

RSPO Supply Chain Certification Standard

For organizations seeking or holding certification

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1. Introduction

1.1. The Roundtable on Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative on certified sustainable oil palm products. Members of RSPO and participants in its activities come from many different backgrounds, including plantation companies, manufacturers and retailers, environmental and social NGOs, and from many countries that produce or use oil palm products, or other stakeholders of the industries. The principal objective of RSPO is “to promote the growth and use of sustainable palm oil through cooperation within the supply chain and open dialogue between its stakeholders”.

The methods used by the RSPO to deliver its objective include:

- The development of a standard for certification of sustainable palm oil production and associated models for verification of responsible palm oil production. The RSPO Standard for Production of Sustainable Palm Oil, approved in November 2018, is presented as a series of Principles, Criteria, Indicators and Guidance, and is designed to be used by oil palm growers to implement sustainable production practices, and by certification body for field verification.
- The development of an RSPO Supply Chain Certification Standard (SCCS). This document describes requirements related to the control of RSPO certified oil palm products in the supply chain, including flows of RSPO certified oil palm products and associated claims.

This RSPO Supply Chain Certification Standard is presented as a series of auditable requirements, designed for use by organizations in the palm value chain to demonstrate implemented systems for control of RSPO certified oil palm products.

Downstream processors or users of RSPO certified sustainable oil palm products can claim the use of (or support of) RSPO certified oil palm products when they adhere to the requirements the RSPO Supply Chain Certification Standard and the RSPO Rules on Market Communications and Claims document.

2. Scope

The oil palm products may go through many production and logistical stages between the oil palm plantations to end product. The General Chain of Custody requirements of the RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. Any certified oil palm product can be traded through any of the four supply chain models that are approved by RSPO:

- Identity Preserved
- Segregated
- Mass Balance
- Book and Claim (see Annex 4)

For the purpose of certification the first three (any one or in combination) of the above module shall be used. The organization shall also comply to the Shared Responsibility requirements as stipulated in Annex 8 of this document. All claims made shall be in accordance with the published RSPO Rules on Market Communications and Claims. Current rules are available on the RSPO website (<https://rspo.org/>)

This RSPO Supply Chain Standard shall apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. After the final process in the supply chain, there is no further requirement for application of this standard to that product.

Independent mills only require Supply Chain Certification and shall comply with this Standard including Modules A and/or C. For all other organizations, including palm kernel crushing plants (whether integrated or not), Module A, B and/or C (any one of the module or in combination) shall be implemented.

Traders and distributors (as defined in definition section of this document) require a license obtained from RSPO Secretariat to sell RSPO certified product but do not themselves require certification. When selling RSPO certified products, a licensed trader and/or distributor shall pass on the

certification number of the product manufacturer and the applicable supply chain model.

3. How to use this document.

This is a modular document. It includes the following components:

- *General Chain of Custody Requirements for the Supply Chain*, which apply to all organizations in the supply chain.
- *Supply chain models – Modular requirements* for each supply chain model, for all oil palm products. These set out the differing requirements which apply for each of the different supply chain models applicable to organizations in the supply chain.
- Annex 8 – Shared Responsibility requirements
- *Relevant Annexes where applicable*

The supply chain certification audit only covers the module(s) that the organization has implemented and the module is referring to the product produced by the organization. The module(s) which have been covered by the audit shall be indicated on the supply chain certificate. The module(s) shall be applied in addition to the *General Chain of Custody Requirements for the Supply Chain*. The specific modules are:

Module A – Identity Preserved

Module B – Segregated

Module C – Mass Balance

For RSPO-RED certification guidance documents refer to the RSPO website <https://www.rspo.org>

4. Definitions

Accreditation Body (AB)

Organization responsible for auditing RSPO certification bodies against the requirements of *ISO/IEC Guide 17065:2012*. The organization shall be a signatory to the appropriate International Accreditation Forum (IAF) or Multilateral Recognition Arrangement (MLA), or a full member of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL).

Annual Aggregated Volumes

CBs to confirm their clients' record on estimated volume of palm oil / palm kernel oil content (in separate categories) in the RSPO certified oil palm product. The record shall consist of the aggregated volume purchased (input) and claimed (output) over a period of twelve (12) months.

Audit

Independent evaluation of compliance with the requirements of the RSPO supply chain certification standard by an RSPO accredited certification body as part of the certification process.

Book and Claim (B&C)

Model that supports the production of RSPO-certified sustainable oil palm products through the sale of RSPO Credits. One (1) RSPO Credit represents one (1) metric tonne of RSPO certified sustainable oil palm product.

See Annex 4: Book and Claim (B&C)

Bulking Station

Interim storage facility for oil palm products.

Buyer

The next commercial entity in the supply chain; the supplier (or seller) is the previous commercial entity in the supply chain.

Certificate

Document issued by a RSPO CB when an organization complies with the requirements of RSPO Supply Chain Certification Standard. The certificate is valid for 5 years and it provides a means to request a license in the RSPO IT Platform on annual basis upon successful completion of an audit. The certificate is only valid if the license is active in the RSPO IT platform.

Certification Body (CB)

An independent body that is accredited by an accreditation body for RSPO to conduct certification audits against the requirements of the RSPO Supply Chain Certification Standard.

Claim

Any communication (i.e. on-pack, website, sales documents product specification document and ACOP report) in any format of the presence of certified sustainable oil palm product to any stakeholder group.

Client

Organization whose system is being audited for certification purposes.

Code of Conduct

The RSPO Code of Conduct is a set of requirements that RSPO members shall abide by. The Code can be found on the RSPO website (www.rspo.org)

Crude Palm Oil (CPO)

First stage oil palm product produced from fresh fruit bunches (FFB) at a mill.

Dispatch

A transfer of ownership from one organization to another.

Distributors

Participants in the supply chain of RSPO certified oil palm products which take legal ownership, store and sell products to their customer bases, but do not unpack, repack, or relabel those products at any stage. Distributors are allowed to handle products physically without any modification to the end products and therefore, do not need supply chain certification.

See Distributor License Guidelines on RSPO Website:
<https://www.rspo.org>

Distributor's License

An annual request submitted by the distributor through RSPO IT platform that allows them to trade and/or claim RSPO certified products. When selling RSPO certified products, the licensed distributor must pass on the certificate number of the product manufacturer and the applicable supply chain model.

End Product

Product that will have no further processing and/or, repackaging and/or relabeling prior to sale to the final consumer.

End Product Manufacturer

The manufacturer/processor that uses oil palm products for manufacturing products designed and intended for consumption or end use in any way without further processing and/or, repackaging, and/or relabeling. For examples, retailers when producing own label products in house, consumer goods manufacturers, biofuel producers, and feed product manufacturers. Retailers and distributors of end products, where no further modification occurs, do not need Supply Chain Certification.

Fresh Fruit Bunches (FFB)

Bunches of palm fruits as harvested from oil palm plantations/farms.

Identity Preserved (IP)

The Identity Preserved (IP) supply chain model assures that the RSPO certified oil palm product delivered to the end user is uniquely identifiable to a single RSPO certified mill and its certified supply base.

Independent Mill

A mill operating independently of and with no legal relationship to any specific plantation. This includes through parent or sister companies.

Internal Control System (ICS)

A documented set of procedures and processes that defines how a supply chain certification system works for multi-sites or group certification. The ICS is responsible for and centrally controls the SCC system.

License

An annual request submitted by an accredited CB in RSPO IT Platform when a certificate holder successfully undergoes audit within the five year certificate validity. Upon approval from RSPO Secretariat, the license allows certificate holder to carry out trading and record transactions. A license is valid for a year and needs to be renewed after completion of every

audit. The RSPO products cannot be traded as RSPO certified without a valid license.

Legal Owner

Entity that has an enforceable claim or title to a product or property, and is recognised by law. An individual may be classified as an entity.

Mass Balance (MB)

Supply chain model that allows certified claims to be transferred from one oil palm product to another either through physical blending or administratively as described in Module C.

Micro Users

Organizations which use a low volume of oil palm products, of less than 1000 KG of oil palm products per annum.

Multi-site Certification

A certification option for a group of sites that have a legal or contractual link with a defined Central Office. Such sites must include a minimum of two (2) participating sites and may consist of group of refineries, kernel crushers or processing facilities, etc. that are administered by an ICS.

Central Office that also has a production site is counted as one site.

Non-certified Mills

Mills that have not been certified by an RSPO accredited certification body.

Oil Palm Products

Products produced by the oil palm, including its fruits and kernels. Depending on the context, the phrase 'oil palm products' in this document can also refer to products such as (crude) palm oil, shells, palm kernels, palm kernel expeller, palm kernel oil (PKO) or products derived thereof, palm fatty acids (PFAD), palm kernel fatty acids (PKFAD), olein, stearin or other products that are derived from fractionation of palm oil and palm kernel oil.

On-site Audit

Physical visit to organization by representative(s) of an accredited certification body.

Owner

Person or entity that holds physical ownership of goods/plant/building etc.

Physical Handling

Activities which may include receipt, storage and dispatch or where a product undergoes physical transformation or re-packing or re-labelling.

Processing Aids

- a) Substances that are added to a product during the processing of such a products but are removed in some manner from the product before it is packaged in its finished form.
- b) Substances that are added to a product during processing, are converted into constituents normally present in the product, and do not significantly increase the amount of the constituents naturally found in the product.
- c) Substances that are added to a product for their technical or functional effect in the processing but are present in the finished product at insignificant levels and do not have any technical or functional effect in that product.

Receiving

Receipt of RSPO certified product at a site under the control of the organization (includes outsourced contractors).

Refinery

A production site that processes fats and oils into higher value fats and oils.

Relabel

Any changes to the original label on the RSPO certified material.

Remote Audit

Auditing process by which accredited CBs gather information without the need to be physically present.

Retailer

A business or person that sells end consumer products to the consumer, as opposed to a wholesaler or supplier, who normally sell their palm derived products to another business. Retailers of end products, where no further modification occurs, do not need Supply Chain Certification.

The Roundtable on Sustainable Palm Oil (or RSPO)

The not-for-profit Swiss-registered foundation working to improve the sustainability of global palm oil production and use.

RSPO Certified Sustainable Palm Oil (or RSPO CSPO)

Palm oil produced by a mill and its supply base that has been successfully certified to the RSPO Principles and Criteria (P&C) by an accredited certification body, as being compliant with the criteria set out in the RSPO Certification Systems document for the Principles & Criteria (P&C).

RSPO Rules on Communication and Claims

Rules for use of communication and claims related to the use or support of RSPO certified oil palm products.

RSPO IT Platform

IT platform where license of the certified company/site, distributor/trader license are submitted and approved by the RSPO Secretariat. The system is used for tracing RSPO certified palm oil, palm kernel oil, fractions and palm fatty acids (PFAD), palm kernel fatty acids (PKFAD) and palm kernel expeller, throughout the supply chain from mill to refineries included, under the supply chain models of Mass Balance, Segregated and/or Identity Preserved.

This IT Platform also allows the trading of RSPO credits under the Book and Claim model.

Scope of Certification

The activities covered by the organization's supply chain certification.

Segregated (SG)

The Segregated (SG) supply chain model assures that RSPO certified oil palm products delivered to the end user come only from RSPO certified sources (a mixture of IP products).

Short Selling

Entering into a forward contract to supply product that has yet to be received or produced.

Site

Location with geographical boundaries at which defined activities under the control of an organization may be carried out

Supplier (or seller)

The previous commercial entity in the supply chain; the buyer (or customer) is the next commercial entity in the supply chain.

Supply Chain

The series of processes/steps through which agricultural raw materials pass from the primary producer through to the end product manufacturer (i.e. palm oil growing, milling, storage, transport, refining, manufacture, end product etc).

Supply Chain Certification Systems

Downstream processors or users of RSPO certified oil palm products can claim the use of (or support of) RSPO certified oil palm products when they adhere to the RSPO Supply Chain Certification Systems and where this is independently verified by an accredited certification body.

Supply Chain Group Certification

An option for groups of independent organizations acting as separate legal entities in the palm supply chain who have agreed to adhere to the rules of a Group structure under the guidance of a Group management entity and under the direction of a Group manager, in accordance with an Internal Control System (ICS).

Trader

Participant in the supply chain of RSPO certified oil palm products which takes legal ownership of oil palm products, derivatives and/or purchases and sells futures without physically handling the oil palm products. When selling RSPO certified products, Trader must pass on the certificate number of the product manufacturer and the applicable supply chain model.

See Trader License Guidelines on RSPO Website: <https://www.rspo.org>

Trader's License

An annual request submitted by the trader through RSPO IT platform that allows them to trade and/or claim RSPO certified products. When selling RSPO certified products, a licensed trader must pass on the certificate number of the product manufacturer and the applicable supply chain model.

Wholesaler

Person or firm that buys large quantity of end products from various producers or vendors, warehouses them, and resells to retailers without further modification. Wholesaler of end products, where no further modification occurs, do not need Supply Chain Certification.

5. General chain of custody requirements for the supply chain

5.1. Applicability of the general chain of custody requirements for the supply chain

- 5.1.1. Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform.
- 5.1.2. Processing aids do not need to be included within an organization's scope of certification.
- 5.1.3. For multi-site and group certification, additional requirements in Annexes 2 and 3 shall be complied.

5.2. Supply chain model

- 5.2.1 The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.
- 5.2.2 The site can use one (1) or a combination of supply chain models as audited and certified by the CB.

5.3. Documented procedures

- 5.3.1. The site shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. These shall include at minimum the following:
 - a) Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements.
 - b) Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements.
 - c) Identification of the roles of the person(s) having responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person(s) shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard.

- 5.3.2. The site shall have a written procedure to conduct annual internal audit to determine whether the organization;
- a) conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.
 - b) effectively implements and maintains the standard requirements within its organization.
- 5.3.3. The organization shall ensure that:
- a) Internal audits are conducted by personnel knowledgeable in the requirements of this standard;
 - b) Internal auditors do not audit their own work;
 - c) Any non-conformities found during internal audit shall be issued corrective action and actions shall be taken in a timely and appropriate manner.
- 5.3.4. The results of the internal audit and all actions taken to correct non-conformities shall be subject to management review at least annually.
- 5.3.5. The organization shall maintain the internal audit records and reports.

5.4 Purchasing and goods in

- 5.4.1 The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and the following minimum information for RSPO certified products is made available by the supplier in document form:
- a) The name and address of the buyer;
 - b) The name and address of the seller;
 - c) The loading or shipment / delivery date;
 - d) The date on which the documents were issued;
 - e) A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);
 - f) The quantity of the products delivered;
 - g) Any related transport documentation;
 - h) Supply Chain certificate number of the seller;
 - i) A unique identification numbers.

- 5.4.2 Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).
- 5.4.3 The site receiving RSPO certified oil palm products shall ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements/Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance.
- 5.4.4 The validity of the Supply Chain Certification of the suppliers or the validity of license for traders and distributors shall be verified/checked via the list of RSPO Supply Chain Certified sites or list of License Holder on the RSPO website (www.rspo.org) at least annually or through the RSPO IT Platform by confirmation of (shipping) announcements.
- 5.4.5 The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.
- 5.4.6 For refineries/traders, the site shall maintain a list of all supplying mills (certified and non-certified). The list shall include mill name, GPS coordinates, parent company, country and Universal Mill List (UML) mill code (if available). The list shall be updated on six monthly basis and shall be made publicly available

5.5 Outsourcing activities

- 5.5.1 In cases where an operation seeking or holding certification outsources its activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.
- 5.5.2 Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:
 - a) The site has legal ownership of all input material to be included in outsourced processes;
 - b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.
 - c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.

- d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.

5.5.3 The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.

5.5.4 The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or physical handling of RSPO certified oil palm products.

5.6 Sales and goods out

5.6.1 The supplying site shall ensure that the following minimum information for RSPO certified products is made available in document form:

- a) The name and address of the buyer;
- b) The name and address of the seller;
- c) The loading or shipment / delivery date;
- d) The date on which the documents were issued;
- e) A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);
- f) The quantity of the products delivered;
- g) Any related transport documentation;
- h) Supply chain certificate number of the seller;
- i) A unique identification numbers.

5.6.2 Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).

- 5.6.3 For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcements / Announcements and Confirmations on the RSPO IT platform per shipment or group of shipments. Refer to section 5.7.1 of this document for further guidance.

5.7 Registration of transactions

5.7.1 Supply chain actors who:

- a) are mills, traders, crushers, and refineries; and
- b) take legal ownership and/or physically handle RSPO Certified Sustainable oil palm products that are available in the yield scheme of the RSPO IT Platform (Figure 2 and 3, refer Annex 1) shall register their transaction in the RSPO IT platform and confirm upon receipt where applicable.

5.7.2 The involved supply chain actors mentioned in 5.7.1 shall do the following actions in the RSPO IT Platform:

- a) Shipping Announcement: Shall be carried out by the mills when RSPO certified products are sold as certified to refineries, crushers, and traders not more than three months after dispatch with the dispatch date being the date recorded on the Bill of Lading or the dispatch Documentation.
- b) Confirm on Shipping Announcement: Shall be carried out by refineries, crushers, and traders within three months of the issue of the Shipping Announcement.
- c) Announcement: Shall be carried out by refineries, crushers, and traders when RSPO certified products in the yield scheme (Figure 2 and 3, refer Annex 1) is sold as certified. The announcement shall be carried out within three months of the physical delivery of the products.
- d) Confirm on Announcement: Shall be carried out by refineries and traders within three months of the receipt of the certified products
- e) Trace: Shall be carried out by the refineries and traders when RSPO certified products are sold as RSPO certified to actors in the supply chain beyond the refinery. The volume shall be traced within three months after physical delivery. Tracing triggers the generation of a trace document with a unique traceability number. Tracing can be done in a consolidated way.

- f) Remove: RSPO certified volumes sold under other schemes or as conventional, or in case of underproduction, or lost or damaged shall be removed.

5.8 Training

- 5.8.1 The organization shall have a training plan on RSPO Supply Chain Standards requirements, which is subject to on-going review and is supported by records of the training provided to staff.
- 5.8.2 Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification standard requirements. Training shall be specific and relevant to the task(s) performed.
- 5.8.3 Training records shall be maintained.

5.9 Record keeping

- 5.9.1 The organization shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements.
- 5.9.2 Retention period for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.
- 5.9.3 Where exact quantities are not available the organization shall provide a calculated approximate of the aggregated volume of palm oil / palm kernel oil content (separate categories) used in the RSPO certified oil palm product. The organization shall keep an up to date record of the volume purchased (input) and actual or estimated (output) over a period of twelve (12) months except for the period prior to Annual Surveillance 1 (ASA1). This record is required for audit purposes.
- 5.9.4 For an independent mill, the estimated tonnage of CPO and PK products shall be included in the RSPO IT platform, supply chain certificate and public summary audit report. This volume represents the total certified volume of CPO and PK that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report. For Independent Mills, only Modules A and C apply.

5.10 Conversion factors

- 5.10.1 Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org); RSPO Rules for Physical Transition of Oleochemicals and its Derivatives. This is relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries.
- 5.10.2 Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.

5.11 Claims

- 5.11.1 The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Market Communications and Claims.

5.12 Complaints

- 5.12.1 The organization shall establish and maintain documented procedures for receiving and resolving stakeholder complaints.

5.13 Management review

- 5.13.1 The organization shall conduct annual management reviews at planned intervals, appropriate to the scale and nature of the activities undertaken.
- 5.13.2 The input to management review shall include information on:
- a) Follow-up actions from previous management reviews.
 - b) Results of internal audits covering RSPO Supply Chain Certification Standard.
 - c) Stakeholders feedback.
 - d) Status of preventive and corrective actions.
 - e) Changes that could affect the management system.
 - f) Recommendations for improvement.

5.13.3 The output from the management review shall include any decisions and actions related to:

- a) Improvement of the effectiveness of the management system and its processes.
- b) Resources needed for effective implementation of the system.

5.14 Shared Responsibility requirements of SCC actors

The organization seeking or holding supply chain certification shall demonstrate the compliance against the Shared Responsibility requirements as defined in Annex 8 of this document.

6. Supply chain models – modular requirements

The following section of the standard sets out the RSPO Supply Chain models, presented separately as Modules A to C. An organization shall implement at least one or in combination of the modules in addition to the General Chain of Custody Requirements for the Supply Chain set out at section 5 above.

The following modules are currently available:

Module A – Identity Preserved

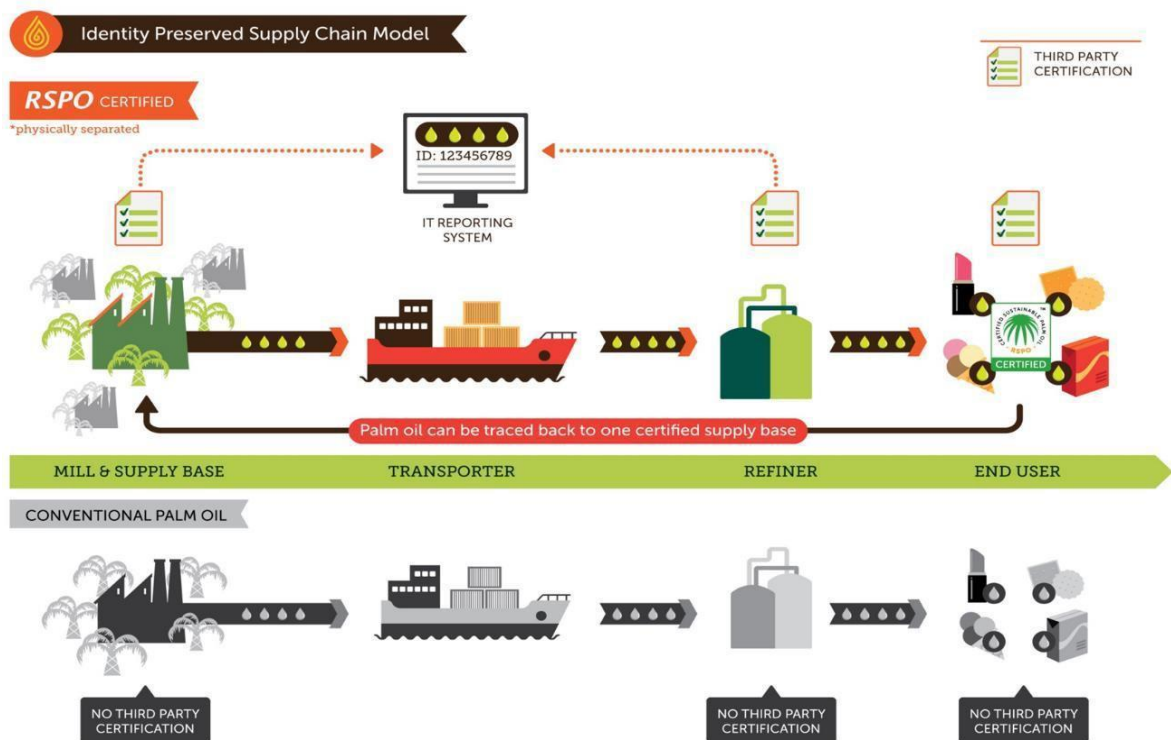
Module B – Segregated

Module C – Mass Balance

Module A – Identity Preserved (IP)

A.1 Definition

- A.1.1 The Identity Preserved (IP) supply chain model assures that the RSPO certified oil palm product delivered to the end user is uniquely identifiable to a single RSPO certified mill and its certified supply base. All supply chain participants shall ensure that the RSPO certified oil palm product is kept physically isolated from all other oil palm sources throughout the supply chain (including other RSPO CSPO sources).



A.2 Supply chain requirements

- A.2.1 The site shall ensure that the RSPO IP oil palm product is kept physically isolated from all other palm oil sources and is uniquely identifiable to a single RSPO certified mill and its certified supply base.

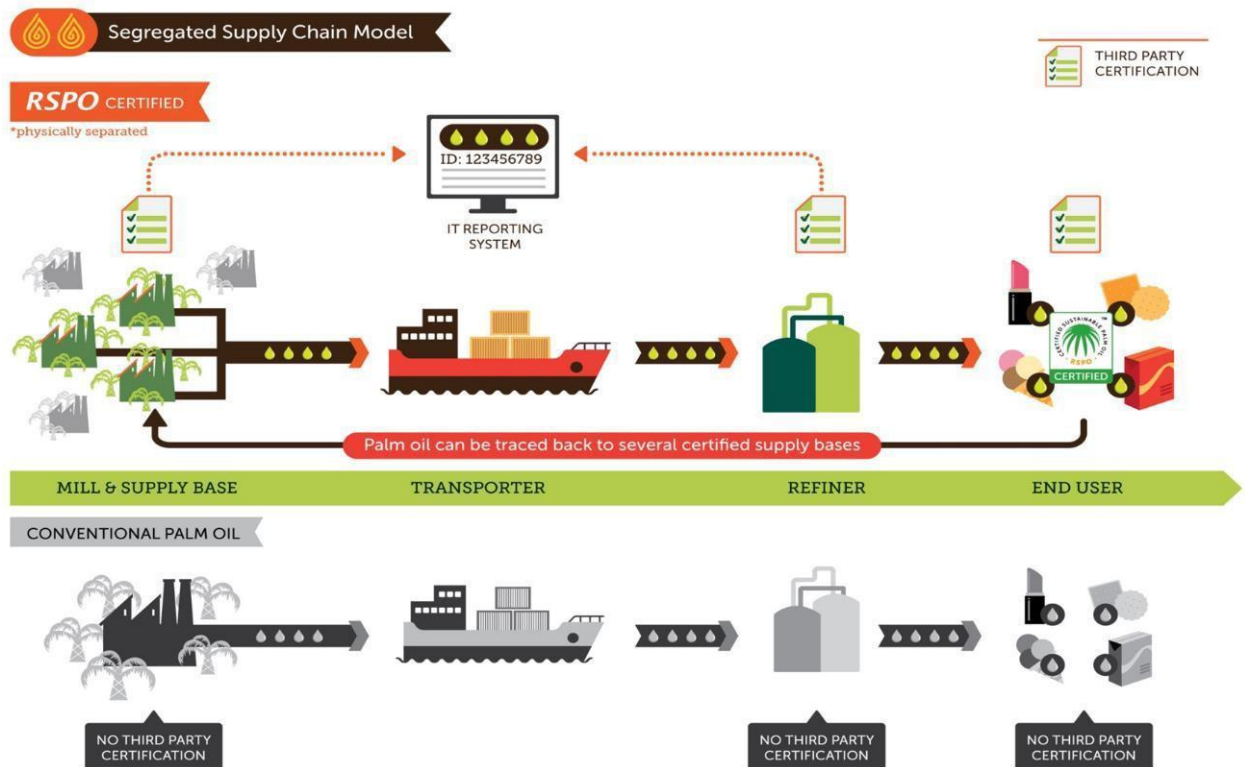
A.3 Processing

- A.3.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept separate from non-certified oil palm products and oil palm products from other certified mills, including during transport and storage to strive for 100% separation.

Module B – Segregated (SG)

B.1.1 Definition

B.1.2 The Segregated (SG) supply chain model assures that RSPO certified oil palm products delivered to the end user come only from IP certified mills. It permits the mixing of RSPO certified oil palm products from a variety of certified sources.



B.1.3 Supply chain requirements

B.1.4 The Segregated approach requires that the RSPO certified oil palm products are kept separate from non-RSPO certified oil palm products at every stage of production, processing, refining and manufacturing throughout the supply chain. This model allows mixing of any RSPO IP and/or SG certified oil palm products from various certified sources. Physical certified oil palm products delivered to the end user will be traceable to a list of RSPO certified mills.

B.3 Processing

B.3.1 The site shall assure and verify through clear procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified oil palm products including during transport and storage to strive for 100% separation.

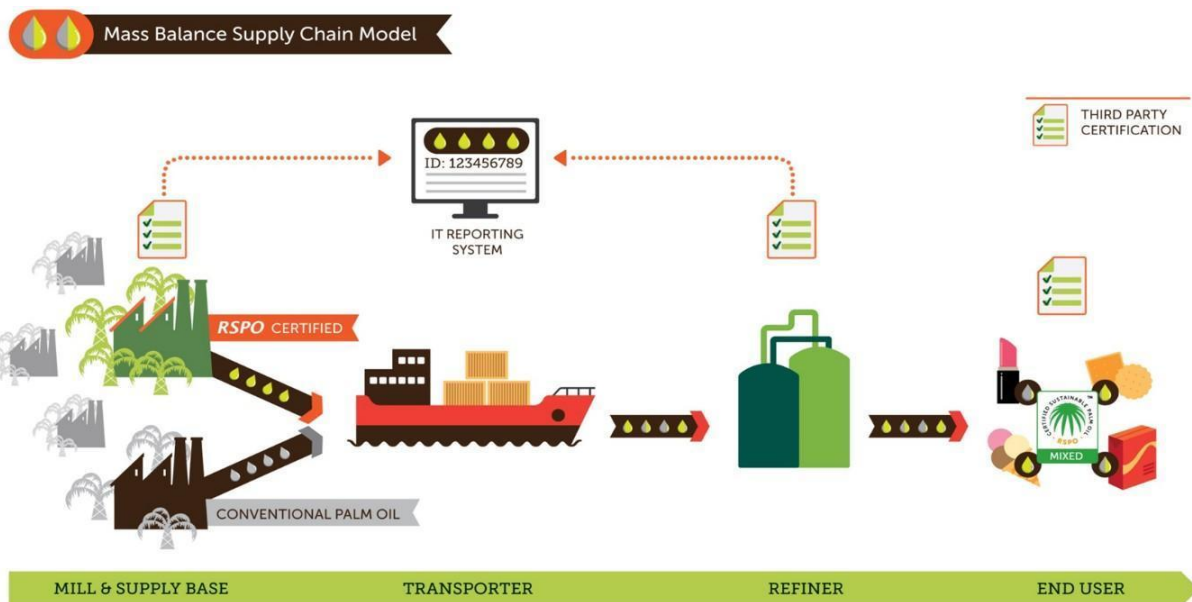
Module C – Mass Balance (MB)

C.1 Definition

C.1.1 The Mass Balance (MB) supply chain model administratively monitors the trade of RSPO certified oil palm products throughout the entire supply chain, as a driver for mainstream trade in RSPO certified oil palm products. MB can only be operated at site level (mass balance claims cannot be transferred from site to site).

The Mass Balance supply chain model allows each participant within the supply chain to demonstrate their commitment to RSPO certified oil palm products production and to actively promote the trading of RSPO certified oil palm products.

The Mass Balance system allows for mixing of RSPO and non-RSPO certified oil palm products at any stage in the supply chain provided that overall site quantities are controlled. Certified oil palm products delivered to the end user under the Mass Balance supply chain model will be traceable to a list of RSPO certified mills.



C.2 Supply chain requirements

The basis of the supply chain requirements for Mass Balance shall consist of reconciliation between the quantity of RSPO certified oil palm products bought and the quantity of RSPO certified oil palm products sold. This includes control of purchases and sales of RSPO certified oil palm products and its derivatives which shall be independently verified. There are no requirements for separate storage, transportation or controls in the production process.

C.3 Processing

C.3.1 The site shall ensure that the quantity of physical RSPO mass balance oil palm product inputs and outputs (volume or weight) at the physical site are monitored.

C.3.2 The site shall ensure that the output of RSPO mass balance oil palm product supplied to customers from the physical site does not exceed the input of RSPO certified oil palm products received at the physical site, using either a continuous accounting system and/or a fixed inventory period.

C.4 Accounting system

The site shall identify and establish one of the following accounting systems:

C.4.1 Continuous Accounting system:

- a) Where a continuous accounting system is in operation, the organization shall ensure that the quantity of physical RSPO mass balance oil palm product inputs and outputs at the physical site are monitored on a real-time basis.
- b) Where a continuous accounting system is in operation, the organization shall ensure that the material accounting system is never overdrawn. Only RSPO data which has been recorded in the material accounting system shall be allocated to outputs supplied by the organization.

C.4.2 Fixed inventory periods:

- a) Where a fixed inventory period is in operation, the organization shall ensure that the quantity of RSPO mass balance oil palm product inputs and outputs (volume or weight) are balanced within a fixed inventory period which does not exceed three (3) months.
- b) Where a fixed inventory period is in operation, the organization may overdraw data when there is evidence that RSPO mass balance oil palm product purchases for delivery within the inventory period cover the RSPO output quantity supplied.

- c) Where a fixed inventory period is in operation, unused credits can be carried over and recorded in the material accounting system for the following inventory period.
- d) Where a fixed inventory period is in operation, the organization shall ensure that the material accounting system is not overdrawn at the end of inventory period.

C.4.3 Only RSPO data which has been recorded in the material accounting system within the inventory period (including data carried over from the previous period as per C.5.3) shall be allocated to outputs supplied within the inventory period.

C.5 Conversion ratios

- C.5.1 All volumes of palm oil and palm kernel oil fractions and derivatives that are delivered are deducted from the material accounting system according to conversion ratios as set out by RSPO (see section 5.10), with the exception of the option detailed in C.5.3 and the Rules for Physical Transition of Oleochemicals and derivatives.
- C.5.2 Production losses are neglected for the sake of simplicity in the Mass Balance system.
- C.5.3 Sites can purchase a certain volume or weight of Identity Preserved (IP) or Segregated (SG) RSPO certified palm oil and palm kernel products and use it to match the sales of equal volumes of oil palm product derivatives that then carry a Mass Balance claim without requiring a physical or chemical link between the acquired identity preserved or segregated product and the derivative that is sold under mass balance (see Figure 1). The conversion from identity preserved or segregated products to mass balance is allowed upwards, sideways and downwards in the same product tree.

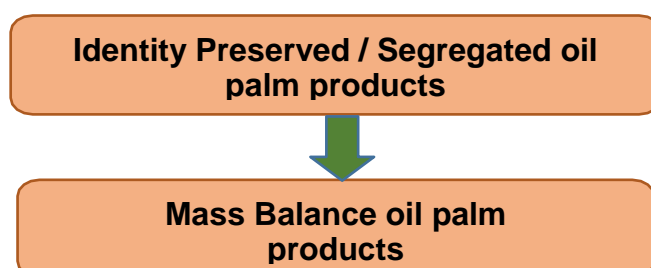


Figure 1: Conversion 1 to 1 IP/SG to MB

Note: Identity Preserved / Segregated palm oil products cannot be used to offset Mass Balance claims on palm kernel products or vice versa.

Note: This allocation practice is not permitted within the context of the European Renewable Energy Directive (RED). Refer to the RSPO-RED Standard for EU biofuels.

Annex 1 – Supply Chain Yield Schemes

1. Palm Oil Yield Scheme

The values shown in the palm oil yield scheme below are fixed and cannot be modified. Organizations may use their own actual yields provided these can be justified during the audit. Alternatively, the rates shown below shall be used as shown.

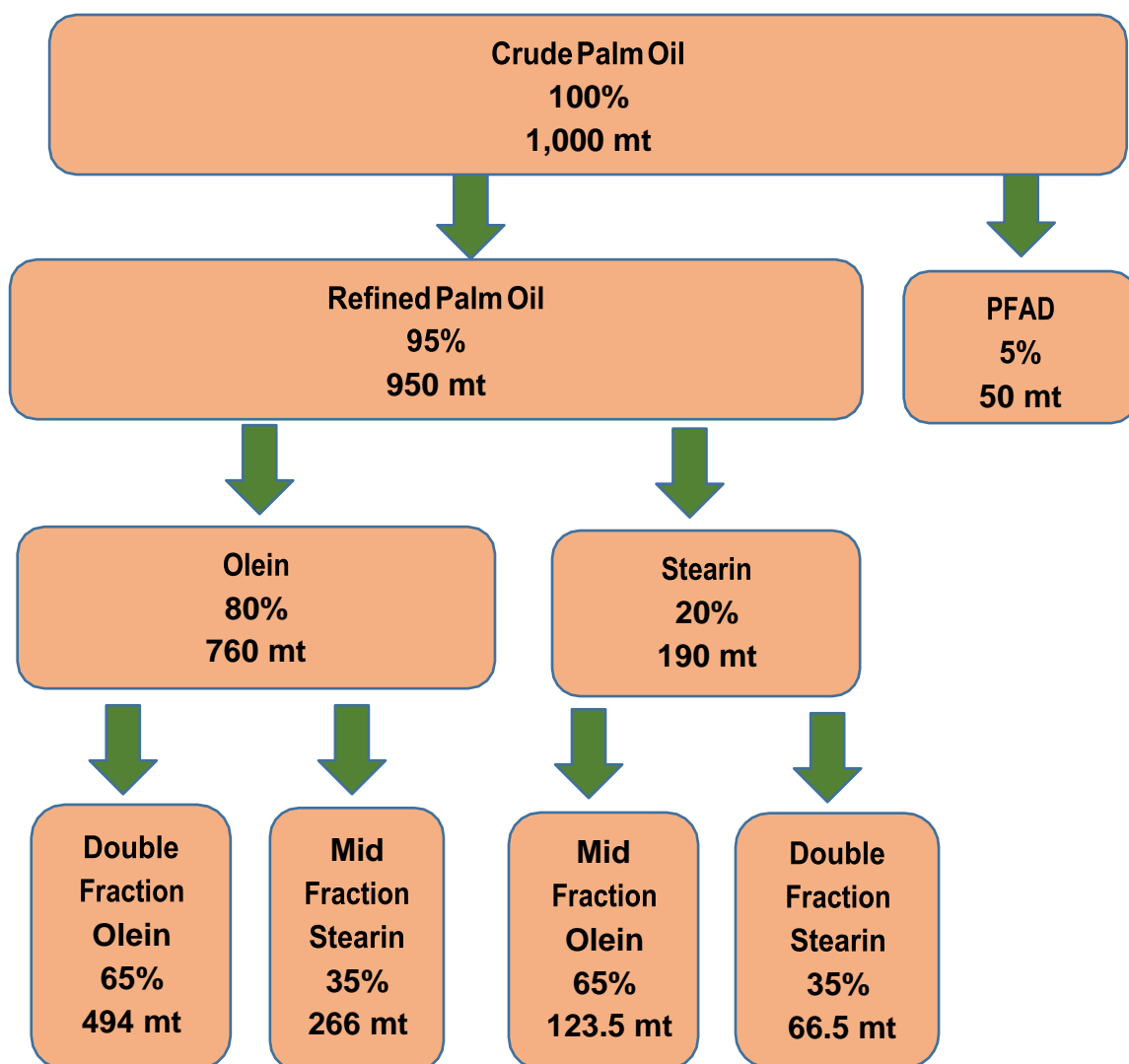


Figure 2: Palm Oil Yield Scheme

2. Palm Kernel Oil Yield Scheme

The values shown in the palm kernel oil yield scheme below are fixed and cannot be modified. Organizations may use their own actual yields provided these can be justified during the audit. Alternatively, the rates shown below shall be used as shown.

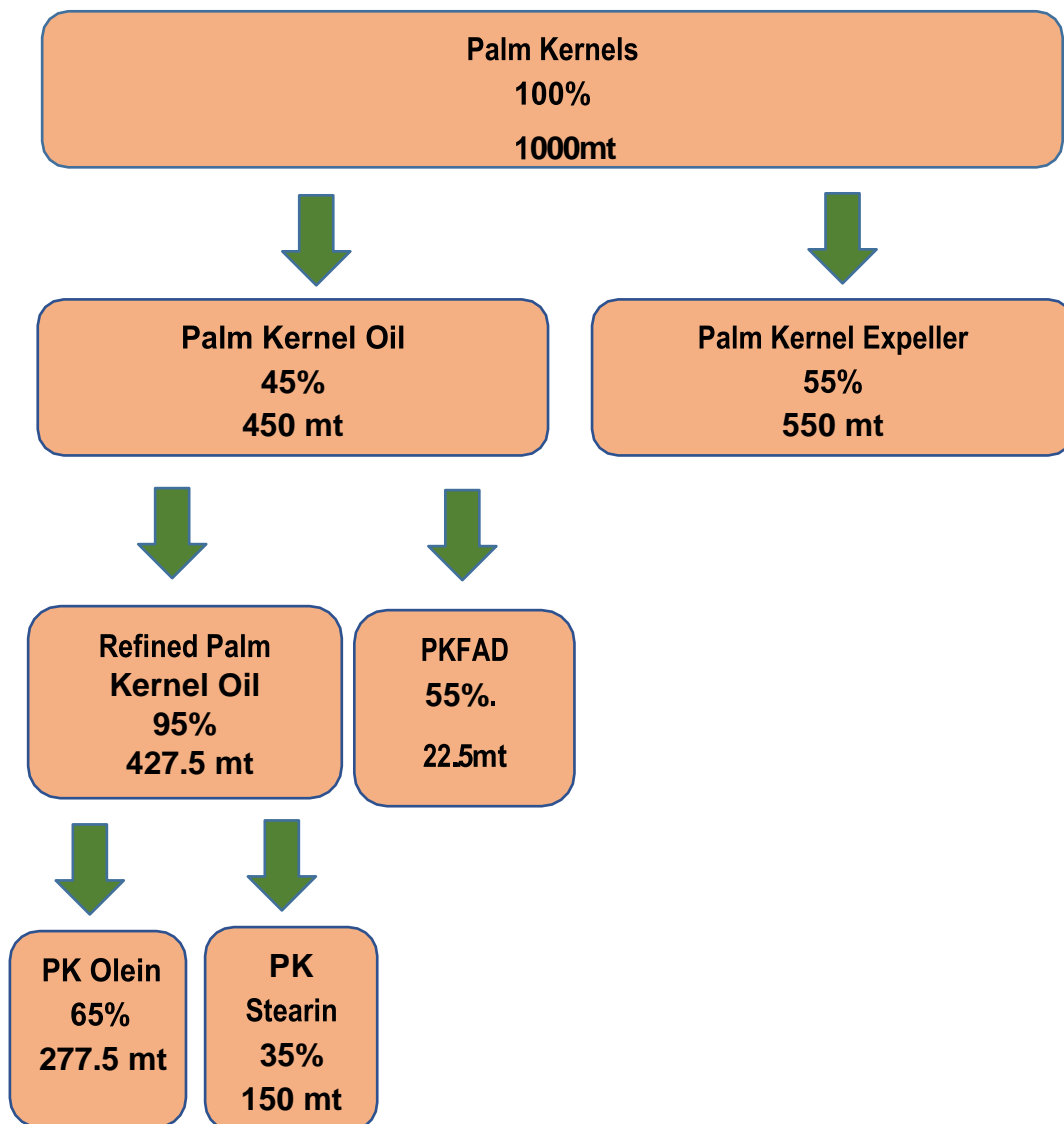


Figure 3: Palm Kernel Oil Yield Scheme

Annex 2 – Multi-site certification

1. Explanation

- 1.1. The organization shall define the geographic area, the number and identity of sites, the supply chain model and the types of operations covered by the scope of their multi-site chain of custody system. (Note: Mass balance accounting can only be implemented at site level.

2. Responsibilities

- 2.1. The operational units shall demonstrate that there is a contractual link between them.
- 2.2. The Central Office shall justify the grouping of operational units into sets according to activities undertaken.
- 2.3. The Central Office shall have a centrally administered and documented Internal Control System (ICS) for the management and implementation of the RSPO chain of custody requirements.
- 2.4. The Central Office shall appoint a management representative with overall responsibility for ensuring that all operational units comply with the RSPO chain of custody requirements.
- 2.5. The Central Office shall have a procedure for raising non-conformities when it is found that an operation unit is not in compliance with the RSPO supply chain certification requirements
- 2.6. The Central Office shall have the authority to remove participating sites from the scope of the multi-site system if the requirements of participation, or any non-conformities issued by the certification body or by the company itself, are not addressed by the participating site(s).

3. Training

- 3.1. As part of the ICS, the Central Office shall establish and implement training for participating sites to cover all applicable requirements of the RSPO multi-site chain of custody.

4. Record Keeping

- 4.1 The Central Office shall maintain centralized accurate, complete, up-to-date and accessible records for all participating sites and shall be responsible for maintaining reports covering all aspects of the RSPO multi-site requirements.
- 4.2 The ICS shall determine and prepare which common management documents are applicable to all operational units.
- 4.3 The ICS shall determine which site-specific documents are required at each operational unit.
- 4.4 The ICS shall keep all documents and records for a minimum period of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.

5. Internal audits

- 5.1 The Central Office shall conduct at least annual internal audits of each participating site to ensure compliance with the requirements for supply chain certification.
- 5.2 Any non-conformities found during internal audit shall be issued corrective action and actions shall be taken in a timely and appropriate manner.
- 5.3 The results of the internal audits and all actions taken to correct non-conformities shall be available to the certification body (CB) upon request.
- 5.4 The results of the internal audit and all actions taken to correct non-conformities shall be subject to management review at least annually.
- 5.5 The organization shall conduct at least annual internal audits to determine whether the supply chain certification system:
 - a) Conforms to the planned arrangements, to the requirements of the RSPO SCC Standard and to the RSPO Rules on Market Communications and Claims and any other requirements established by the organization;
 - b) Is effectively implemented and maintained.
- 5.6 An audit programme shall be planned, taking into consideration the status and importance of the processes and areas to be audited, as well as the results of previous audits. The audit criteria, scope frequency and methods shall be defined. The selection of auditors and conduct of audits shall ensure objectivity and impartiality of the audit process. Auditors shall not audit their own work.
 - a) A documented procedure shall be established to define the responsibilities and

requirements for planning and conducting audits, establishing records and reporting results.

- b) Records of the audits and their results shall be maintained.
- c) The management responsible for the area being audited shall ensure that any necessary corrections and corrective actions are taken to eliminate detected non- conformities and their causes.

6. Claims

- 6.1 The ICS shall be responsible for ensuring that all uses of the RSPO trademark and all RSPO claims regarding the end product are in accordance with RSPO Rules on Market Communications and Claims requirements through its central control point.

Annex 3 – Supply Chain Group Certification Scheme

1. Explanation

- 1.1 The Group Manager shall define the geographic area, the number and identity of the group members, the supply chain model and the types of operation covered by the scope of the group certification scheme.

2. Group Certification Membership requirements

- 2.1 The Group certification membership is restricted to those companies which:
- a) Are separate legal entities
 - b) Use up to 500 MT of oil palm products per year individually (see G.3.4 below for mill requirements)
- 2.2 The Group certification is not restricted to a single country and can be performed across borders.
- 2.3 The group shall consist of group members who have formally agreed to join the group and who have demonstrated compliance with the requirements of this Group certification scheme and the rules of the group. Group membership is voluntary. Micro users can be part of group membership.
- 2.4 Palm oil mills cannot join a group, with the exception of independent palm oil mills without their own supply base and producing up to 5000 MT palm oil products per year.
- 2.5 Group members shall sign a declaration of intent which:
- a) Acknowledges and agrees to the requirements and responsibilities of group membership.
 - b) Acknowledges their compliance with the RSPO supply chain certification requirements.
 - c) Authorises the group manager to apply for certification on the member's behalf.
 - d) Agrees to allow representatives of the Group manager, the certification body (CB) and representatives of RSPO Secretariat access to their premises and records pertaining to RSPO products at any time.
 - e) Agrees to supply the Group manager and their personnel with up to date contact details.

- 2.6 Group members shall demonstrate that they can implement the chosen supply chain model(s) prior to acceptance as a member and continue to do so after acceptance as a member.
- 2.7 Each Group member shall utilise the Group certificate number and their sub-code in all documents as required by the RSPO SCC Standard when buying and selling RSPO products, including reference to the supply chain model (e.g.: IP/SG/MB).
- 2.8 Should the use of oil palm products be expected to exceed 500 MT per year after acceptance as a member of the group, the Group member shall inform the Group manager about leaving the group before the next anniversary of Group membership. That member shall make arrangements for individual certification by an RSPO SCC accredited certification body before the next anniversary of Group membership.
- 2.9 RSPO Supply Chain Associate Membership shall be borne by the Group entity at the rate published by the RSPO. The Group entity can volunteer to join RSPO Ordinary Membership should they wish to enjoy additional benefits such as voting rights at General Assembly (GA).
- 3. Group entity responsibilities**
- 3.1 The group entity shall be:
 - a) A legally registered entity under the laws of country of origin.
 - b) A member of the RSPO
- 3.2 The group entity shall:
 - a) Have a contract with the accredited certification body (CB).
 - b) Appoint an individual as the Group manager who is responsible for the preparation and implementation of the Internal Control System (ICS).
- 3.3 The Group members shall demonstrate that they are part of the Group scheme. All Group members shall have a legal and/or contractual relationship with the Group entity.
- 3.4 The group shall have a centrally administered and documented Internal Control System (ICS) for the management and implementation of the RSPO Supply Chain Standard requirements.
- 3.5 A group shall have a Group manager, who is the appointed management representative for the Group members and the Supply Chain Group certification.
- 3.6 The RSPO Supply Chain Certification Standard requirements shall be implemented by each Group member. The Group scheme manager has overall responsibility for ensuring that all Group members comply with the RSPO Supply Chain Standard requirements.

- 3.7 The Group scheme shall have a procedure for raising corrective actions when it is found that a Group member is not in compliance with the RSPO Supply Chain Certification Standard.
- 3.8 The Group manager shall have the authority to remove Group members from the Group scheme if the requirements of participation are not met, or if any non-conformities issued by the CB or by the Group manager itself are not complied with by the participating Group member.

4. Group manager responsibilities

- 4.1 The Group manager shall be:
 - a) Responsible for ensuring the Group entity's compliance with the applicable standards and manages the Group Procedures and Documentation which collectively is known as the Internal Control System (ICS).
 - b) Given full authority to manage the group.
 - c) Responsible for defining the geographic area covered by the Group scheme, the number and identity of sites, the supply chain model and the types of operations covered by the scope of the Group scheme.
 - d) Responsible for collating and paying membership fees due to the RSPO.
 - e) Responsible for ensuring that any conditions on which certification is dependent, including any corrective actions raised by the CB, are fully implemented.
- 4.2 The Group manager shall:
 - a) Have a documented system which sets out its mission and objectives, policies and procedures for operational management and decision making in order to demonstrate its ability to manage the group in a systematic and effective manner.
 - b) Prepare and maintain the rules of the group.
 - c) Prepare and maintain a Group management structure showing the responsibilities of all individuals employed by the Group manager for the running of the group.
 - d) Demonstrate sufficient resources – i.e. human, physical and other relevant resources – to enable effective and impartial technical and administrative management of the group.
 - e) Avoid issuing documents relating to their certification that is not endorsed by the

CB.

- f) Be able to demonstrate appropriate knowledge of the requirements of oil palm production, the RSPO Supply Chain Certification Systems and Standard and internal Group procedures and policies.
- g) Not have any conflict of interest likely to affect their work.

4.3 The Group manager and/or their personnel shall be able to communicate in the local and/or English Language.

5. Group Scheme operation

- 5.1 The Group manager applies for certification from an RSPO SCC accredited CB on behalf of all the members and the CB conducts an audit of the Internal Control System in accordance with the requirements of the RSPO supply chain certification. The CB shall verify the capabilities of the Group Manager in managing the group size.. The CB shall issue the certificate and certificate number shared by all Group members with each member having a unique identification code.
- 5.2 RSPO Supply Chain Certification is applied at Group level and all members of the group who intend to trade or further process and sell semi-finished and finished products that contain RSPO certified products shall demonstrate full compliance to the relevant RSPO Supply Chain Standard modules as applicable to their operations.
- 5.3 For RSPO IT platform, only the Group entity needs to register and have a Member ID. All RSPO IT platform registrations and transactions shall be performed by the Group manager.
- 5.4 Group members can only use Identity Preserved (IP), Segregated (SG) or Mass Balance (MB) at site level (and not at group level).

6. Group management procedures

- 6.1 The Group manager's responsibilities with respect to managing the group shall be clearly defined and documented, including procedures for new members to join the certified group after a certificate has been awarded.
 - a) Providing information and/or training for potential and existing Group members.
 - b) Carrying out an initial audit of potential Group members to ensure that they comply with the certification requirements for the applicable supply chain model(s) and Group rules prior to membership.
 - c) Informing the CB of any changes in Group membership within one month of the change.
 - d) Carrying out annual internal audit of all Group members to ensure continuing compliance with the certification requirements for the applicable supply chain

model(s).

- e) For Group members to inform the Group manager if expected use of oil palm products will exceed 500 MT over a 12-month period from any anniversary of joining the group.
- f) The removal of Group members from the scope of the certificate if the requirements of Group membership or any corrective action requested by the Group manager or by the CB is not complied with.
- g) Ensuring that any use of the RSPO trademark or claim is in accordance with the RSPO Rules on Market Communications and Claims.
- h) Keeping a central database of a summary of the movements of inputs and outputs in gross quantities of RSPO products for each Group member.

6.2 Group Manager shall provide Group Members the following documents and explanations:

- a) A copy of the RSPO Supply Chain Certification Standard to which the group is committed.
- b) A copy of the RSPO Rules on Market Communications and Claims.
- c) An explanation of the certification process.
- d) An explanation of the Group manager's needs and the rights of the CB to access the Group members' documentation and implementation of Supply Chain Certification Standard for the purposes of evaluation and monitoring.
- e) An explanation of the CB and RSPO requirements with respect to public information.
- f) An explanation of any obligations with respect to Group membership, such as:
 - i. Maintenance of information for monitoring purposes;
 - ii. Use of systems for tracking and tracing RSPO products, such as RSPO IT platform if applicable;
 - iii. Requirement to conform to conditions or corrective actions issued by the CB;
 - iv. Any special requirements related to marketing or sales of products covered by the certificate;
 - v. Use of the RSPO trademark and product claims;

- vi. Proper use of RSPO SCC certificate number and unique identification code;
- vii. Other obligations of Group membership; and
- viii. Explanation of any costs associated with Group membership.

7. Training

- 7.1 As part of the Internal Control System (ICS), the Group manager shall establish and implement training for scheme members to cover all applicable requirements of the RSPO chain of custody.

8. Record keeping

- 8.1 The Group manager shall maintain centralized accurate, complete, up-to-date and accessible records for all participating sites and shall be responsible for maintaining reports covering all aspects of the Supply Chain Group certification requirements.
- 8.2 The Group management documentation shall include:
- a) The documenting and monitoring of all the individual Group members for membership status, production processes, and other relevant aspects to ensure compliance with the relevant RSPO Standard for Sustainable Oil Palm Production and the Supply Chain Group Certification Requirements.
 - b) The maximum number of members that can be supported by the current management system and the human resource and technical capacities of the Group manager.
 - c) Provision of clear policies and procedures for communication between the Group manager and Group members.
- 8.3 The following central records and reports shall be maintained and kept up to date at all times for each Group member:
- a) List of names and addresses
 - b) Full contact details
 - c) Date of membership
 - d) Unique identification code assigned to follow the Group certificate number
 - e) The date that the member signed the declaration of intent as stated in the Group membership requirements
 - f) Date of leaving the group if applicable and the reasons why

- g) A summary of all RSPO oil palm products purchased and sold
 - h) The supply chain models applicable
 - i) The projected use of oil palm products in metric tonnes per annum
 - j) Gross quantity of RSPO certified products processed or manufactured annually
 - k) Uses of the RSPO trademark and claims
 - l) Initial audit conducted prior to acceptance as a Group member
 - m) Annual records of certified quantity purchased and claimed (RSPO Supply Chain Certification Systems – Annex 1).
 - n) Any non-conformities raised and actions taken to meet the requirements for compliance
 - o) The member's dedicated RSPO procedure manual.
- 8.4 The Group manager shall determine and prepare which common management documents are applicable to Group members.
- 8.5 The Group manager shall determine which site-specific documents are required for each Group member.
- 8.6 Group members shall keep an up to date RSPO procedure manual detailing all aspects of their operations in relation to the RSPO SCC Standard requirements.
- 8.7 The Group manager shall keep all documents and records for a minimum period of two (2) years, shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.
- 8.8 Group members shall keep up to date and accurate records of all inputs and outputs of RSPO products and shall be able to reconcile the quantities at any time as requested by the Group manager. Reconciliation shall take into account any unavoidable contamination or wastage, the production and manufacturing processes and any recipes used.
- 8.9 As applicable, the Group manager shall keep a full and accessible record as to movement of RSPO products registered through the RSPO IT platform.
- 8.10 Group members shall keep photographic and written records of any use of the RSPO trademark and claims.

9. Internal audits

- 9.1 The Group manager shall conduct at least annual internal audits of each participating site to ensure compliance with the Group scheme of Supply Chain Certification Standard requirements.
- 9.2 Any non-conformities found during internal audit shall be issued corrective action and actions shall be taken in a timely and appropriate manner
- 9.3 The results of the internal audits and all actions taken to correct non-conformities shall be available to the certification body (CB) upon request.

10. Claims

- 10.1 The Group manager shall be responsible for ensuring that all uses of the RSPO trademark and claims regarding the end product are in accordance with RSPO requirements through its ICS.

Annex 4 – Book and Claim (BC)

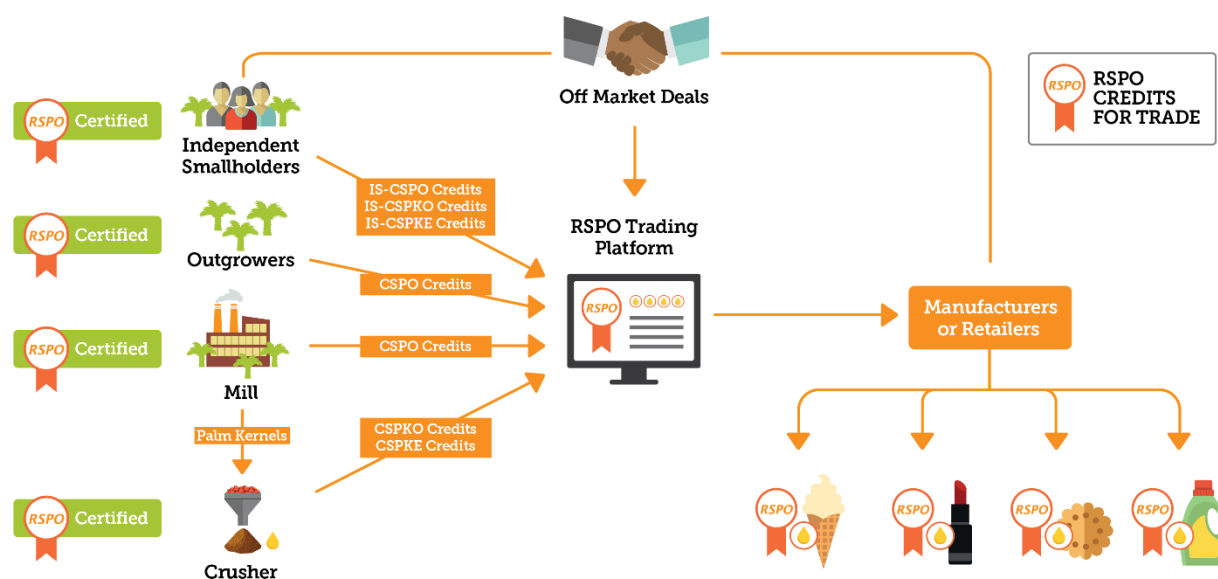
1. Definition

The 'Book and Claim' supply chain model allows RSPO certified mills, crushers, independent outgrowers and independent smallholder groups to sell RSPO credits to the supply chain actors at the end of the supply chain, while selling the physical oil palm products as non-certified / conventional.

2. Explanation

RSPO credits sellers: mills (CSPO), crushers (CSPKO, CSPKE), Independent outgrowers (CSPO) and Independent Smallholders (IS credits: CSPO, CSPKO, CSPKE) can sell their certified volumes through one or more of the four supply chain models ensuring that the volume is only sold once.

RSPO credits buyers: members of RSPO, who wants to meet their 100% sustainable commitments, can purchase RSPO credits to compensate the volume of non- certified/conventional oil palm products used in their processes. The RSPO credits cannot be re-sell by the buyers. The RSPO credits can be purchased by the Consumer Good Manufacturers and claimed on behalf of RSPO retail members and/or brand owners. By purchasing RSPO Credits, buyers can directly incentivize sellers for producing sustainably.



3. Supply chain requirements

- 3.1 A RSPO certified mill can sell RSPO Credits of Certified Sustainable Palm Oil (CSPO). The amount of RSPO Credits a mill can sell is subject to a maximum volume of CSPO that the mill is certified for reduced by the amount sold through IP, and MB. In case of overselling due to underproduction, the mill needs to compensate by making a request to the RSPO Secretariat to buy back RSPO Credits.
- 3.2 An RSPO supply chain certified palm kernel crusher can sell RSPO Credits of Certified Sustainable Palm Kernel Oil (CSPKO) and/or Certified Sustainable Palm Kernel Expeller (CSPKE). A crusher builds up volume by the purchase of RSPO Certified Palm Kernels.
- 3.3 An RSPO certified independent smallholder group can sell RSPO Credits of Independent Smallholder Certified Sustainable Palm Oil (IS-CSPO), Independent Smallholder Certified Sustainable Palm Kernel Oil (IS-CSPKO) and Independent Smallholder Certified Sustainable Palm Kernel Expeller (IS-CSPKE). The amount of IS-CSPO, IS-CSPKO and IS-CSPKE credits that the independent smallholder group can sell is based on the annual forecast output of Fresh Fruit Bunches (certified volume FFB) and the applicable standard OER/KER for that Country or region. In case of overselling due to underproduction, the group needs to compensate by making a request to the RSPO Secretariat to buy-back RSPO Credits.
- 3.4 Certified outgrowers can sell RSPO credits of Certified Sustainable Palm Oil (CSPO). The amount of CSPO credits that outgrower can sell is based on the annual forecast output of Fresh Fruit Bunches (certified volume FFB) and the standard OER/KER.
- 3.5 Only RSPO members who are mills, palm kernel crushers, outgrower and independent smallholder groups are allowed to sell RSPO credits as long as they have a valid RSPO certificate/license in the RSPO IT platform. The certified volume of mills, outgrowers and independent smallholder groups expires on the license expiration date and carry-over is not allowed. As palm kernel crushers are only supply chain certified, the volumes can be carried over to the next license period.
- 3.6 Only RSPO members, excluding mills, palm kernel crushers, outgrowers and independent smallholder groups, can purchase RSPO Credits. The validity of the RSPO Credits purchased by the Buyer is one (1) year from the date of purchase.
- 3.7 RSPO Credits shall only be traded on the online marketplace of the RSPO IT system or through Off Market Deals (OMD). OMD shall be reported in the RSPO IT system by either party at the time the deal is made.
- 3.8 RSPO members can purchase RSPO Credits to cover the use of uncertified/conventional oil palm products, excluding oleochemicals and its derivatives, based on a one-to-one ratio.

- 3.9 Book and Claim audits shall be conducted once the qualifying level of 500 RSPO credits have been claimed for a period of 12 months by an organization. In addition, where the claim is transferred, the qualifying level of 500 RSPO Credits applies to the organization to which the claim is transferred. The organization shall engage an accredited CB to conduct the audit using the Book and Claim checklist.

For further information on the Book and Claim model refer to the 'Book and Claim' service provider's terms and conditions on the RSPO website (www.rspo.org)

4. Market claim

- 4.1 Buyers of RSPO Credits can make market claims for one (1) year from the date of purchase of credits.
- 4.2 Market claims shall comply with RSPO Rules on Market Communications and Claims.

Annex 5 – RSPO Supply chain certification for micro users

1. Introduction

Palm oil micro users is an organization which use a very low volume of oil palm products, i.e. less than 1000KG of oil palm products per annum. This is the total volume of all oil palm products (certified and non-certified).

2. Options

Micro users that would like to make use of this reduced audit regime have two options; individual supply chain certification or Group certification.

2.1. Individual Supply Chain Certification for micro users

Initial certification audits and recertification audits shall take place on-site. Annual surveillance audits may be replaced by remote audits by certification bodies.

The certified company shall provide the following information prior to the audit by the accredited CB:

- a) A list of all purchases of conventional and certified oil palm products (should be confirmation of total volumes less than 1000 KG) in the last year before certification or since the last audit.
- b) A list of all MB, SG, and IP sales since the last audit in Excel or as extract from internal system.
- c) A list of valid certificate and/or license of RSPO certified supplier that has been verified through RSPO website.
- d) At least one invoice from RSPO certified supplier which contains supply chain certificate number and SC model of the seller.

The auditor is to verify this information, apply for license renewal in the RSPO IT platform and upload the certificate and audit report.

When a micro user changes production procedures or uses more than 1000 KG it shall be audited on-site.

2.2. Supply Chain Group Certification for micro users

Micro users can join a group under the conditions specified in the module for Supply Chain Group Certification scheme.

Initial certification audits, surveillance audits and recertification audits shall take place on-site. However, annual surveillance audits shall be carried out at the group manager level without sampling of the micro user.

The group manager carries out an audit of potential group members to ensure that they comply with the certification requirements of the applicable supply chain model(s) and Group rules prior to membership (part of clause 6.1).

An exemption will be made for the annual internal audit as defined in 9.1:

- a) The Group manager shall conduct at least annual internal audits of each participating site to ensure compliance with the Group scheme of Supply chain certification standard requirements.
- b) This shall be done through a remote audit by the group manager.
- c) When a micro user changes production procedures, or uses more than 1000 KG it shall be included in the group as a regular group member.

Annex 6 – RSPO Rules for Oleochemicals and its Derivatives

1. Introduction

- 1.1 This Annex is complimentary to the Module A/B/C of the RSPO Supply Chain Certification Standard (SCCS) aiming to increase transparency for Oleochemicals and its Derivatives.
- 1.2 The rules do not claim to cover all options in the Oleochemical derivative market. All supply chain participants shall properly and transparently document their supply chain activities to allow for auditor scrutiny.
- 1.3 The rules do not claim to cover all options in the Oleochemical derivative market. All supply chain participants shall properly and transparently document their supply chain activities to allow for auditor scrutiny. Members and stakeholders are invited to share their experiences with this updated guideline to support the improvement of this process through the RSPO Standing Committee Trade & Traceability Working Group Oleoderivatives.

2. Definitions

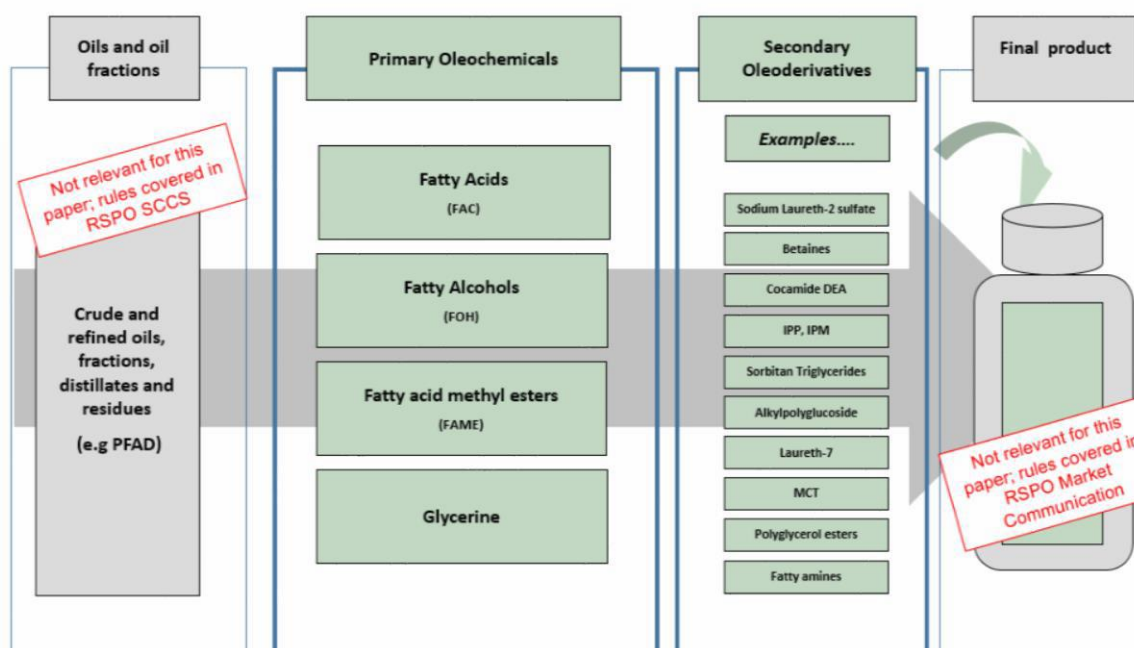
Distillation factor	Purification of mixed fatty acids by distillation to produce purified fatty acids.
Fatty acid and fatty alcohol composition factor	The proportion of the fatty acid / fatty alcohol chain length in the product vs. raw material.
MB claim transfer	Transfer of volume-based MB claim in a booking system.
MPOB C-chain guideline	Malaysian Palm Oil Board; defines the oil source based on C-chain distribution.
Oil palm products	Products produced by the oil palm, including its fruits and kernels.
Oil yield factor	As defined by RSPO T&T Supply Chain Standard (see link http://www.rspo.org/).
Palm and palm kernel oil fractions	Olein, stearin.
Primary oleochemicals	Products obtained from processes changing the triglyceride structure.
Product conversion factor	Molecular weight – based factor determining the portion of palm-based C-chain in a product vs. non-palm portion in secondary oleoderivatives.
Product loss factor	Product losses occurring in distillation, transesterification and splitting processes.
Product yield	Yield schemes for oils and fractions as fixed in the SCCS and/or yield schemes for Primary Oleochemicals as fixed in table 3a and 3b.
Secondary oleoderivatives	Products obtained after multiple chemical conversion steps with Primary Oleochemicals as precursor.
Splitting factor	Splitting (or hydrolysis) of the triglyceride molecules of fats and oils in the presence of water to yield glycerine and a mixture of fatty acids.
Transesterification factor	Transesterification of vegetable oils and fats to fatty acid methyl esters.

3. Scope

3.1 Raw materials in scope

Limited to the major Primary Oleochemicals and Secondary Oleoderivatives (see definition in chapter 2, illustrated in graph 1 and listed in table 1). The principle however may serve as guidance for other downstream secondary derivatives. Whether palm oil, palm kernel oil or its fractions are the basic oil feedstock shall be determined based on the MPOB carbon chain length guideline (see table 2). In case of interchangeability of feedstocks to produce the same derivative, the choice of feedstock in the actual process route shall be made transparent to the certification bodies. In the case of MB products made from mixed palm oil and palm kernel oil, the oil coverage may be based on the major oil component of the product.

Graph 1 - Scope



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3.2 RSPO Supply Chain module in scope

RSPO Supply Chain module Identity Preserved (IP), Segregation (SG), Mass Balance (MB) and Book & Claim schemes.

4. General Guideline for Calculation

The calculation factors focus on derivatives containing a majority of C6 - C18 C-chains. Not in scope are

- products with dominant >C18 C-chains. They will not be derived from palm oil or palm kernel oil.
- crude and refined (RBD) oils, their fractions, distillates and refining residues (e.g. PFAD).

4.1 Segregated (SG) / Identity Preserved (IP) Scheme

- 4.1.1 SG/IP products are obtained through proper segregation requirements throughout the manufacturing and handling process.
- 4.1.2 The calculation for Primary Oleochemicals in scope (see graph 1) shall use distinct factors which are based on the actual oil requirement (yield factors); the yield factors in this document (table 3) are for guidance only and manufacturers must document supply chain activities for auditor's scrutiny. Manufacturers shall apply the yield-based factors for Primary Oleochemicals (see table 3).
- 4.1.3 Manufacturers of Secondary Oleoderivatives (see graph 1) shall apply the standard conversion factors for Secondary Oleoderivatives as given in table 4 as guideline (non - mandatory) with possibility of using actual yields.
- 4.1.4 In the case where a Secondary Oleoderivative product conversion factor is not (yet) covered in the existing document already, the guidelines for calculation under 4.4. (see graph 9) shall apply.

4.2 Mass Balance (MB) Scheme

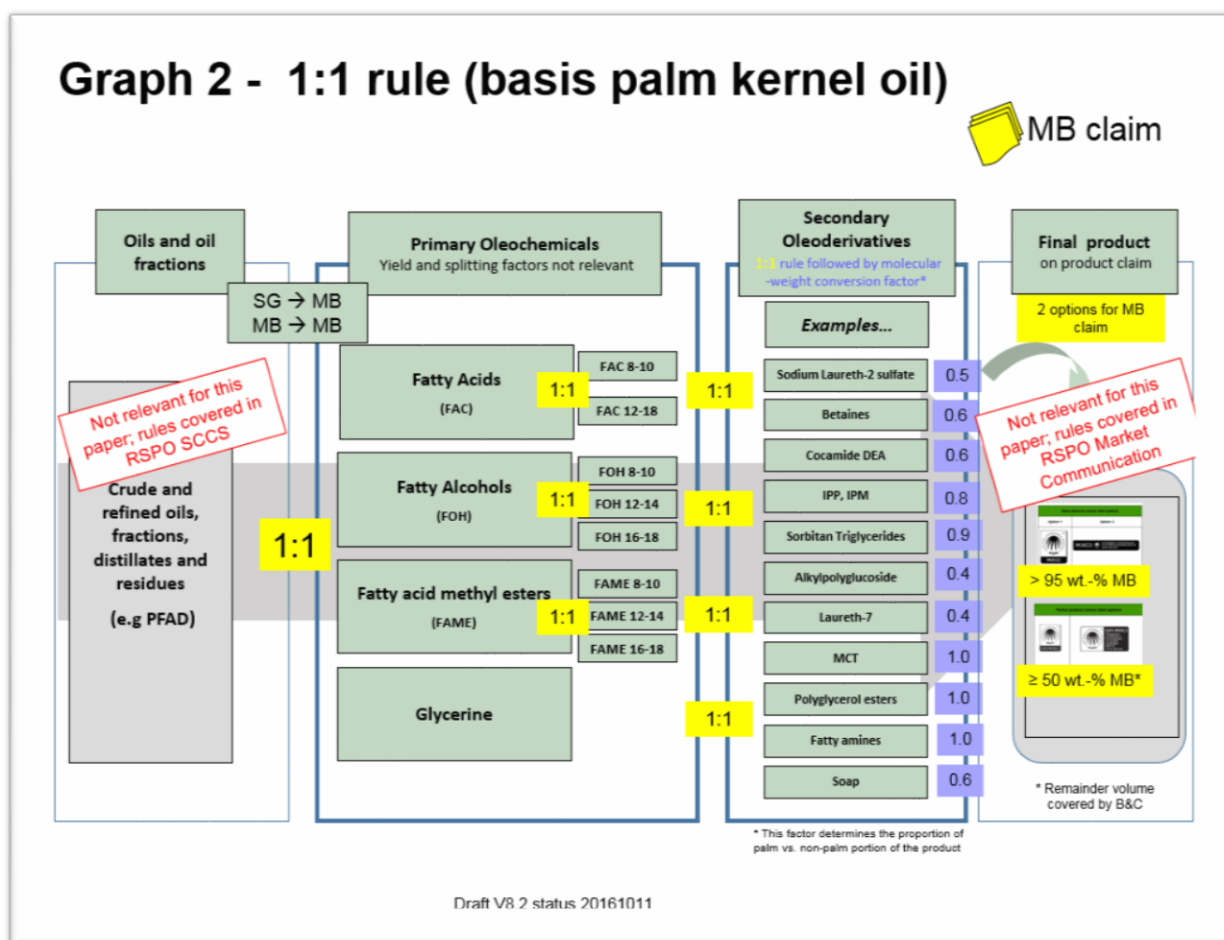
This guidance shall clarify some key specific elements for the application of the MB Scheme in Primary Oleochemicals and Secondary Oleoderivatives.

4.2.1 1:1 rule

For Primary Oleochemicals from palm kernel oil, its fractions, distillates or residue products in scope the 1:1 rule shall apply (see graph 2) as their molecular weight does not differ significantly from the precursor oil.

For glycerine, not having a precursor identity nor a C-chain reference, the 1:1 rule shall apply as well.

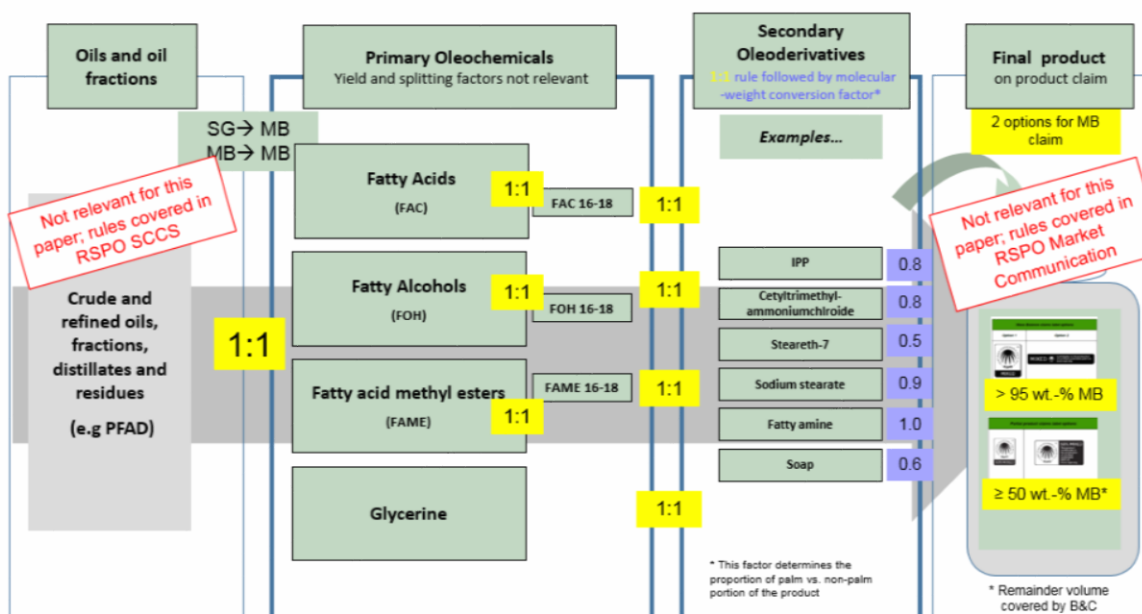
For Secondary Oleoderivatives in scope the 1:1 rule shall apply followed by the product calculation factors based on the molecular weight based conversion factors as guideline (non - mandatory) with possibility of using actual yields (see table 4). In the case where a Secondary Oleoderivative product conversion factor is not (yet) covered in the existing document already, the guidelines under 4.4. shall apply.



Primary Oleochemicals as well as Secondary Oleoderivatives made from palm oil, its fractions, distillates or residue products (see graph 3) are limited due to carbon chain length pre-conditions (see table 2), nevertheless the same logic shall apply.

In the case of soap base (made either from oil saponification or fatty acid neutralization), oil requirement should be based largely on the total fatty matter content, which is affected by the soap noodles' moisture content. The conversion factor is that for soap noodles with moisture content 18% and below a conversion factor of 0.7 should be applied and for soap noodles with moisture content above 18% a conversion factor of 0.6 should be applied.

Graph 3 - 1:1 rule (basis palm oil)



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4.2.2 MB claim transfer downstream/upstream

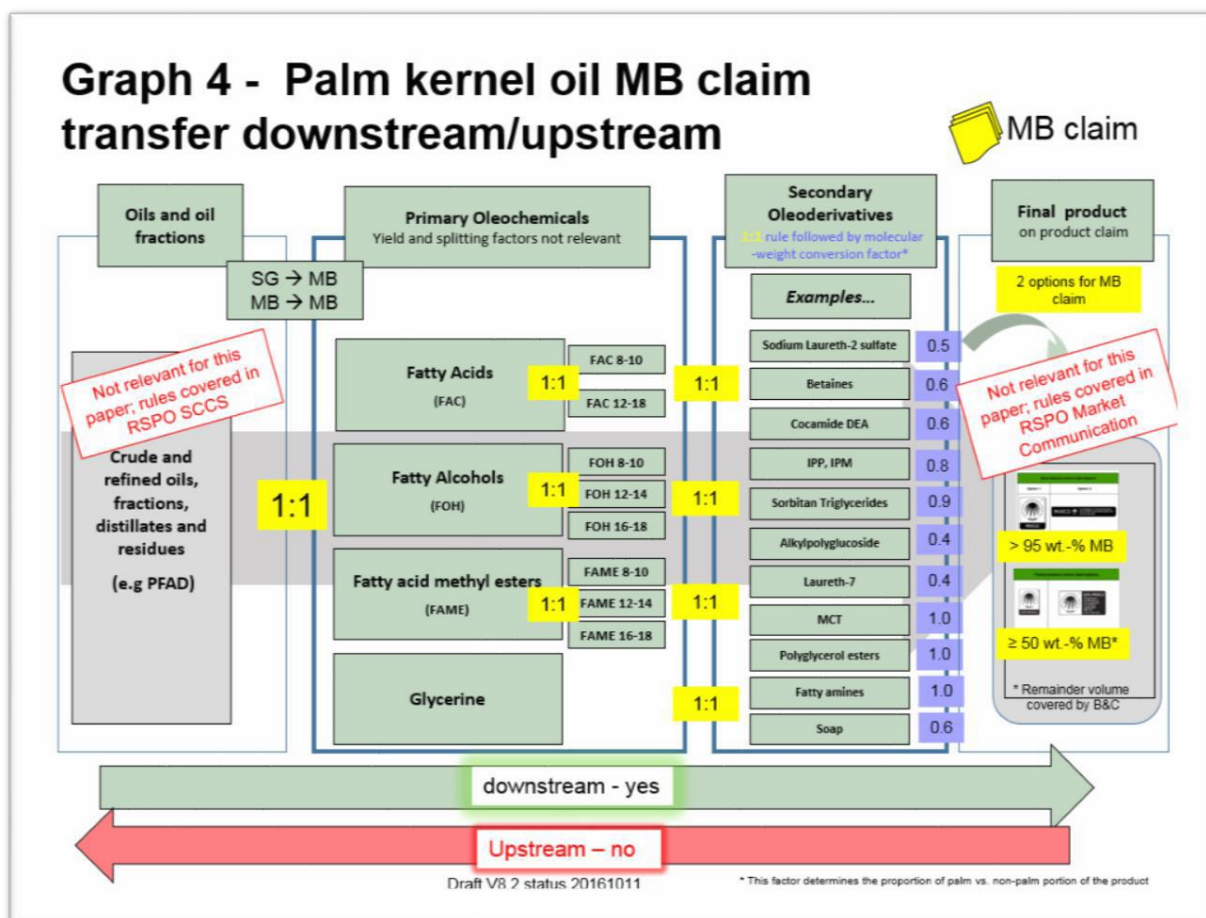
For Primary Oleochemicals and Secondary Oleoderivatives made from palm kernel oil, its fractions, distillates or residue products in scope a MB claim transfer can only be applied downstream (see graph 4).

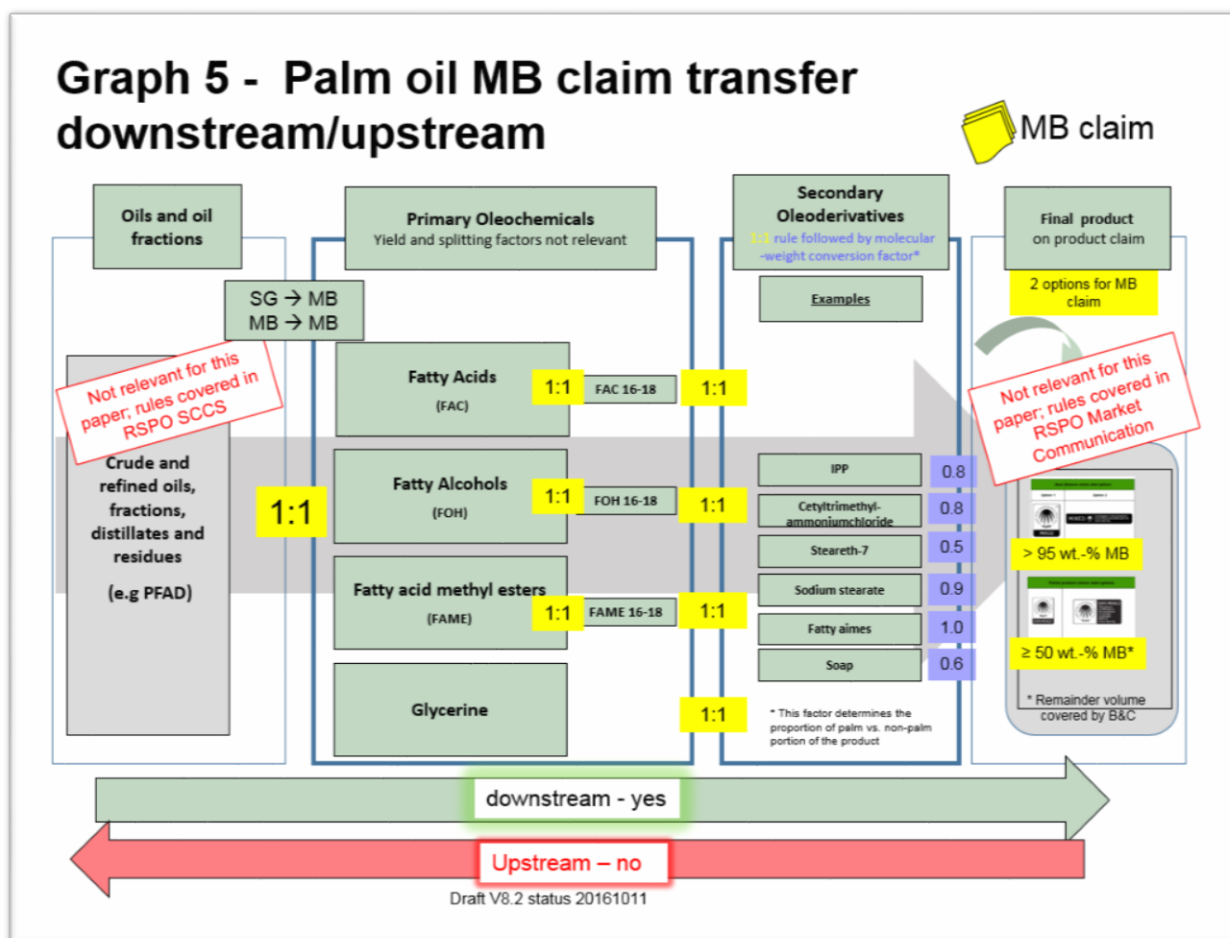
The same rule applies for those limited Primary Oleochemicals and Secondary Oleoderivatives made from palm oil (see graph 5).

For example a downstream MB - claim transfer from e.g a fatty acid to a betaine shall be allowed. A MB

– claim transfer upstream from e.g. fatty alcohol back to palm kernel oil or from a betaine upstream to a fatty acid shall not be allowed.

Graph 4 - Palm kernel oil MB claim transfer downstream/upstream



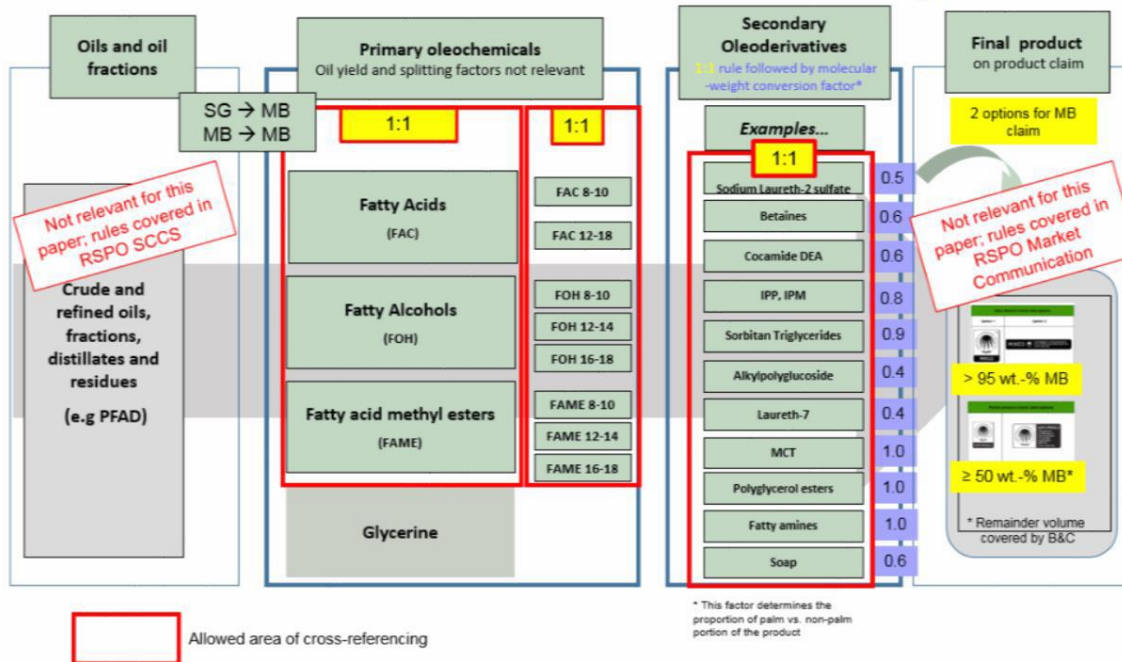


4.2.3 MB claim transfer cross referencing

The transfer of a MB claim inside a specified section as marked in red (see graph 6) is allowed. For example, from a fatty acid to a fatty alcohol or from a sodium laureth - 2 sulfate to a betaine shall be allowed. Glycerine is excluded from cross-referencing as glycerine neither has a precursor identity nor a C-chain reference.

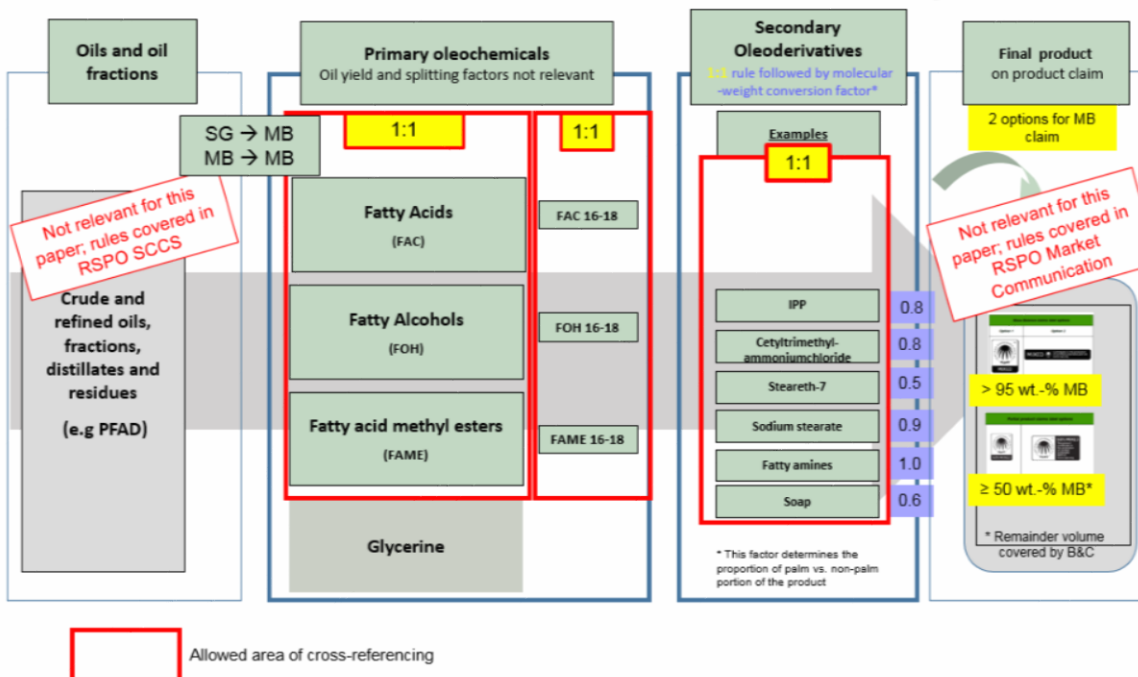
The same rule applies for those limited Primary Oleochemicals and Secondary Oleoderivatives made from palm oil (see graph 7).

Graph 6 - Palm kernel oil MB claim transfer cross-referencing



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Graph 7 - Palm oil MB claim transfer cross-referencing



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4.3 RSPO Credits / Book & Claim

The B&C calculation for Primary Oleochemicals and Secondary Oleoderivatives in scope (see graph 1) shall use the standard conversion factors as given in table 4 as guidance (non - mandatory) with possibility of using actual yields.

In the case where a Secondary Oleoderivative product conversion factor is not (yet) covered in the existing document already, the guidelines for calculation under 4.4. (see graph 9) shall apply.

4.4 Guiding principle to calculate Secondary Oleoderivative conversion factors

All calculated product conversion factors can be found in table 4.

In case a Secondary Oleochemical conversion factor is not (yet) covered in table 4, the guiding structure as shown in graph 9 shall apply to establish the correct conversion factor.

New factors should be reported to the RSPO for verification and inclusion in the subsequent review of this document. The conversion factors may act as guidelines in the case of SG products where the actual physical yield will be used.

Graph 9 – determination of new secondary oleoderivative conversion factors

This factor determines the proportion of palm vs. non-palm portion of the product based on molecular weight. In the case where a product conversion factor is not covered in the existing document yet, the **guideline** to establish the product conversion factor is listed below.

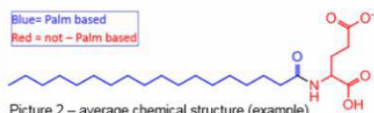
1. Split product into components (until all reactants are identified)
2. Investigate origin of reactants (whether palm, palm kernel oil, fractions or residues or not)
3. Define average chemical structure of the product (see picture 2)
4. Apply molecular weight calculation (see picture 1)
5. Calculate ratio palm-based vs. not palm-based for single components (see picture 3)
6. Calculate total amount of palm-based in composition (see picture 3)

M_r = molecular weight

$$\% \text{ Palm} = \frac{M_r (\text{Based on palm})}{M_{r \text{ Entire molecule}}} \cdot 100$$

Picture 1 – molecular weight calculation

Blue = Palm based
Red = not – Palm based



Picture 2 – average chemical structure (example)

Example - Product composition contains 30 % PKO

20% Component A (0% PKO)
20% Component B (100% PKO)
20% Component C (50% PKO)
40% Water (0% PKO)

PKO(Formulation) = 0.2 · 0% + 0.2 · 100% + 0.2 · 50% + 0.4 · 0%

A B C D

Picture 3 – calculation of a composition (example)

Table 1 – Products in scope (C-Chain C6 – C18)

Primary Oleochemicals	Fatty acids Fatty acid methyl esters Fatty alcohols Glycerine	
Secondary Oleoderivatives (examples, not exclusive)	Alkylpolyglucosides Caprylic/Capric Triglycerides (e.g. MCT) Cetyltrimethylammonium Chloride Cocamide DEA Cocamide MEA	

	Cocoamidopropyl Betaine Fatty Isethionate (e.g. Sodium Cocyl Isethionate) Glycerol Esters (mono-, di-, and triglycerides Isopropylester (e.g. IPM, IPP) Laureth-7 Polyglycol Esters Sodium Laureth-1 Sulfate Sodium Laureth-2 Sulfate Sodium Laureth-3 Sulfate Sodium Lauryl Sulfate Sodium Palm Kernelate Sodium Stearate Sorbitan Monoglycerides Sorbitan Triglycerides Stearamidopropyl dimethylamine Polysorbate 60 (ethoxylated SMS), Polysorbate 80 (ethoxylated SMO) Polysorbate 65 (ethoxylated STS) Propylene Glycol Monoester stearate	
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Table 2 – MPOB carbon chain length guideline

C - Chain	Palm kernel oil	Palm oil	Palm stearin	Palm olein
C6	0.5	-	-	-
C8	4.5	-	-	-
C10	3.5	-	-	-
C12	48.5	0.1	0.3	0.3
C14	15.5	1.0	1.5	1.0
C16	8	44.0	62.4	40.2
C18	2	4.4	5.0	4.4
C18:1	15	40.1	24.9	42.8
C18:2	2.5	10.4	5.9	11.3

Table 3a - SG and IP C-chain calculation factors for fatty acids

(Remark: 0.87 is the yield factor for fatty acids; the other calculation factor is derived from table 2 with the C-chain length guideline)

		PO - Based	PKO - Based	
Fatty Acid with C-chain from C6 to C14	Target Fraction (1 mt)		SG (IP) - certified PKO needed (in mt)	Calculation
	C6		229.9	$[(1/0.87)/0.005]$
	C8		25.5	$[(1/0.87)/0.045]$
	C10		32.8	$[(1/0.87)/0.035]$
	C12		2.4	$[(1/0.87)/0.485]$
	C14		7.4	$[(1/0.87)/0.155]$
	C8-10		14.4	$[(1/0.87)/0.08]$
	C12-14		1.8	$[(1/0.87)/0.64]$

Fatty Acid with C-chain from C16 to C18	Target Fraction (1 mt)	SG (IP) - certified PO needed (in mt)	Calculation	SG (IP) - certified PKO needed (in mt)	Calculation
	C16	2.6	$[(1/0.87)/0.44]$	14.4	$[(1/0.87)/0.08]$
	C18	2.1	$[(1/0.87)/0.55]$	5.7	$[(1/0.87)/0.20]$
	C16-18	1.2	$[(1/0.87)/0.99]$	4.1	$[(1/0.87)/0.28]$
Palm or palm kernel oleic acid		2.1	$[(1/0.87)/0.51]$	5.7	$[(1/0.87)/0.18]$

Table 3b - SG and IP C-chain calculation factors for fatty alcohols

(Remark: 0.83 is the yield factor for fatty alcohols; the other calculation factor is derived from table 2 with the C-chain length guideline)

		PO - Based		PKO - Based	
Fatty Alcohols with C-chain from C6 to C14	Target Fraction (1 mt)			SG (IP) - certified PKO needed (in mt)	Calculation
	C6			241.0	$[(1/0.83)/0.005]$
	C8			26.8	$[(1/0.83)/0.045]$
	C10			34.4	$[(1/0.83)/0.035]$
	C12			2.5	$[(1/0.83)/0.485]$
	C14			7.8	$[(1/0.83)/0.155]$
	C8-10			15.1	$[(1/0.83)/0.08]$
	C12-14			1.9	$[(1/0.83)/0.64]$
Fatty Alcohols with C-chain from C16 to C18	Target Fraction (1 mt)	SG (IP) - certified PO needed (in mt)	Calculation	SG (IP) - certified PKO needed (in mt)	Calculation
	C16	2.7	$[(1/0.83)/0.44]$	15.1	$[(1/0.83)/0.08]$
	C18	2.2	$[(1/0.83)/0.55]$	6.0	$[(1/0.83)/0.20]$
	C16-18	1.2	$[(1/0.83)/0.99]$	4.3	$[(1/0.83)/0.28]$

Table 4 – Conversion factors for Primary Oleochemicals and Secondary Oleoderivatives (based on material at 100 % active

(excluding water/solvent)

Index	Primary Oleochemicals	Factor*
1	Fatty acids	1.0
2	Fatty alcohols	1.0
3	Fatty methyl esters	1.0
4	Glycerine	1.0
	Secondary Oleoderivative (INCI or chemical name)	Factor
5	Cocoamidopropyl Betaine	0.6
6	Fatty amines	1.0
7	Sodium Lauryl Sulfate	0.7
8	Sodium Laureth-1 Sulfate	0.6

9	Sodium Laureth-2 Sulfate	0.5
10	Sodium Laureth-3 Sulfate	0.5
11	Laureth-7	0.4
12	Steareth-7	0.5
13	Cocamide MEA	0.8
14	Cocamide DEA	0.6
15	Stearamidopropyldimethylamine	0.7
16	Cetyltrimethylammonium chloride	0.8
17	Isopropyl Esters (e.g. IPP, IPM)	0.8
18	Caprylic / Capric Triglyceride (e.g.MCT)	1.0
19	Fatty Isethionate (e.g. Sodium Cocyl Isethionate)	0.6
20	Alkypolyglycoside	0.4
21	Glycerolesters (Mono-, Di and Triglycerides)	1.0
22	Polyglycerol Ester	1.0
23	Sorbitan Monoglyceride	0.7
24	Sorbitan Triglyceride	0.9
25	Polysorbate 60 (ethoxilated SMS), Polysorbate 80 (ethoxilated SMO)	0.2
26	Polysorbate 65 (ethoxilated STS)	0.5
27	Propylene Glycol Monoester	0.9
28	Lactylated Monoglyceride	0.8
29	Metallic salts of Lactic esters of Fatty acids (Sodium Stearoyl Lactylate, Calcium Stearoyl Lactylate)	0.6
30	Acylated Monoglyceride	0.9
31	Succinylated Monoglyceride	0.8
32	Ethoxylated Monoglyceride (Polyglycerate 60)	0.8
33	Sucrose esters of fatty acids	0.5
34	Diacetyltartaric acid ester of monoglycerides (DATEM)	0.6
35	Monoglyceride citrate	0.7
36	Stearoyl Lactylic Acid	0.7
37	Stearyl Tartrate	0.4
38	Sodium Stearoyl Fumarate	0.7
39	N-Butyl Esters	0.8
40	2-Ethyl Hexyl Esters	0.7
41	TMP Esters (TMP C8-C10 triester)	0.5
42	Ethylene Glycol Monoesters (EGMS)	0.9
43	Ethylene Glycol Diesters (EGDS)	0.9
44	Methyl Ester Sulphonate (MES)	0.7

* palm or palm kernel oil – precursor equivalent present in 1 mt of Primary Oleochemical or Secondary Oleoderivative product.

Annex 7 – Guidance for RSPO Supply Chain Certification of Food Service Company/Companies

1. Definition of food service company / companies

Facility / facilities that serves any type of meals and / or snacks for immediate consumption onsite or for take away. This category includes full service restaurants, fast food outlets, caterers, cafeterias and other places that prepare, serve and sell food to consumers or public. It also includes retail bakeries, as those located in supermarkets conducting par-baking and food service companies that deliver to institutions.

2. Purpose of this document

- 2.1 Provides guidance for the food service company / companies that use RSPO certified palm oil and oil palm products in their meals and snacks to become RSPO supply chain certified, enabling them to carry the RSPO Trademark and make claims of their commitment to use sustainably produced RSPO certified palm oil and oil palm products.
- 2.2 This guidance helps the food industry to identify and certify food service company / companies against the RSPO Supply Chain Standard 2019 and the RSPO Supply Chain Systems 2019 documents.

3. Process requirements

3.1 For single food service company

- 3.1.1 For a single food service company, module A/B/C of the RSPO Supply Chain Certification Standard applies.
- 3.1.2 The audit regime for a single food service company shall be treated the same as any RSPO Supply Chain Certification audit. The audit involves site visits for initial certification, surveillance audits and recertification.
- 3.1.3 In the case where the food service company uses less than 1000kg of oil palm products* annually, then a remote audit by the CB is allowed for surveillance audits. However, the initial certification and recertification audits shall involve onsite audits.

Note: The volume of 1000kg is determined based on the definition of Micro users (Annex 5) as defined in this standard and it refers to the total volume of all oil palm products and not only the certified volume.

3.2 For multisite food service companies

- 3.2.1 Multisite food service companies are those with franchises or with minimum of two participating sites including a Central Office.
- 3.2.2 For the purpose of certification, the multisite companies shall comply with module A/B/C of the RSPO Supply Chain Certification Standard.
- 3.2.3 The audit shall involve site visits to the Central Office and all purchasing facilities for initial certification, surveillance audits and recertification. In the case where all the purchases are controlled through strict protocol centrally by the Central Office, then only the Central Office shall be audited through a site visit, with the regional purchasing office audited remotely, if deemed necessary.
- 3.2.4 The sample audit formula as mentioned in A.2.4 of the RSPO Supply Chain Systems document, which includes onsite audits of the sampled participating sites are not required for this multisite food service companies. However, during surveillance audits, the sample audit formula shall be used to carry out remote audit sampling of participating sites' documentation during the site visit audit at the Central Office. The certification body will determine which participating sites documentation is to be reviewed during the remote audit every year. The Central Office is then required to provide relevant information and documentation of the sampled participating sites to the auditor.
- 3.2.5 The Central Office shall carry out annual internal audits of all participating sites / franchises ensuring that all sites are covered within the period of five years. The sample formula can be used to determine the number of participating sites / franchises that need to be audited within a year. The internal audit shall ensure that all participating sites / franchises of the food service companies complies to the RSPO Supply Chain Certification Standard, the RSPO Rules on Market Communications and Claims, as well as any other relevant requirements.
- 3.2.6 The Central Office shall ensure all responsibilities of the Central Office as defined in Annex 2 (Multisite Certification), i.e. training, usage of claims, record keeping and others are implemented.

3.3 For supply chain group certification food service companies

- 3.3.1 Group membership for food service companies are only for separate legal entities that use up to 500 MT of oil palm products per year individually. The Group Manager applies for RSPO Supply Chain Certification on behalf of all group members following the module A/B/C of the RSPO Supply Chain Certification Standard..
- 3.3.2 The audit shall involve site visit of the Group Manager (who has overall responsibility for maintaining the Internal Control System) during initial certification, surveillance audits as well as recertification.
- 3.3.3 Sample audit formula mentioned in A.3.4 of the RSPO Supply Chain Certification Systems document which includes onsite audits of the sampled group members' sites are not required for this group certification food service companies. However, the sample audit formula shall be used to carry out remote audit of the group members during surveillance audits. The Certification Body will determine which group members' documentation to be reviewed during the remote audit every year.
- 3.3.4 The Group Manager shall demonstrate that the management systems are in place and to provide relevant information and documentation of the group members to the CB, that was collected during the internal audit carried out according to the requirement of G.10 of the RSPO Supply Chain Certification Standard.
- 3.3.5 The Group Manager shall carry out annual internal audits of each participating sites to ensure compliance with the Group scheme chain of custody ensuring that all sites are covered within the period of five years. The sample formula can be used to determine the number of participating sites / franchises that need to be audited within a year. The internal audit shall ensure that all participating sites complies to the RSPO Supply Chain Certification Standard, the RSPO Rules on Market Communications and Claims, as well as any other relevant requirements.
- 3.3.6 Relevant information from group members that needs to be collected and maintained by the Group Manager are all of these but not limited to; a summary of all RSPO oil palm products purchased and sold, supply chain models applicable, projected use of oil palm products in metric tonnes per annum and gross quantity of RSPO certified products processed or manufactured annually.
- 3.3.7 The Group Manager shall ensure all responsibilities of the Central Office as defined in Annex 3 (Group Certification), i.e. training, usage of claims, record keeping and others are implemented

Annex 8 – Shared Responsibility requirements

The Shared Responsibility (SR) requirements will be added in this annex once the Shared Responsibility Task Force (SRTF) has completed its public consultation and the criteria have been endorsed by the RSPO Board of Governors (BoG).