

# Annex 2

## Quick assessment checklist – palm oil - upstream companies (producers)

This checklist is intended to be used by "deal teams" in preliminary negotiations with a company to assess the company's commitment and capacity on sustainability issues. This is intended to be indicative only and should complement similar "early-stage" queries on commercial viability.

QUERY	WHAT THE RESPONSE INDICATES
Is the company a member of the Roundtable on Sustainable Palm Oil (RSPO)?	Producer members are required to work towards implementing the RSPO principles and criteria in their mills and plantations and report on their progress. You can check the RSPO website ( <a href="http://www.rspo.org">www.rspo.org</a> ) to see if they have reported on their progress.
Are all or some of the company's plantations RSPO-certified?	To achieve certification a mill and the surrounding plantations must have undergone an independent audit to verify compliance with the RSPO principles and criteria. These cover a wide range of sustainability issues including legal compliance, long term financial viability, continuous improvement of management practices, environmental impact, labour issues, indigenous peoples' rights and stakeholder consultation.
Has the company set targets for achieving RSPO certification of all its plantations?	Achieving certification usually requires a transition strategy to build new capacities in the company, improve practices, and conduct various social and environmental assessments and planning processes. Thus not all companies can achieve certification overnight. The company should, though, have a time-bound commitment to achieve certification across all its plantations and mills. Ideally, this commitment should be backed by baseline appraisal of each operational unit and a stepwise plan to close the gaps identified in the appraisal to achieve certification.
Is the company planning to establish new plantations or expand existing ones? If yes, what steps will it take to manage environmental and social impacts?	The RSPO principles and criteria prohibit the expansion of plantations into primary forests and areas with "high conservation values". They also require stakeholder consultations and the free, prior informed consent of indigenous peoples with rights over the area. If new plantations disregard such requirements they are likely to generate disputes and controversy, as well as being disqualified from RSPO certification once they become operational.
Has the company implemented an environmental (and /or social) management system?	A management system is important to ensure that the company has processes and controls governing its operations. Good systems will refer to industry good practices and may have third-party certification of management systems e.g. ISO 14001.
Has the company been the subject of complaints, negative media reports, or protests by NGOs, or local communities?	It is important to understand the nature and scope of such opposition. Determine whether the views of critics are credible and whether they represent local or international perspectives.