

RSPO INTEGRITY PROJECT

RSPO Compliance assessments in 2015 and 2016

-Summary and conclusions-

March 2017

László Máthé, RSPO Accreditation Program Manager

Prepared for the RSPO Secretariat



TABLE OF CONTENTS

1. SHORT PRESENTATION OF ASI	3
2. BACKGROUND.....	4
3. WITNESS VS. COMPLIANCE ASSESSMENTS	5
4. RSPO P&C COMPLIANCE ASSESSMENTS CONDUCTED IN 2015 AND 2016.....	7
5. KEY FINDINGS	8
6. ANALYSIS OF THE FINDINGS AND CONCLUSIONS	12
6. RECOMMENDATIONS, NEXT STEPS.....	15



1. Short presentation of ASI

ASI is an assurance partner for leading voluntary sustainability standards and initiatives around the world. As a peer-evaluated, full member of the ISEAL Alliance, ASI operates a quality management system based on ISO/IEC 17011:2004 requirements for accreditation bodies

ASI offers international accreditation to Conformity Assessment Bodies wishing to audit against voluntary sustainability standards around the world. Find out more about [ASI international accreditation](#).

ASI supports developing and established certification schemes and sustainability initiatives to increase impact and ensure credibility and effectiveness of their assurance systems. Find out more about [ASI Assurance & Development Services](#).

Vision, Mission and Values

ASI's vision is: A world where responsible use of resources is the norm, driven by social and environmental initiatives.

ASI's mission is: To safeguard the integrity of social and environmental standards by providing credible and independent assurance.

ASI's values are:

- Credibility: *ASI complies with the ISEAL Assurance Code and ISO 17011*
- Independence: *ASI upholds objectivity and impartiality*
- Competence: *ASI strives for excellence in applying specialised expertise and skills*
- Integrity: *ASI is courageous and adheres to its values*

Governance

ASI's Managing Director (MD) is responsible for the integrity of ASI's international accreditation services. The MD has the authority to make accreditation decisions and review organizational performance. The MD is supported by the ASI Accreditation Committee, a panel of independent experts who review ASI assessment reports, ensuring that the process provides enough information for sound accreditation decisions and that the recommendations included are justified. The ASI Board of Directors provides external oversight of ASI's operations to ensure competence, independence and impartiality. ASI was founded in 2006, and is owned by the Forest Stewardship Council A.C. ASI operates as a GmbH in a non-profit distributing manner.



2. Background

In 2015 and 2016 a number of concerns were raised about the integrity of the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria (P&C) certificates. A number of high profile news articles and reports highlighted failures by certificate holders (CH) to comply with standard requirements. ASI has been actively involved in investigating these cases.

Considering the criticisms formulated by various parties, ASI has decided that, rather than addressing various incidents in an isolated manner, a more comprehensive approach is needed. Following discussions with RSPO, the “RSPO Integrity Project” was agreed, that includes the following key components:

- 1.) **Compliance assessments:** introduce compliance assessments to the RSPO accreditation program. In comparison with witness assessments, compliance assessments offer a much more effective way to assess the performance of a certification body (CB). ASI conducts compliance assessments on a regular basis for all the programs managed by ASI. The status is ongoing, on track to be completed by the end of January 2017.
- 2.) **Data analysis of all RSPO P&C reports:** data with regards to nonconformities, audit durations, lead auditors (LAs) and auditors has been extracted from all RSPO P&C reports. This enables ASI to conduct statistical analysis that will enable ASI to focus its accreditation efforts on high risk CBs, LAs or CHs.
- 3.) **Lead auditor registry:** central auditor registry which allows monitoring and evaluation of CAB training provision, auditor competence and potential risks arising from CAB competence management.
- 4.) **Calibration with RSPO, CBs and ASI:** to identify which are the topics that need more standardization, interpretations or calibration.

This report provides summary information on the compliance assessments scheduled for 2015 and 2016. ASI normally focuses its compliance assessments on a subset of standard requirements. In 2015 and 2016 the focus of the RSPO compliance assessments was on social, labor, pay and health and safety issues. This has included mainly Principles 2 and Principles 6 of the RSPO Principles and Criteria but compliance against other requirements was also evaluated, for example Principle 4.

The selection of the certificate holders to be assessed in a compliance assessment is an important step. ASI applies a risk based analysis combining data analysis (previous reports), stakeholder comments, incidents, complaints, web research and other indicators of risk.



3. Witness vs. compliance assessments

ASI has two main types of assessments in the field: witness and compliance assessments.

In **witness assessments**, an ASI assessment team follows/*observes a CB when conducting an audit of an applicant for certification or of a certificate holder*. The objective of witness assessments is for ASI to verify that CB auditors are able to apply their knowledge and skills in an audit situation. Further, ASI verifies if a CB conducts the audit in line with its own procedures and other relevant guidance.

In a witness assessment, it is the ASI assessor's aim not to influence, support or direct the conduct of the audit, giving the CB auditor a fair chance to demonstrate his/her competence. Occasionally the ASI assessor may ask questions for clarification, but these should be kept to a minimum and be directed to the CB auditor (and not to the client). The ASI assessor will witness the CB auditor conducting a closing meeting with the client in which the CB presents its findings. Afterwards ASI will present its findings to the CB auditor in a separate meeting. In general the ASI findings will relate to the conduct and process of the audit and to the skills demonstrated by the auditor. Sometimes ASI may raise findings to the CB, which relate to the CB auditor having missed evident nonconformities at the certificate holder level.

It is good accreditation assessment practice for ASI to also conduct a review of the CB's audit report of the audit witnessed, to verify that it accurately reflects the audit situation and provides a sound basis for an informed decision by the CB's decision makers on whether to grant, maintain or suspend certification. This may also include reviewing whether the grading of nonconformities as confirmed by the CB's decision makers is in line with scheme requirements.

Compliance assessments are conducted in the field as well, but differ in focus from witness assessments. ***A compliance assessment is conducted by an ASI assessment team directly on the certificate holder***, typically a few months after a CB has completed its latest assessment of the certificate holder. It is recommended that a representative of the CB attends the ASI compliance assessment in an observer role.

In a compliance assessment ASI may interview the certificate holder and stakeholders about the conduct of the CB's previous audit. ASI may also compare evidence and some of the conclusions presented in the CB's audit report with reality on the ground. A compliance audit focuses on a limited number of compliance criteria as determined by ASI – it is not meant as full audit or a 1:1 repetition of a CB's audit. If the situation as seen by the ASI assessor differs from the conclusions of the CB, ASI will bring these differences to the attention of the CB.

In compliance assessments, ASI assessors have to be mindful that certain differences in interpretations of requirements may exist between individuals (“expert judgement”) and that CB auditing of clients is based on a sampling basis. In practice this means that if an ASI assessment team sees marginal shortcomings at the client level, which were not identified by the CB assessment team, it should not automatically put the CB's competence in question.



However, if ASI identifies clear nonconformities at the certificate holder level, which were not identified by the CB at its recent audit, ASI has to understand the reasons and seek rectification from the CB. Reasons for not identifying such nonconformities can be manifold, and can relate to the CB auditor not having sufficient on-site time to complete a rigorous audit, CB auditors or decision makers not being sufficiently technically suited, or even auditors and CBs being hesitant to openly raise significant findings with their certification clients (i.e. “soft-grading”).



4. RSPO P&C compliance assessments conducted in 2015 and 2016

Under the RSPO Integrity project, ASI has committed to conduct 1 compliance assessment for each RSPO P&C accredited CB. Table 1 present the list of the compliance assessments scheduled for 2015 and 2016.

Table 1 Compliance assessments conducted and planned by ASI (2015-2016)

Assessment: Assessment Number	Assessment Name	Assessment Start Date	Status
A-2015096356	RSPO P&C Compliance assessment of CU-RSPO at Applicants: Palong Timur and Serting Hilir POM, FELDA, Malaysia, 2015	14.09.2015	6. Report finalized
A-2015085507	RSPO P&C Compliance assessment of PT. Mutuagung Lestari at FELDA Pasoh POM, Malaysia, 2015	14.09.2015	6. Report finalized
A-2015106876	RSPO P&C Compliance assessment of SAI - RSPO at Gunung Melayu POM (PT PP London Sumatra Indonesia Tbk), Indonesia, 2016	18.07.2016	6. Report finalized
A-2015106996	RSPO P&C Compliance assessment of SIRIM at Sime Darby Plantation Sdn Bhd. SOU 5 Selaba POM - RSPO 0016, Malaysia, 2016	12.07.2016	6. Report finalized
A-2015107009	RSPO P&C Compliance assessment of Sucofindo at PT Perkebunan Nusantara III, Indonesia, 2016	22.02.2016	6. Report finalized
A-2015107026	RSPO P&C Compliance assessment of TÜV NORD INTEGRA at PT Austindo Nusantara Jaya Agri (Binanga Mill), Indonesia, 2016	29.02.2016	6. Report finalized
A-2015106736	RSPO P&C Compliance assessment of Intertek Cert Int - RSPO at IOI Syarimo, Malaysia, 2016	17.10.2016	6. Report finalized
A-2015107031	RSPO P&C Compliance assessment of TÜV Rheinland Indonesia at PT Perkebunan Milano, Pinang Awan POM, Indonesia, 2016	10.10.2016	6. Report finalized
A-2015106541	RSPO P&C Compliance assessment of BSI at PT. Agro Indomas - Terawan Mill., Indonesia, 2016	05.12.2016	6. Report finalized
A-2015106638	RSPO P&C Compliance assessment of CU(MY) at KLK PT SWP POM, Indonesia, 2016	16.01.2017	6. Report finalized
A-2015106709	RSPO P&C Compliance assessment of IBD, at., 2016	TBD	1. Planning

In 2015 ASI conducted 2 compliance assessments. For 2016 ASI planned to conduct 10 compliance assessments. 8 have been completed, 1 was converted into an ASI witness assessment and 1 has been scheduled to take place in 2017 (A-2015106709). With the exception of IBD all RSPO accredited certification bodies have undergone at least one ASI compliance assessment.

The reports of all of the assessments conducted by ASI for RSPO P&C are publicly available on the ASI website [here](#).



5. Key findings

By the end of January 2017, ASI completed 10 compliance assessments (2 assessments in 2015 and 8 assessments in 2016). As a result of these assessments, ASI raised a total of 37 findings. The share of major and minor findings and Opportunities for improvement (OFIs) is presented in the Figure 1.

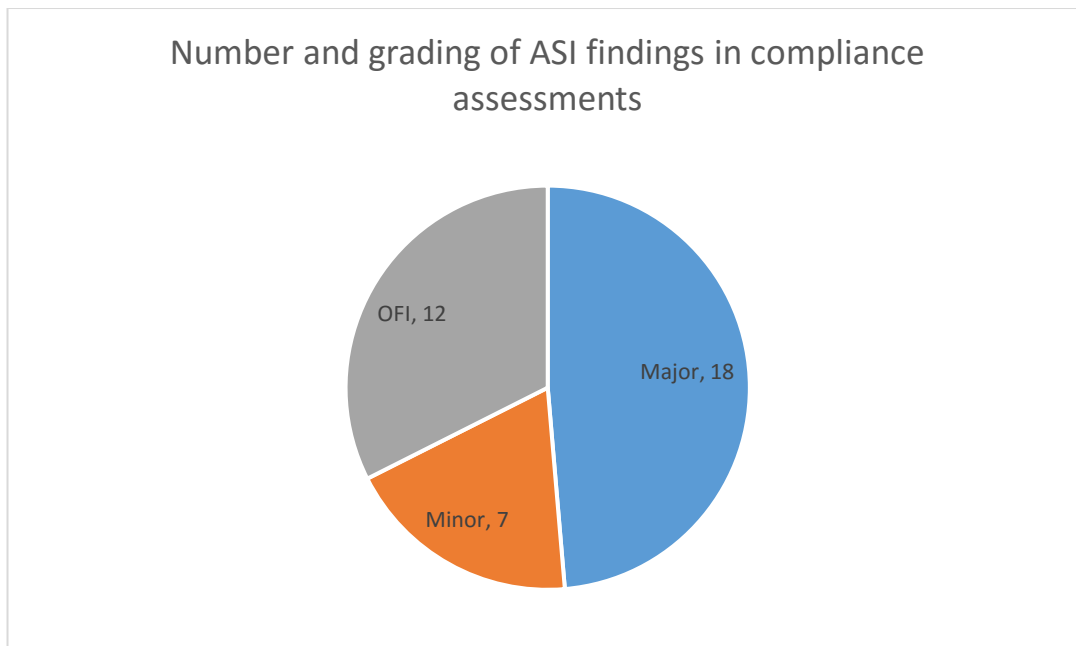


Figure 1 Number and grading of ASI findings in compliance assessments

Major finding: A systematic failure or significant deficiency - either as a single incident or a combination of a number of similar incidents - in part of the quality system, or the lack of implementation of such a part, governed by applicable standards. A number of NCs identified against one requirement of the relevant standards can represent a total breakdown of the system and thus be considered a major NC.

Minor finding: An isolated or sporadic lapse in the content or implementation of procedures or records which could reasonably lead to a systematic failure or significant deficiency of the system if not corrected. If a pattern of minor NCs occurs over successive assessments, it may represent a systematic failure or significant deficiency of the system and a major NC shall be issued.

Opportunity for improvement: An assessment finding that, whilst it cannot be directly referenced to the non-fulfillment of a requirement (of applicable standards or the organization's QMS), can be the object of an action intended to improve the QMS, its performance and/or prevent potential nonconformities.



Table 2 presents a detailed list of findings indicating the certification body, grading and the normative reference.

Table 2 Details of the nonconformities raised by ASI in compliance assessments for each CB

Date Of Detection	Finding Number	Grade	CB	Subject / Section	Normative Reference
22.07.2016	30812	Opportunity for Improvement	SAI(ID)	5.4 Transfer of certification body	RSPO SC Certification Systems, 2014;5.4.4
22.07.2016	30810	Major Nonconformity	SAI(ID)	Timeline to close Major NC	RSPO Certification Systems, 2007:4.2.5
22.07.2016	30813	Opportunity for Improvement	SAI(ID)	Audit Report	
22.07.2016	30814	Opportunity for Improvement	SAI(ID)	Audit Evidence	
15.07.2016	30727	Opportunity for Improvement	SIRIM	Contract substitution & response to worker grievances	N/A
15.07.2016	30725	Opportunity for Improvement	SIRIM	Inconsistencies in the audit report	N/A
15.07.2016	30724	Minor Nonconformity	SIRIM	Deadlines for Major nonconformities	RSPO Certification Systems, 2007:4.2.5
22.07.2016	30811	Minor Nonconformity	SAI(ID)	Timeline for reporting	RSPO Certification Systems, 2007:ANNEX 4A:1
21.10.2016	40896	Major Nonconformity	TRID	Nonconformities not detected during surveillance audit	RSPO Certification Systems 2007:ANNEX 4A:4.2
21.10.2016	41712	Opportunity for Improvement	Intertek Cert Int - RSPO	misleading information in the report	N/A
19.01.2017	44581	Minor Nonconformity	CU(MY)	Non-consistent audit report	RSPO Certification Systems, 2007:ANNEX 4A:1
19.01.2017	44582	Opportunity for Improvement	CU(MY)	Scope of the certificate	RSPO Certification Systems, 2007:4.2.3
19.01.2017	44579	Major Nonconformity	CU(MY)	Nonconformities not identified	RSPO Certification Systems, 2007:4.2.5



12.01.2017	44551	Minor Nonconformity	SAI(ID)	Non-consistent audit report	RSPO Certification Systems, 2007:ANNEX 4A:1
19.01.2017	44580	Major Nonconformity	CU(MY)	Effectiveness of corrective and preventive actions taken	ISO/IEC GUIDE 65:1996-4.5.3
12.01.2017	44550	Opportunity for Improvement	SAI(ID)	Non-conformance not detected during surveillance audit	RSPO Certification Systems 2007:ANNEX 4A:4.2
21.10.2016	41689	Major Nonconformity	Intertek Cert Int - RSPO	Credibility of the certificate issued	RSPO Certification Systems 2007:ANNEX 4A:4.2
18.09.2015	21159	Major Nonconformity	CU(MY)	Nonconformities not identified	RSPO Certification Systems, 2007:4.2.5
18.09.2015	21157	Opportunity for Improvement	MUTU	Content of audit report, checklist	ISO/IEC GUIDE 65:1996-11.a)
18.09.2015	21158	Major Nonconformity	CU(MY)	Sampling of smallholders for the audit	RSPO Certification Systems, 2007:4.2.8
18.09.2015	21156	Opportunity for Improvement	MUTU	Old RSPO P&C's used for evaluation	N/A
07.03.2016	23966	Major Nonconformity	TNI	Nonconformities not identified	RSPO Certification Systems 2007:ANNEX 4A:4.2
26.02.2016	23973	Minor Nonconformity	Sucofindo	Minor NC raised under major indicator	RSPO Certification Systems, 2007:ANNEX 3
26.02.2016	23972	Major Nonconformity	Sucofindo	Annual audit report not submitted to RSPO	RSPO Certification Systems, 2007:ANNEX 4A:1
26.02.2016	23974	Minor Nonconformity	Sucofindo	Nonconformities not identified	RSPO Certification Systems 2007:ANNEX 4A:4.2
26.02.2016	23975	Opportunity for Improvement	Sucofindo	Reference to inappropriate indicator	N/A



08.12.2016	44434	Major Nonconformity	BSI	4.2 Assessment process	RSPO Certification Systems, 2007:4.2.5
08.12.2016	44436	Minor Nonconformity	BSI	Overdue report	RSPO Certification Systems, 2007:ANNEX 4A:1
26.02.2016	23970	Major Nonconformity	Sucofindo	Closing of nonconformities	ISO/IEC 17021, 2006:4.4.2
07.03.2016	23965	Major Nonconformity	TNI	Overdue report finalization	RSPO Certification Systems, 2007:ANNEX 4A:1
26.02.2016	23969	Major Nonconformity	Sucofindo	Overdue major nonconformities	RSPO Certification Systems, 2007:4.2.5
22.07.2016	30809	Major Nonconformity	SAI(ID)	Non Conformance not detected during surveillance audit	RSPO Certification Systems 2007:ANNEX 4A:4.2
08.12.2016	44435	Major Nonconformity	BSI	9. Process requirements - General requirements	ISO/IEC 17021, 2006:9.1.12
08.12.2016	44437	Opportunity for Improvement	BSI	Report content	
15.07.2016	30726	Major Nonconformity	SIRIM	Nonconformities not identified by the CAB	ISO/IEC 17021, 2006:4.4.2
18.09.2015	21154	Major Nonconformity	MUTU	Evaluation/sampling of smallholders	RSPO Certification Systems, 2007:4.2.8
18.09.2015	21155	Major Nonconformity	MUTU	Nonconformities not identified	RSPO Certification Systems, 2007:4.2.5



6. Analysis of the findings and conclusions

The general conclusion - considering the results of the ASI compliance assessments - is that all the CBs (assessed by ASI) have systematically failed in auditing the compliance of their certificate holders against the selected indicators.

- 1) The compliance assessments have proved to be a very useful tool in determining the performance of the CBs. In comparison with witness assessments, compliance assessments provide ASI the opportunity to explore the CB's performance more effectively and at greater detail.
- 2) All the assessments have resulted in major findings. The vast majority of the findings are raised on the handling of NCs by the CBs (see Figure 2 below). The topics include CBs not raising NCs while there is evidence of non-compliance, closing NCs beyond the deadlines or based on insufficient evidence. The major findings raised by ASI usually have extensive evidence, referring to several RSPO indicators and are challenging to close as proven by the suspension of some of the accredited CBs (see Table 3).

Table 3 Suspension decisions and ASI

CB	Reason for suspension	Suspension date	Lifting of the suspension
CU Malaysia	Insufficient evidence to close major nonconformity	31 December 2015	26 June 2016
Pt. Mutuagung Lestari	Insufficient evidence to close major nonconformity	31 December 2015	26 June 2016
Pt. SAI Global Indonesia	Insufficient evidence to close major nonconformity	1 December 2016	CB under suspension
Pt. Sucofindo	Insufficient evidence to close major nonconformity	18 January 2017	CB under suspension

- 3) The ASI NCs related to CBs not raising nonconformities cite close to 20 RSPO indicators and criteria. The summary of this information highlights the criteria that are most often insufficiently assessed by CBs (in order of frequency):
 - a. 4.6 Pesticides;
 - b. 4.7 Health and safety;
 - c. 6.5 Pay and conditions for employees and contractors;
 - d. 6.1 Social impacts;
 - e. 5.3 Waste management.

(Additional criteria listed in ASI findings: 1.1, 2.1, 4.1, 4.5, 4.8, 5.1, 5.2, 5.6, 6.3, 6.6, 6.7, 6.9, 6.12, 6.13).



- 4) The root cause of these NCs, as determined by the CBs, is varied. A significant share relates to competence management, not following procedures, insufficient auditing experience, insufficient sampling and other aspects. There is no single factor that could be highlighted as a major root cause for the NCs.

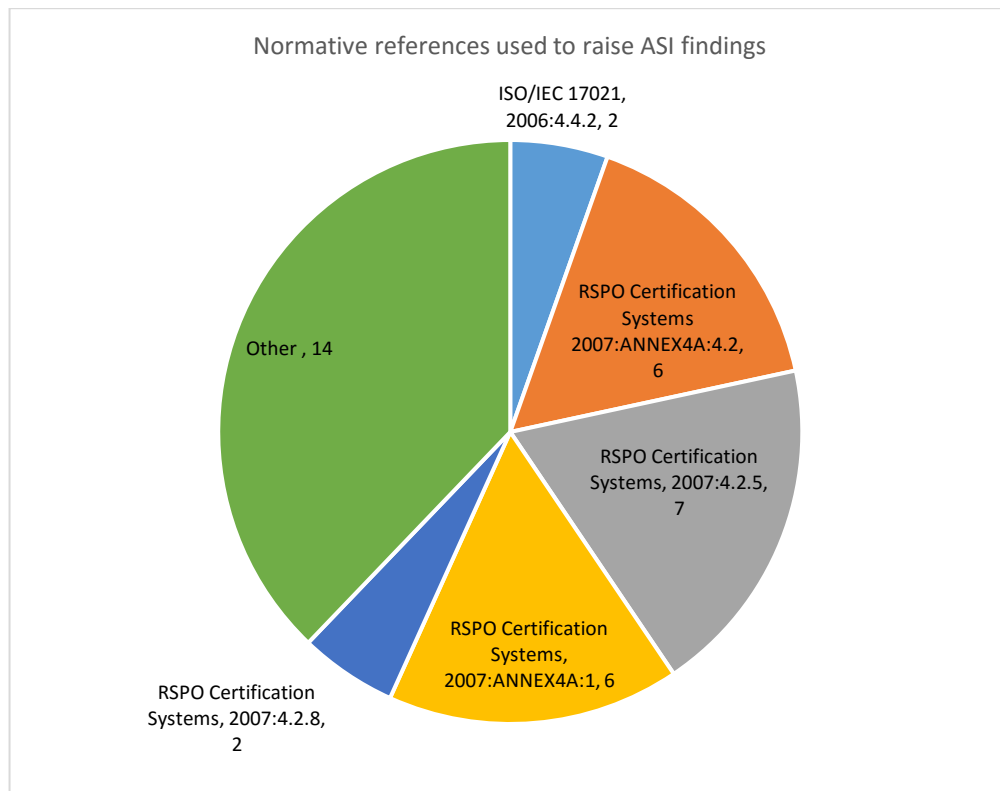


Figure 2 Normative references and the number of findings raised by ASI during the compliance assessments (Note: the number of findings is indicated after the “;”).

- 5) Some of the findings highlighted gaps or inconsistencies in the RSPO standards, for example on sampling of smallholders. Additionally, based on the root cause analysis done by the CBs, some NCs could have been avoided if the CBs implement best management recommendations, for example the RSPO P&C Generic Checklist.
- 6) Legal compliance is very challenging in both Malaysia and Indonesia. In some of the cases, especially in Indonesia, there is a lack of clarity on some of the legal requirements, for example on the contractual arrangements of temporary workers.
- 7) The findings also highlighted that in some cases CBs simply don't follow the accreditation requirements and their own procedures, for example when it comes to acting on overdue findings.
- 8) Generally speaking, nearly all CBs lack adequate competence and experience to respond to ASI findings. This probably also translates to the CBs not being able to effectively evaluate the responses of their CHs, this is confirmed by some of the ASI findings.



-
- 9) In all cases, ASI asks CBs to address the nonconformities not just at the level of the particular certificate holder included in the compliance assessment but in general for all the CHs of the CB. It is ASI's view that the nonconforming certificate holders are not isolated examples.
- 10) Finally, it has to be mentioned that in some of the compliance assessments the CBs were uncooperative and supported the CH rather than taking an impartial role. In some cases, ASI found indications of preparations (probably supported by the CB), intimidation of workers and documents being altered. However, ASI cannot to confirm these indications with evidence.



6. Recommendations and next steps

Though significant problems exist, ASI did collect some indications on improved CB performance during the second half of 2016. The accreditation suspensions are likely to increase the pressure in general on all accredited CBs. However, until the end of 2017, it is unlikely that ASI will be able to provide concrete evidence about improved performance. By the end of 2017, ASI will have updated information on CB performance from the latest round of compliance assessments and the data analysis of RSPO P&C reports.

Recommendations:

- a) RSPO (including RSPO, ASI and CBs) needs to move towards a **smarter assurance framework** that would enable the parties to prevent risks. Concrete elements of this include: online reporting, auditor registry, harmonized complaints management system, increased transparency around CB performance and data analysis. There is progress with a number of these tasks. ASI has been publishing the RSPO P&C accreditation reports since November 2015, the RSPO LA registry has been implemented and ASI has conducted a major data analysis exercise that is used to determine risks to the integrity of the RSPO system.
- b) In 2017 ASI will continue to conduct compliance assessments in 2017. Additionally ASI is planning to conduct **unannounced compliance assessments**, pending further discussions with the RSPO Secretariat and the RSPO Assurance Task Force.
- c) RSPO assurance framework could be further improved by the implementation of an **Independent Peer Review College**. The peer reviewers would provide an independent, expert opinion on the draft audit reports before certification decision is taken. Peer reviewers would not be appointed by the CBs; the selection would be done independently.
- d) The RSPO P&C requirements and the related **accreditation standards need to be strengthened**. The ongoing review of the RSPO P&C Systems document it is a major step in the right direction.
- e) **Competence management has to be strengthened**. The new version of the RSPO P&C Systems and the RSPO lead auditor registry will have an impact. In ASI's view the missing element is the feedback loop towards the training providers. The training of LAs will have to incorporate the lessons learned from these assessments. ASI has taken steps to improve the competence of its assessors to evaluate social issues by providing SA8000 training to all RSPO P&C assessors.
- f) **Calibration and clarification on standard requirements and associated legal requirements**. The RSPO Secretariat is already making significant efforts to provide a platform for calibration during the RSPO CB meetings. ASI is also working on a proposal to improve the RSPO Interpretation Forum.

