experience in social impact assessment, social auditing, health and safety assessment, RSPO baseline assessments, Free, Prior and Informed Consent (FPIC) processes or field-based research; *and*

- iii. Certification: experience in conducting Global GAP, RSPO, SAN or similar certification audits; or certification auditor qualifications such as RSPO lead auditor training, SA8000 auditor training or similar; *or*

Experience in mill-level verification assessment in palm oil or another commodity;

- d. Knowledge of local environmental and socio-economic conditions and challenges; and of the legal and regulatory context regarding wildlife conservation, environmental management, labour and land, including customary laws for land and natural resource use;
- e. An organisational or individual reputation for integrity and quality.

57. The composition of the assessment team should take into account local cultural norms and the gender balance of the mill and farm workforce. Ideally, members of the assessment team will have undergone gender awareness training. It is advisable for the team to consult an expert NGO or community organisation if sensitive issues such as child labour or forced labour are revealed.

58. To prevent a conflict of interest, there should be no connection between the members of the assessment team and the staff, workers and farmers at the assessment site.

59. The assessment team must be able to communicate in the main language(s) spoken by workers and farmers. Where necessary, team members can also use a translator, where this would not compromise the effectiveness of the assessment process or create any conflict of interest or confidentiality issues.

9. Schedule

60. The schedule and overall duration of a mill-level verification assessment will vary from case to case. Determining factors include: size of workforce; number of smallholder suppliers; ease of travel between locations within the supply landscape; presence of any known issues; the buyer's objective for the assessment; the nature of the existing relationship between the buyer and the mill and its supply base; size of assessment team; and budget.

61. However, a mill-level verification assessment should contain certain components. These are: an opening meeting between the assessment team and the mill; document review; a physical tour of the mill site; interviews with key company personnel; interviews or focus group discussions with workers; a visit to a smallholder supply area and interviews or focus group discussion with smallholder suppliers; and a closing meeting to present findings to the mill and discuss next steps. Assessment teams will usually be required to split up in order to ensure adequate time is spent on the various activities. For example, an assessment team may split into various sub-teams during the assessment to visit communities, smallholder suppliers or to evaluate specific environmental sites or issues.

62. It is important to allow sufficient time for interviews in order to capture evidence from women and to gain a full impression of social aspects that may not be captured in documents or that may be too sensitive for group discussion.

63. Table 2 below presents a flexible, simplified schedule for a typical mill-level verification assessment.

Table 2. Possible schedule for a three- or four-day assessment

	Activity	Approximate duration	Comments
Day 1	Opening meeting with mill – management and relevant technical staff	0.25 days	Introduce verification assessment in more depth, review schedule for site visit, confirm logistics
	Time spent in mill: interviews, tour	0.5 days	Orientation, review mill issues, worker interviews
	Document review	0.5 days	This may be in the mill or at a different office location
Days 2 and 3, or Days 2–4	Plantation and/or smallholder assessment <ul style="list-style-type: none"> • Observations • Discussion and/or interviews with workers • Discussion and/or interviews with plantation staff • Discussion and/or interviews with smallholders 	2–3 days	Sample of plantations and farms assessed will depend on the size and complexity of the supply base. More time may be required for farmers if smallholder supply is significant and/or there are known concerns. Sensitivity around gender or other emerging issues may require interviews rather than focus group discussions
	Community consultations	Included in field assessment time	Discussions with communities affected by oil palm operations. May involve NGO facilitation. It may be important to consult FFB dealers; local authorities on land, labour or forest governance; etc
	Visits to worker housing, water treatment systems and chemical storage areas		
	Meetings with other stakeholders		
Day 3 or 4	Assessment team pre-closing meeting; further document review	0.25 days	Assessors will share observations through the visit, but this is a moment to formulate findings
	Closing meeting with mill – management and relevant technical staff	0.25 days	Present initial findings of the site assessment, get feedback from the supplier.

10. Technical guidance

64. The assessment criteria and indicators (presented in Annex 1) include some technical requirements that are relatively newly developed, not widely understood, and/or subject to current innovations and rapid development in methodologies. The most challenging technical requirements for interpretation during verification assessments are high conservation value (HCV); social impact assessment (SIA); free, prior and informed consent (FPIC); high carbon stock (HCS); and greenhouse gas (GHG) emissions. The most obvious sources of technical guidance for each of these are listed in Table 3 below.

Table 3. Technical guidance

Requirements	Sources of technical guidance
High conservation value (HCV)	<ul style="list-style-type: none"> • HCV Resource Network Guidance for HCV identification, management and monitoring; HCV National Interpretations www.hcvnetwork.org/resources
Social impact assessment (SIA)	<ul style="list-style-type: none"> • RSPO Principles and Criteria 2013 Guidance for RSPO P&C criterion 6.1 www.rspo.org/file/PnC_RSPO_Rev1.pdf • IAIA. 2015. Free, Prior and Informed Consent and the Roundtable on Sustainable Palm Oil Glossary, assessment phases and key considerations www.iaia.org/publications-resources
Free, prior and informed consent (FPIC)	<ul style="list-style-type: none"> • FPP. 2008. Social Impact Assessment: Guidance for Assessing and Managing the Social Impacts of Projects Guidance developed for RSPO and palm oil companies www.rspo.org/resources/supplementary-materials • FAO. 2014. Respecting Free, Prior and Informed Consent Updated guidance not restricted to RSPO requirements www.fao.org/3/a-i3496e.pdf
High carbon stock (HCS)	<ul style="list-style-type: none"> • HCS Approach Toolkit Methodology for HCS approach. Also includes FPIC guide http://highcarbonstock.org/the-hcs-approach-toolkit/ • HCSS. 2015. Draft Synthesis Report Definitions and threshold values from a range of studies www.carbonstockstudy.com
Greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> • RSPO PalmGHG calculator Tool to estimate and monitor net GHG emissions http://www.rspo.org/certification/palm-ghg-calculator • RSPO Carbon Assessment Tool Tool to estimate the carbon stock of an area prior to new plantings http://www.rspo.org/file/RSPO_CarbonAssessmentTool_Ver2_June2014.pdf

In addition, the assessment criteria and indicators include some terms for which an agreed common definition may be useful. For example, the following is suggested:

- Peat: soil that contains at least 65% organic material, over a depth of 50 cm or more.
- Significant land conflicts: land conflicts associated with legal challenge, violence, the involvement of security forces, large-scale induced displacement or restricted access which has led to economic hardship or significant disruption of livelihoods;
- Forced, bonded or compulsory labour: in accordance with the ILO, this includes slavery and abduction; misuse of public and prison works; forced recruitment; debt bondage and domestic workers under forced labour situations; and internal or international trafficking.

11. Classifying results

65. The assessor should classify the findings from the assessment to generate a single result for each indicator in Annex 1. The classification method used could include a graded scoring system, a percentage system or a traffic-light system. Whatever method is used, the result should clearly show both the level of compliance with the indicator and, where appropriate, the severity of non-compliance. Table 4 below presents the options for classifying and reporting results.

Table 4. **Classification of results**

1	Compliance	Full compliance with indicator
2	Minor non-compliance	Evidence of minor non-compliance with indicator
3	Major non-compliance	Evidence of major non-compliance with indicator
4	Critical non-compliance	Evidence of non-compliance with indicator and potential consequent critical impacts.

Alternative classification of results - 1

1	Compliance	Full compliance with indicator
2	Non-compliance	Significant non-compliance against a non-critical indicator
3	Critical non-compliance	Significant non-compliance against a critical indicator

Alternative classification of results - 2

1	Full compliance	Full compliance with indicator
2	Minor non-compliance	Minor non-compliance with indicator
3	Major non-compliance	Major non-compliance with indicator

Note: If required, critical indicators may be from the indicators defined in Annex 1. All of the other indicators in Annex 1 would then be considered as non-critical indicators. To define the severity of non-compliance:

- **Minor non-compliance:**
 - Has the potential to decrease the performance against this indicator over time; *and/or*
 - Is an isolated occurrence or occurs at a low level which is unlikely to have, or is not observed to have, a substantial impact on the overall performance of the mill and its supply base against this indicator; *and/or*
 - Can be corrected immediately;
- **Major non-compliance:**
 - Is a non-compliance with legal requirements; *and/or*
 - Is a systematic occurrence or occurs at a high level which is likely to have, or is observed to have, a perceptible impact on the overall performance of the mill and its supply base against this indicator.
- **Critical non-compliance:**
 - Is a non-compliance related to a critical indicator as defined according to this paragraph; *and/or*
 - Is immediately dangerous to life and health.

66. In addition to giving the result, the assessor should report on the evidence used and give a narrative description of findings (see Section 12).

12. Reporting

67. The results of the mill-level verification assessment should be presented using a standard reporting format. Using a standard format will aid clarity for the mill and the buyer, facilitate information-sharing, encourage best practice in assessment and help to prevent the reporting of confidential information.

68. It is recommended that the assessor should produce two reports: a detailed report for the mill and the buyer (or whichever party commissioned the mill-level verification assessment); and a summary report for wider distribution if required.

a. Detailed report

i. Reporting format

69. The standard reporting format for the detailed report is as follows:

- Mill details
 - Mill name, address, geographical coordinates
 - Name, position and contact details of mill representative
- Information about the mill and its supply base
 - Mill owner and management structure
 - Size of mill workforce (with gender breakdown),
 - Name(s), size (in hectares) and planting age of managed plantation(s)
 - Numbers of associated smallholders and estimated numbers of independent suppliers
 - Total size (in hectares) of supply base; range in size (in hectares) of growers' planted areas
 - Description of supply base and proportions of FFB supply from managed plantations, associated smallholders and independent suppliers
 - Certification status of mill and/or supply base
 - Type and date of any previous audits or site assessments (including HCV and HCS)
 - Brief description (if applicable) of the mill's sustainability policy and time-bound commitments; any smallholder initiatives; and sustainability delivery partner
- Methodology and scope
 - Objective of assessment and whether the assessment was commissioned by the mill, by a buyer or by another party
 - Methodology used (*you may simply refer to this document*)
 - Assessment criteria and indicators (*you may simply refer to this document*), including any amendments or additions
 - Assessment team
 - Members of assessment team, with areas of speciality and expertise
 - Assessor's credentials (individual or organisational) with reference to paragraph 56 of this methodology
 - Scope of assessment
 - Sampling method used and confidentiality measures taken
- Assessment process
 - Dates of site visit
 - Schedule
 - Brief description of management, workers, farmers and stakeholders consulted, without identifying individuals
 - Any significant limitations or constraints that affected the assessment
- Assessment results
 - Explanation of results classification system (e.g. traffic-light scheme, scoring system)
 - Results table showing performance against each criterion in Annex 1 to the methodology
 - Descriptive summary of findings for each section in Annex 1 to the methodology
- Commentary and response
 - Summary of progress made by the mill or elements of its supply base since any previous mill-level verification assessment or certification audit
 - Response to findings by mill during closing meeting
 - Recommendations and actions preliminarily agreed during closing meeting

- Annex: Detailed findings against each indicator, in table form. This should provide the information sources, evidence and more detail to enable a buyer to understand the context and assess risk, and to enable the mill to take action.

70. The assessor and buyer can decide on the visual presentation of the detailed report and to include additional information, but must ensure that the report includes at a minimum the elements listed in paragraph 69 above and excludes the information listed in paragraph 72 below.

71. The reasons for presenting the detailed findings in an annex are that a summary of the findings can be shown in the main report for ease of use and that it makes it easy to remove detail for the summary report. Any discussions of workers' pay and benefits in the annex must be general enough to avoid infringing anti-competition rules (see paragraph 72 below).

ii. Information to exclude

72. The detailed report must exclude all of the following:

- Information that identifies the party that commissioned the mill-level verification assessment;
- Commercially sensitive and anti-competition information, including: prices, figures for traded volumes, purchasing conditions and terms of sale, costs of production, wages, financial performance information unless it is already publicly available, forward-looking commercial information, downstream supply chain relationships, or any other competitive aspect of a company's operation;
- Information that could be used to identify individual workers, farmers and other informants who were interviewed; information that could adversely disrupt ongoing mediation and conflict resolution; or information that could result in adverse outcomes for vulnerable people;
- Information that identifies the location of protected and/or rare, threatened or endangered species at risk of hunting or harvesting, or sacred sites whose location communities wish to remain undocumented.

b. Summary report

i. Reporting format

73. The summary report should follow the same standard reporting format as the detailed report, but omit the following: any commercially sensitive information in the comment by the assessor on any significant limitations or constraints that affected the assessment; the recommendations and actions preliminarily agreed during the closing meeting; and the annex containing the detailed findings against each criterion and indicator.

74. The assessor and buyer can decide on the visual presentation of the summary report. The mill may wish to include more information in the summary report in addition to the elements of the common reporting format listed in paragraph 69 above. The assessor should not include additional information without the agreement of the mill and without ensuring that the report excludes information listed in paragraphs 72 and 73 above.

c. Ownership

75. The parties should agree on the ownership of the report(s) and whose permission is needed to share the detailed and/or summary report beyond the mill and the buyer.

13. Drawing up a continuous improvement plan

76. The findings of a mill-level verification assessment should be used to develop a plan of action to improve practices at the mill or in its supply base. This should be a process of relationship-building and information exchange among the parties and stakeholders involved. Capacity-building may be needed for mills and their suppliers to progress towards compliance.

77. The continuous improvement plan is typically developed by the assessor together with the mill and the mill's parent company if applicable; ideally this process could also include the buyer that commissioned the mill-level verification assessment, FFB supplier organisations or representatives, with the assessor providing expert advice and facilitation.

78. At the closing meeting of the site visit, the assessor may make some recommendations for action and, together with the mill, develop a preliminary plan. However, it is likely that the plan will need to be elaborated further and for other stakeholders to be consulted.

79. The plan should present action or actions to address each criterion where non-compliance was found. There may also be cross-cutting areas for improvement. It is recommended for the parties to consider both corrective actions for immediate impact and preventative actions for a longer-term, sustainable change in practices. As systemic changes may be required for some areas, it will be useful for the plan to include the suggested root causes of non-compliance and to incorporate measures to address gaps in capacity identified by the assessor and the mill. Smallholders may require especial support.

80. In order to ensure accountability, the plan should:

- a. Be agreed to by all involved parties;
- b. Have time-bound actions;
- c. State each party's role in implementation;
- d. Include a commitment to and development of a procedure for monitoring, reporting and verification;
- e. Include a mechanism for reviewing and revising the plan as part of the process of continuous improvement.

Ideally, the parties should also agree on how the plan will be funded.

81. When deciding on the timescale, the assessor should prioritise areas of critical non-compliance. The buyer may have certain objectives or priorities which can also be taken into account, although these should be balanced with the needs and priorities of the mill and its smallholder suppliers.

82. The mill should sign the plan to indicate its agreement. If the mill disagrees with findings, the plan should be revised.

83. Implementation of the plan should be integrated where necessary with ongoing or planned certification-related activities, smallholder engagement initiatives and jurisdictional efforts. It may be possible for the plan to be adopted by the mill's parent company and applied to several mills and FFB suppliers in the wider landscape, not just at the assessed site.

84. The plan should be shared with the buyer and any other parties that the mill agrees to. In the plan, the elements discussed in paragraphs 79 and 80 above can be presented in table form, using the template provided in Annex 2.

85. As with the assessment report, the continuous implementation plan must exclude:

- a. Information that identifies the party that commissioned the mill-level verification assessment;

- b. Commercially sensitive and anti-competition information, including: prices, figures for traded volumes, purchasing conditions and terms of sale, costs of production, wages, financial performance information unless it is already publicly available, forward-looking commercial information, downstream supply chain relationships, or any other competitive aspect of a company's operation;
- c. Information that could be used to identify individual workers, farmers and other informants who were interviewed; information that could adversely disrupt ongoing mediation and conflict resolution; or information that could result in adverse outcomes for vulnerable people;
- d. Information that identifies the location of protected and/or rare, threatened or endangered species at risk of hunting or harvesting, or sacred sites whose location communities wish to remain undocumented.

The assessor or mill may also produce a summary of the continuous improvement plan, for sharing with a wider audience.

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.
	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.
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.

Section	Criterion	Indicator
	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 November 2005. 2.2.2 A comprehensive HCV assessment, including stakeholder consultation, is conducted prior to any conversion or new planting.
	2.3 Maintenance and/or enhancement of HCVs and rare, threatened and endangered species (RTEs)	2.3.1 There is a management plan with effective measures to maintain and/or enhance HCVs and protect RTEs affected by mill or plantation operations.
3	Development on peat lands	
	3.1 No new development on peat lands, regardless of depth	3.1.1 There are no new plantation developments on any peat land (regardless of depth).
	3.2 Application of best management practices in existing plantations on peat land areas	3.2.1 Where there are existing plantations on peat, subsidence of peat soils shall be minimised by best management practices, including a water management and ground cover programme.
4	Use of fire	
	4.1 Observation of no-burning policy	4.1.1 There is no waste management and land preparation by burning for any new plantings or re-plantings.
5	Greenhouse gas (GHG) emissions	
	5.1 Progressively reduce GHG emissions on existing plantations and operations	5.1.1 All sources of GHG emissions are identified. There are records and/or action plans to demonstrate reductions in net GHG emissions for plantations and operations.

6	Social compliance	
	6.1 Respect and support for the Universal Declaration of Human Rights or similar statement	6.1.1 A documented policy to respect human rights is communicated to all levels of the workforce and implemented. The policy commits the supplier to protect human rights and ensure that there is no complicity in any abuses.
	6.2 Social impact assessments are undertaken for new developments and existing operations	6.2.1 A social impact assessment (SIA) is undertaken through a participatory methodology, for existing operations and any new plantings. 6.2.2 Action plans to mitigate identified negative impacts are made, implemented and monitored.
	6.3 Respect the rights of indigenous and local communities to give their free, prior and informed consent (FPIC) to operations on lands over which they hold legal, communal or customary rights	6.3.1 Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands, up until an agreement has been signed and ratified by these local peoples. 6.3.2 The process and outcome of any negotiated agreements and compensation claims is documented, with evidence of the participation of affected parties (including women), and complies with FPIC principles.
	6.4 No use of illegal, forced or child labour	6.4.1 There is no use of illegal, forced, bonded or compulsory labour as per ILO Conventions 29 and 105. 6.4.2 There is no use of child labour. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful to children or that improperly interferes with schooling needs as per ILO Conventions 138 and 182. (Where it occurs that children work on smallholder family farms in the supply base, evidence is available that steps have been taken to avoid or eliminate harmful child labour).

	6.5 Recognition of workers' rights	<p>6.5.1 Workers' pay, hours of work, benefits and working conditions comply with minimum legal requirements or mandatory industry standards, including any applicable collective agreements. This includes contract, temporary and migrant workers.</p> <p>6.5.2 The rights of workers to freedom of association and collective bargaining are respected, consistent with applicable ILO Conventions 87 and 98 and those identified by the United Nations Universal Declaration of Human Rights.</p> <p>6.5.3 Adequate health and safety equipment and training is provided in order to ensure a safe working environment as per ILO Convention 184.</p>
7	Other	
	7.1 Traceable and controlled supply chains	<p>7.1.1 The mill has a documented system to ensure that all supply is fully traceable from company plantations, associated smallholders and independent suppliers to the mill.</p> <p>7.1.2 Measures are implemented to ensure that FFB is not sourced from any illegally occupied land or from any legally protected areas, based on known levels of risk.</p>
	7.2 Inclusion of smallholders into supply chains (where the mill sources from smallholders)	<p>7.2.1 A documented programme is in place to support smallholders in working towards complying with these requirements.</p> <p>7.2.2 Efforts and/or resources have been allocated to improve smallholder productivity and provide other appropriate support measures.</p> <p>7.2.3 The mill and any intermediaries deal fairly and transparently with smallholders on FFB pricing mechanisms, payments and deductions, loans or advances.</p>

Annex 2. Table template: continuous improvement plan

Indicator	Result and detail of findings	Root cause of non-compliance	Action(s)	Timescale	Roles and responsible party	Verification procedure	Comments