

Supply Chain Requirements for Mills

Preamble

The following section stipulates the requirements for mills which are identified as complying with the Identity Preserved (IP) Module and Mass Balance (MB) Module.

For independent mills, that are only required to obtain RSPO Supply Chain Certification, Compliance with modules A and/or C of the Supply Chain Certification Standard will be required.

As per RSPO Principles and Criteria, all requirements are classified as critical Indicators.

3.8 Supply Chain Requirements for Mills

3.8.1 Identity Preserved Module

A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from plantations/estates that are certified against the RSPO Principles and Criteria (RSPO P&C), or against the Group Certification scheme.

Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. If a mill processes certified and uncertified FFB without physically separating them, then only Mass Balance Module is applicable.

3.8.2 Mass Balance Module

A mill is deemed to be Mass Balance (MB) if the mill process FFB from both RSPO certified and uncertified plantations/estates. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.

3.8.3 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill shall be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified oil palm product (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.

3.8.4 The mill shall also meet all registration and reporting requirements for the appropriate supply chain through the RSPO IT platform.

3.8.5 Documented procedures

The mill shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:

- a) Complete and up to date procedures covering the implementation of all 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 (including training records).
- c) Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organisation's procedures for the implementation of this standard.

- d) The mill shall have documented procedures for receiving and processing certified and non-certified FFBs including ensuring no contamination in the IP mill.

3.8.6 Internal Audit

- i. The mill shall have a written procedure to conduct an annual internal audit to determine whether the organization;
 - a) conforms to the requirements in the RSPO Supply Chain requirements for mills and the RSPO Rules on Market Communications and Claims.
 - b) effectively implements and maintains the standard requirements within its organisation.
- ii. Any non-conformities found as part of the internal audit shall be issued and required corrective action. The outcomes of the internal audits and all actions taken to correct non-conformities shall be subject to management review at least annually. The mill shall maintain the internal audit records and reports.

3.8.7 Purchasing and Goods in

- i. The mill shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.
- ii. The mill shall inform the CB immediately if there is a projected overproduction of certified tonnage.
- iii. The mill shall have a mechanism in place for handling non-conforming oil palm products and/or documents

3.8.8 Sales and Goods Out

The supplying mill shall ensure that the following minimum information for RSPO certified products is made available in document form. The 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).

- 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 or Mass Balance or the approved abbreviations);
- f) The quantity of the products delivered;
- g) Any related transport documentation;
- h) A unique identification number.

3.8.9 Outsourcing Activities

- i. In cases where the mill outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the mill holding the certificate shall ensure that the independent third party complies with relevant requirements of this RSPO Supply Chain Certification.
- ii. The mill shall ensure the following:
 - a) The mill has legal ownership of all input material to be included in outsourced processes
 - b) The mill 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 mill to ensure that certification body (CB) has access to the outsourcing contractor or operation if an audit is deemed necessary.
 - c) The mill has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.
 - d) The mill 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 all information, when this is announced in advance.

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

3.8.11 The mill 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.

3.8.12 Record keeping

- i. The mill shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification Standard requirements.
- ii. Retention times 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.
- iii. For Identity Preserved Module , the mill shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis

iv. For Mass Balance Module, the mill:

- a) shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis.
- b) All volumes of certified palm oil and palm kernel that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- c) The mill can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a mill is allowed to sell short (i.e. product can be sold before it is in stock.)

3.8.13 Conversion Rate

Where applicable a conversion rate shall be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Mills may determine and set their own conversion rates which shall be based upon past experience, documented and applied consistently.

3.8.14 Conversion rates shall be updated periodically to ensure accuracy against actual performance or industry average if appropriate.

3.8.15 Processing

For Identity Preserved Module, the mill shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept separated from non-certified oil palm products, including during transport and storage to strive for 100% separation.

3.8.16 Registration of Transactions

- i. Shipping Announcement in the RSPO IT platform 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 Bill of Lading or the dispatch documentation date.
- ii. Remove : RSPO certified volumes sold under a different scheme or as conventional, or in case of underproduction, loss or damage shall be removed in the RSPO IT platform.

3.8.17 Claims

The mill 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.