

## CSR principles and criteria

CSR International Guidelines Content Area	CSR Category	Intent	Risk considerations
Economic & Business Issues	<b>CSR Category 1 – Business Issues</b>		
	1.1 Land Tenure	<i>Legislation covering land tenure rights that includes the use of legal methods to obtain tenure rights.</i>	<i>Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure rights. The intent of this indicator is to ensure that any land tenure rights have been issued according to the legislation.</i>
	1.2 Farm registration & management rights	<i>Legislation covering land management rights including customary rights and any legal requirements for management planning. It also covers legal business registration and tax registration, including relevant legal required licenses.</i>	<i>Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure and management rights. The intent of this indicator is to ensure that any land management rights have been issued according to the legislation. Low quality of the management plan resulting in illegal activities may be a risk factor for this indicator as well.</i>
	1.3 Payment of royalties and required fees	<i>Legislation covering payment of all legally required commodity fees such as royalties and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species.</i>	<i>Incorrect classification of products is a well-known issue often combined with bribery of officials in charge of controlling the classification.</i>
	1.4 Value added taxes and other sales taxes.	<i>Legislation covering different types of sales taxes which apply to the material being sold.</i>	<i>Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of taxes.</i>
	1.5 Income and profit taxes	<i>Legislation covering different types of sales taxes which apply to the material being sold.</i>	<i>Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of taxes.</i>
	1.6 Disclosure of information	<i>Legislation covering requirements for regular business reporting to ensure information disclosure and transparency.</i>	<i>Risk relates to lack of business transparency and/or incorrect disclosure of legally required business information.</i>

Labour & Human Rights	CSR Category 2 - Civil, Indigenous and Traditional Rights		
	2.1 Legal Employment	<i>Legal requirements for employment of personnel involved in farm activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withhold by employer.</i>	<i>Risk relates to situations/areas where systematic or large scale noncompliance with labor and/or employment laws. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labor.</i>
	2.2 ILO Fundamental Conventions are upheld.	<i>National and sub national laws and regulations incorporation of the ILO Fundamental Conventions. This is to ensure minimum employment requirements cover an observance of minimum working age, legislation against forced and compulsory labour, and discrimination and freedom of association etc.</i>	<i>Risk relates to if there are gaps in the national and/or sub national laws and regulations with the ILO Fundamental Conventions. The objective is to identify the gaps and/or where there may be serious violations of the legal rights of workers take place against the eight core ILO Fundamental Conventions.</i>
	2.3 Health and Safety	<i>Legally required personnel protection equipment for persons involved in farming activities and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations on the farm.</i>	<i>Risk relates to situations/areas where health and safety regulations are consistently violated to such a degree that puts the health and safety of farm workers at significant risk throughout farm establishment and management operations.</i>
	2.4 The rights of indigenous and traditional peoples are upheld.	<i>Legislation requirements addressing: i) customary rights relevant to farm activities including requirements covering sharing of benefits and indigenous rights ii) "free prior and informed consent" in connection with transfer of farm management rights and customary rights to the organisation in charge of the farm operation iii) Legislation that regulates the rights of indigenous/traditional people as far as it's related to farm activities. Possible aspects to consider are land tenure, right to use certain farm related resources or practice traditional activities, which may involve farm lands.) When there is no or inadequate legislation addressing the rights of traditional and indigenous peoples, their rights are still upheld by the relevant farm operation(s).</i>	<i>Risk relates to the violation of indigenous and traditional peoples' rights including land tenure rights, resource access and use rights, a due process has been follow in cases of transference of rights, a recognised dispute conflict resolution process exists etc.</i>

The Environment & Community Development	<b>CSR Category 3 - The Environment</b>		
	3.1 Environment	<i>National and sub national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to water use, air and green-house gas emissions, chemical, fertilizer and pesticide use.</i>	<i>Risk relates to systematic and/or large scale non-compliance with legally required environmental protection measures that are evident to an extent that threatens natural resources or other environmental values.</i>
	3.2 Protected sites and species	<i>International, national, and sub national treaties, laws, and regulations related to protected areas allowable forest uses and activities, and/or, rare, threatened, or endangered species, including their habitats and potential habitats.</i>	<i>Risk relates to illegal farm establishment and/or management within protected sites. Note that protected areas may include protected cultural sites, including sites with historical monuments.</i>
	3.3 High Conservation Values	<i>Requirements for identifying and conserving outstandingly significant or critically important natural ecosystem areas/services and social or cultural values encapsulated under six High Conservation Values definitions.</i>	<i>Risk relates to systematic and/or large scale threats to maintaining High Conservation Values by farm establishment and/or management.</i>
The Environment & Human Rights	<b>CSR Category 4 CONVERSION</b>		
	4.1 New farms have not replaced natural forest or natural ecosystems since November 2005.	<i>November 2005 has been set as the baseline of natural forest and/or ecosystem conversion.</i>	<i>Risk relates to farm establishment on converted natural forest and/or ecosystem areas post November 2005.</i>  <i>Note: The baseline of natural forests and ecosystem conversion has been set at November 2005 to be in aligned with other international benchmarks set through the Roundtable on Sustainable Palm Oil's deforestation 2005 baseline and to complement initiatives such as Amazon Soy Moratorium establishment in 2006.</i>
	4.2 Fire avoidance is being practiced.	<i>Assess the use or avoidance of fire in farm establishment and/or management activities.</i>	<i>Risk relates to assessing the role of fire use driving natural ecosystem conversion.</i>
The Environment & Consumer Issues	<b>CSR Category 5 GMOs</b>		
	5.1 There is no commercial use of genetically modified organisms (GMOs).	<i>Farms have not been planted with genetically modified commodities and/or GMO feed is not being used.</i>	<i>Risk relates to the use of GMO plants and/or feed as a potential factor influencing upstream buyers purchasing decisions based on consumer preferences.</i>

Consumer Issues	<b>CSR Category 6 Animal Welfare (Applicable for Cattle Sector)</b>		
	6.1 Health Issues	<i>Animal Welfare including health issues such nutrition, safety, health and medical care is maintained.</i>	<i>Risk relates to animal welfare not being threatened by farm establishment or management activities</i>
	6.2. Well-being	<i>Well-being of animals is being maintained through no mistreatment, minimising stress &amp; suffering, high reproduction quality care etc.</i>	<i>Risk relates to animal well-being not being threatened by farm establishment or management activities</i>
Consumer Issues	<b>CSR Category 7 Cattle Movement &amp; Traceability (Applicable for Cattle Sector)</b>		
	7.1 Tracking system	<i>Animal movement amongst farms is tracked and transparent.</i>	<i>Risk relates to animals being moved from illegal established or managed farms and/or farms with poor CSR performance to legally established and managed farms with good CSR performance.</i>