# RSPO SHARED RESPONSIBILITY TASK FORCE (SRTF)

## RECOMMENDATIONS POST BOG DRAFT PUBLIC CONSULTATION II

# 2 OCTOBER 2019

This document is now open for public consultation. This is your opportunity to provide feedback on the SRTF recommendations enabling all members to align and multiply efforts for collective action and drive impact.

The public consultation will last for 14 days from 3 to 16 October 2019, 23:59 MYT.

Only comments submitted in that time period and using the online survey will be considered: https://www.surveymonkey.com/r/RSPO_SR_PCII

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## 1. BACKGROUND

All RSPO members have the individual responsibility and are committed through the RSPO membership Code of Conduct (3.2) to support the vision *"to transform markets to make sustainable palm oil the norm".*  RSPO assumes the role of leading sector transformation through a shared vision, coordination, thought leadership, and acting as a catalyst for change.

The RSPO Theory of Change (ToC), is a roadmap that demonstrates how RSPO will achieve this vision through the key ToC strategies and activities that RSPO will implement, together with the support of its members, partners, and other actors.

The process for change at RSPO is characterized by a progression of "Mobilize, Act and Transform". This is the backbone of the RSPO ToC and underpinned by the concept of **shared responsibility** (SR) and **accountability** for results.

**Commitment**: All the RSPO members commit to their contribution to transforming markets.

**Collaboration**: Recognizing the need to work together and making that happen: transformation of markets cannot happen without collaboration.

**Accountability**: Commitments are to be fulfilled with a shared responsibility for impact. The expectation of partners and all members is that they actively participate and work together to transform the markets and that there is a mutual agreed accountability for results.

RSPO has seen impressive growth and can claim that approximately 20 per cent of global palm oil production is RSPO certified.  To reach scale and sustainability, there is an **urgency** for commitment to collective action through shared responsibility and accountability.  A key assumption of the ToC is that market intervention (e.g. supply and demand matching) is needed in the near to medium term as well as accountability for buyers to fulfil their commitments and ensure the uptake of sustainably produced palm oil.

The concept of shared responsibility has been discussed and agreed upon for a number of years across members. While the P&Cs are  applicable to the production of sustainable palm oil, the RSPO Code of Conduct for Members, clause 3.2, applicable to all members, requires: "3.2 Members to whom the P&C do not apply directly will implement parallel standards relevant to their own organisation, which cannot be lower than those set out in the P&C."  GA9 reiterated this in Resolution 6D, emphasizing: "Keeping in mind many elements of the Principles and Criteria are applicable to all types of responsible organizations, regardless of business interest, geography, or scale."

The GA8 in 2012 recognized some of the barriers to implementing shared responsibility included developing clear guidance on the expectations of the contribution of ordinary members, as well as sanctions (resolution 6m).  The Shared Responsibility Taskforce (SRTF) was formed in March 2019 to define more explicitly what shared responsibility means and develop recommendations for accountability.

The overall objective of the SRTF was to develop a limited set of reporting indicators for each non-producing membership category that:

- Are relevant and meaningful for the provision of information on salient issues across the non-producer RSPO members

- Are not lower than those set out in the P&Cs (RSPO Code of Conduct for Members 3.2)

- Include the implementation mechanisms, incentives and sanctions

In addition to collectively aiding to achieve the above outcome of making sustainable palm oil the norm, and ultimately real impact on the ground, the aspect of information provisioning should also be underlined. Shared Responsibility data collected in a systematic way, analysed and presented well, will allow RSPO and its members to narrate the stories of progress made and so can become a powerful tool for driving change.

## SHARED RESPONSIIBLITY RISKS

- A lot of attention paid by all stakeholders to SR process and what others are doing (or not)
- High risk for RSPO: balance between credible SR requirements & membership retention
- Balancing equivalency with feasibility e.g. burden on existing systems
- There is potential for sanctions to backfire on growers if the sanctioned supply chain actors are not allowed to trade in CSPO.
- There is the potential for members, particularly newer and/or smaller members to see the SR requirements as a burden and not join or leave
- Certain requirements considered unacceptable by SC actors

## 2. METHODOLOGY

The following document outlines the SRTF recommendations based on initial thinking from the restructure subgroup of the P&C Review Taskforce 2018, review of existing RSPO systems (current and planned), organizational documents, RSPO Secretariat in-person workshop, 75 interviews and surveys with stakeholders from all sectors, three SRTF teleconferences and an in-person SRTF workshop.  This formed the basis for the public consultation recommendations that ran from 12 June 2019 to 11 July 2019.

The public consultation included an online survey and two physical consultation workshops in Utrecht (NL) and Chicago (USA). During the public consultation 31 sets of comments were received, including several sets of group comments, for a total of close to 50 individuals participating.  Supply chain actors were more heavily represented, not surprising since this will be directly affecting them.  Public consultation comments received, were analysed, discussed and subsequent edits agreed upon by the SRTF in 2 additional SRTF teleconferences to finalize the SRTF recommendations to the BoG on What is required, of Whom, including the implementation mechanisms (HOW), incentives and sanctions.  There was 100% participation across all member categories for the SRTF meetings, with the exception of one missed meeting each for ENGOs and SNGOS (though they provided inputs before or after).

Having completed the Terms of Reference (ToR) for the SRTF, the document was submitted to the RSPO Board of Governors for endorsement. Acknowledging that despite the ToR having been completed and all outlined participation and process requirements having been met, the RSPO BoG however had some further comments, mostly on the content of the document and also requested a further public consultation as the original document had changed substantially from their perspective, due to the inputs received in the June/July public consultation, that had been duly analysed, discussed and addressed by the SRTF.

 BoG comments were analysed and where appropriate, changes were proposed to this document as a Draft 1 for review and initial feedback from the SRTF.  Agreed upon comments and changes were integrated into a Draft2, with BoG comments and pending questions discussed further on a SRTF Teleconference call to finalize this public

consultation draft.  This draft is intended for a second public consultation from 3rd to the 16th of October. For contributions to the public consultation please use this survey: https://www.surveymonkey.com/r/RSPO_SR_PCII

For more on the background and process, please visit https://rspo.org/about/supporting-bodies#shared-responsibility-task-force

## 3. HOW TO READ THIS DOCUMENT

As per the terms of reference for the SRTF, the SRTF developed in this document a "definition of a procedure applicable to all selected RSPO members to include: how and what to report, when and in which format. In addition, mechanisms for incentives and sanctions should also be recommended."

Put more clearly: the SRTF has developed the Shared Responsibility requirements (see annex 1) and how each of them is reported on (e.g. via membership application or ACOP). Linked to this, the SRTF furthermore outlines in this document the system enhancements and improvements needed to make this reporting as efficient and meaningful as possible (see sections on 'System Enhancements for Implementation' and 'Verification').
Additionally, the SRTF shares some ideas for incentives and sanctions to be taken forward in further discussions as part of year 1 implementation.

| ToR | Further details | Corresponding Sections in Document | Status of Sections | Next steps |
|---|---|---|---|---|
| How and what to report | Shared Responsibility requirements | 4. Scope: Who and What does SR apply to? <br> 5. Shared Responsibility Defined <br> 8. Definitions <br> Appendix | SRTF completed | Implementation in Year 1 |
| When and in what format | How each of them is reported on (e.g. via membership application or ACOP) | Appendix column 'collection mechanism' <br> 6. System Enhancements for Implementation <br> 7. Verification | SRTF completed | Implementation in Year 1 |
|  | Linked system enhancements needed | 6. System Enhancements for Implementation <br> 7. Verification | SRTF completed | Implementation in Year 1 |
|  | Next steps for Implementation | 9. Next Steps | SRTF completed | Implementation in Year 1 |
| Mechanisms for incentives and sanctions recommended |  | 8. Incentives and Sanctions | SRTF agreed need for incentives & sanctions, key ideas for potential incentives and sanctions from SRTF process summarised | Fully develop incentives and sanctions mechanism in Year 1 |

## 4.SCOPE: WHO AND WHAT DOES SHARED RESPONSIBILITY APPLY TO?

It is important to understand who and what the SR requirements apply to, in order to ensure they are relevant and feasible to implement.

### SCOPE: MEMBERSHIP CATEGORY

The focus of SRTF has been on ordinary members, specifically Environmental NGOs (ENGOs), Social NGOs (SNGO)s, Banks and Investors, Retailers, Consumer Goods Manufacturers (CGM) and Processors and Traders (P&T).

Supply Chain Associates, Affiliates and those holding traders' or distributors' licenses only, while a large membership category, were not seen as a first priority at present for SR, particularly in terms of driving Certified Sustainable Palm Oil (CSPO) uptake. For affiliates, analysing the different organisation types to determine their roles for SR will be needed to determine leverage points.

Growers are working towards P&C certification if not already certified, and new efforts on enforcing their timebound plans were considered sufficient in addressing SR. SR requirements for Independent Smallholders (ISH) were also not considered at this stage of SR development, as RSPO is developing a new standard for ISH at present, which is expected to address the same core topics.

Therefore, it is proposed that the requirements of Shared Responsibility in this first instance apply only to the following categories of ordinary membership: ENGOs, SNGOs, Banks and Investors, Retailers, CGM and Traders and Processors.

### SCOPE: SIZE

The SRTF also acknowledges that smaller organisations, be it within the supply chain or small NGOs, may have limiting circumstances similar to those of ISH when compared with large plantation companies and therefore need to be treated in a similar way as ISH, proportional to size and relevancy i.e. having to report on a smaller or different set of SR requirements.  SR must be inclusive and not be an undue administrative burden.

It was recognized that it would be challenging to determine what is "small" across sectors and countries with respect to Small Medium sized enterprises (SMEs) and smaller organization which could create an overly complex SR system.  Despite the limitations of SMEs, **it is recommended that the SR requirements be the same for SMEs/smaller organizations** with no exemptions.

It is recommended that the implementation be reviewed after one year. Guidance will need to be developed especially for SMEs and smaller organizations, with larger organizations serving as models. Support may be needed for implementation of SR requirements and should be considered in the SR resourcing. There should be no sanctions for lack of meeting requirements (only sanctions for lack of reporting on this). This is similar to the approach for the P&Cs reporting metrics for growers.

## SCOPE: ACTIVITIES.  PALM OIL VS ALL ACTIVITIES

The scope of the SR requirements is specific to palm oil related activities, as with the P&Cs and growers.  This ensures relevance and applicability and for organizations with limited palm oil activities, there is no disincentive. The SRTF recommends that as a minimum, the requirements be applied for palm oil related activities. If there is already a system in place that meets the SR requirements that is inclusive of all activities of the organization, this is of course acceptable. If there is nothing in place at the level of the member's organization that addresses the SR requirements, then, as a minimum, something must be put in place for palm oil related activities.

## SCOPE: GROUP VS SITE LEVEL

It will depend on the collection mechanism used. For each SR requirement the collection mechanism used is detailed in the column entitled 'Collection Mechanism' which determines whether the data is collected at group or at site level.

For example, for all policy requirements it is acceptable to refer to group level policies submitted via the membership application, whereas reporting on CSPO volumes traded would continue to be collected at site level via PalmTrace data, checked during the Supply Chain Certification (SCC) audit.

## 5. SHARED RESPONSIBILITY DEFINED

SHARED RESPONSIBILITY IS THE SET OF RESPONSIBILITIES RSPO MEMBERS MUST COMMIT TO FOR ACHIEVING THE VISION "*TO TRANSFORM MARKETS TO MAKE SUSTAINABLE PALM OIL THE NORM*".

MEMBERS HAVE **SHARED SUSTAINABILITY REQUIREMENTS AND OBLIGATIONS** WHICH ARE THE SAME ACROSS ALL MEMBER CATEGORIES.  THESE REFLECT THE CORE VALUES OF THE P&CS TO PROACTIVELY DEMONSTRATE LEADERSHIP IN SECTOR TRANSFORMATION, AND TO INFLUENCE AND MOBILIZE ACTORS AND RESOURCES, BECOMING CATALYSTS FOR CHANGE.

THOUGH A SHARED OBLIGATION, SPECIFIC **REQUIREMENTS MAY VARY** FROM ONE MEMBER CATEGORY TO THE NEXT, REFLECTING THE UNIQUE ROLES OF DIFFERENT MEMBER CATEGORIES TO HELP MAKE SUSTAINABLE PALM OIL THE NORM.  THIS INCLUDES EMBRACING AND USING SUSTAINABLE PALM OIL IN SUPPLY CHAINS AND PROMOTING AND ADVOCATING SUSTAINABLE PALM OIL TO THOSE THEY DIRECTLY INFLUENCE.

### WHAT THIS MEANS IN TERMS OF EXPECTATIONS OF EACH MEMBER

There are some shared requirements which are exactly the same across all members. And there are some requirements which are about shared outcomes but require different actions to be taken by different membership categories. Some may not be applicable to some members at all due to the nature of the requirement in question (e.g. buying of CSPO can only be done by supply chain actors and is not applicable to NGO or bank members).



Shared Responsibility to make Sustainable Palm Oil the Norm

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**The sustainability requirements that are the same across ALL members** not only reflect the core values of the P&Cs, but, once implemented, will allow RSPO and its members to proactively demonstrate leadership in sector transformation, influence and mobilize actors and resources, acting as catalysts for change.

The different member categories play different roles in the palm oil supply chain and wider enabling sector environment depending on the activities they are involved in. As such, it is recognized by the SRTF that they each have a unique role to play also with regards to *making sustainable palm oil the norm*.

Therefore, other **requirements and obligations** vary from one member category to the next, reflecting their unique roles.  This includes specific points on embracing and using Sustainable Palm Oil in supply chains and/or promoting and advocating Sustainable Palm Oil to those they directly influence.

For instance, those members who purchase palm oil, i.e. those directly in the palm oil supply chain, would therefore be asked  to report on volumes of RSPO CSPO purchased and related time bound plans, whilst those members without direct purchasing of palm oil, such as NGOs or banks for example, would be required to promote RSPO CSPO through appropriate means for their sector. Requirements may be similar or identical for several of the member categories (e.g. ENGOs and SNGOs; CGM and Retailers) and there may be requirements for all member categories on a given topic, but the actions they prescribe may be different for different categories.

During the SRTF process, volumes and uptake has been seen as the priority for achieving the RSPO vision.  Over the 7-month process, the SRTF discussed and debated the challenges faced by members in terms of market availability, smallholders, lack of physical supply chains, lack of demand, among others.  In addition, the SRTF discussed the role of credits, considering its original mandate as a transitionary tool towards full physical procurement (GA 2012 Resolution 6d)  Acknowledging these issues, challenges, changing markets and tools, while focusing on using SR to drive impact, the SRTF agreed and recommends:

- Physical CSPO is still the desired outcome to reach the RSPO vision
- Credits will always play an important part in the market and are acceptable for specific strategies (e.g. SH & JA credits) or where market supply chains for physical product are still developing
- Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented. Ambitious uptake targets including annual increase of 15% on uptake Year 1 and Year 2, with monitoring, review and adaption at the end of Year 2
- Individual members will have different starting points so this approach will encourage members with continual improvement rather than impose specific numbers.

The SRTF also agreed that demonstrating sustainability leadership by all RSPO members is a critical element of SR and requirements are proposed to allow for collective and coordinated reporting on this.

**An Overview is on the following Table. For the full list and details of all requirements for the individual membership categories please see the Appendix.**

This overview table includes all the SR requirements.  It is important to note that requirements and obligations may vary from one member category to the next, reflecting their unique roles.  See details of all requirements for the individual membership categories in the Appendix, where it is also indicated for each requirement which reporting mechanism will be used for the data in question.

| Theme/Topic | Shared Responsibility Requirements Overview (specific requirements may differ for some member categories) |
|---|---|
| Information and public availability | Transparency on organisational management documents and sustainability reports. |
| Commitment to ethical conduct | Policy for ethical conduct, including recruitment and contractors. |
| Legal compliance | Organization complies with all applicable legal requirements. |
| Third party contractors legal | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. |
| Monitoring and continual | Organization regularly monitors their sustainability performance. |
| Shared Responsibility reporting | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. |
| Claims and labels | Organizations promote the use of off-product RSPO claims and labels. |
| Information and outreach activities | Information and outreach activities:<br>- Engage with non-RSPO members, recommended with KPI's and targets for engagement<br>- Communication and engagement to transform the negative perception of palm oil, benefits of sustainable palm oil and the reality of the impacts of alternatives to PO. |
| Human Rights | Organization has a policy to respect human rights including for suppliers and sub-contractors. |
| Complaints and Grievances | All non-grower members have publicized grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism.  Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. |
| Land Use and FPIC | Organisation has a policy that commits to respect for FPIC in operational PO supply chains. |
| Land Use: Compensation | Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place for operational PO supply chains. |
| Fair and transparent dealings with SH | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. |
| Improved SH livelihoods | Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above). |
| No discrimination | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. |
| Pay and working conditions | Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW). |

| Theme/Topic | Shared Responsibility Requirements Overview (specific requirements may differ for some member categories) |
|---|---|
| Freedom of association | Organization's publicly available labour rights policy includes freedom of association and collective bargaining |
| No child labour | Organization's publicly available labour rights policy includes protection of children and remediation for suppliers and third-party contractors |
| No harassment | Organization's publicly available labour rights policy includes policy to prevent sexual and all other forms of harassment |
| No forced or trafficked labour | Organization's publicly available labour rights policy includes policy on absence of forced or trafficked labour |
| Safe working environment | Organization has policy and SOP for Occupational Health and Safety |
| Waste management | A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented. |
| Water quality and quantity | A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment. |
| Energy Use | A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported. |
| Climate change and Greenhouse Gas (GhGs) | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. |
| Volumes | Active promotion of sustainable palm oil to boost demand in all markets including aggressive targets to commit to ultimately achieve 100% that is RSPO certified palm oil products compliant in all regions/markets, with yearly progress update, from date of SR endorsement if members in 2019 or from date of membership thereafter.<br><br>Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented.<br><br>Credits are acceptable while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach).  Smallholder credits remain acceptable. |
| SR Policy | Relevant policies for implementation of RSPO Shared Responsibility are publicly available. |
| Services and Support | Services and support to RSPO, for example via participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/Landscape Approach, support to Independent Smallholders (ISH) certified, is provided. |
| Resourcing | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. |

**Implications for Members**:  ALL member categories will be expected to meet and demonstrate/report on these requirements - mandatory.

## 6. SYSTEM ENHANCEMENTS AND IMPROVEMENTS

**Key premises:**

Some key premises underly the SRTF recommendations for system enhancements and improvements:

- ✓ Leverage existing RSPO systems including streamlining and improving through SR process
- ✓ Leverage existing external systems
- ✓ Integration of systems - specifically membership application, ACOP and PalmTrace data
- ✓ Mandatory reporting of accurate information across ALL members
- ✓ Enforcement of existing mechanisms including data quality checks
- ✓ Transparency of reporting

**RSPO System Use for SR reporting:**

The majority of the SR requirements are currently reflected in existing RSPO systems but there are several issues which limit their use in understanding contribution to the mission (and impact) and shared responsibility:

- data is not provided at the level to be meaningful
- data is incomplete (blank or inaccurate)
- data is not being verified or verifiable
- data submission is not enforced.

The SRTF proposes the implementation of the SR requirements into existing systems, **provided the above shortcomings are addressed**.  This would require further investments into upgrading and alignment of systems to ensure the credibility and effectiveness of RSPO systems. See corresponding SR requirement on Resourcing.

**Membership Application** – self-reported for ALL members.  The SR requirements which generally do not change from year to year, such as policies, should be required in the membership application with evidence provided and verified by the RSPO Secretariat upon application.  These would flow through to the ACOP reporting. Note: existing RSPO members will be asked as a one off to submit the corresponding elements via a template questionnaire to be developed by RSPO Secretariat plus supporting evidence in year 1 of SR implementation.

**ACOP** – self-reported for ALL members.  The annual reporting of SR requirements that vary year on year (specifically resource commitments, volumes and timebound plans) should be required in ACOP. Current questions on policies will be limited to requesting only any updates to previously provided policies.

- o ACOP is **mandatory** for all members and independently **verified**\* with incentives and consequences of non-compliances (see 'Incentives and Sanctions' section)
- o Reporting on Time bound plans is mandatory
- o ACOP reports should be standardized, streamlined, open access and visible in members' profiles

SR requirements as identified in appendix 1 will be included in ACOP in year 1 of SR implementation. \*Clear guidance to be developed in Year 1 on verification of data (who, what/what not and how).

**Supply Chain Certification Standard (SCCS)** - for certifiable supply chain actors – a subset of SR requirements, as identified below, should be integrated into the SCC audit with membership application information integrated and alignment between ACOP reporting and the Certification Assessment Body (CAB) verification process. SR data provided by the member via ACOP would then be checked by the CAB during the audit, similar to the metrics reporting for growers (P&C 2018).

An explanation of use of SCCS audits for verifying reporting on this subset of SR requirements to be included in the revised RSPO SCCS certification systems document.

**PalmTrace** – for certifiable supply chain actors - monitoring of volumes and corresponding timebound plan implementation.  Linking of PalmTrace with ACOP in Year 1.
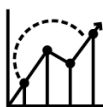
**Other corporate reporting/CSR mechanisms.**  As a means to keeping costs of SR implementation low, the SRTF recommends benchmarking existing external reporting mechanisms that utilise third party verification. It was favoured that SR should maintain reporting within RSPO systems due to the wide variety of these mechanisms in terms of transparency and verification.

**Leveraging existing external systems:**

Leverage existing accountability and reporting mechanisms to avoid duplication and member burden.  This includes:

- ✓ Consideration for other sector specific reporting mechanisms which will be assessed for equivalency during the first year of SR implementation to help streamline implementation and avoiding duplication of efforts
- ✓ Consideration of regulation in operating countries
- ✓ Benchmarking common sector standards used by RSPO membership with SR requirements for equivalency during the first year of SR implementation, to ease the burden of implementation and audits/checks & balances.

**Benchmarking:**

It is recommended that external reporting could be "recognized" as fulfilling part or all of SR requirements with a formal benchmarking mechanism that includes independent verification, whether a certification audit or external benchmarking platform.  Examples of this exist in other agriculture initiatives, such as SAI platform.  The SRTF recommends development of a clear benchmarking methodology that is based on the ISEAL Alliance's Best Practise Guide for Benchmarking (2019) immediately upon endorsement of this document by the BoG and the establishment of a central focal point for benchmarking within the RSPO Secretariat. This would ideally include endorsed external benchmarkers, who follow the RSPO approved methodology and benchmarking framework, a review by the RSPO Secretariat of the benchmark and a formal recognition of benchmarked systems if they meet the equivalency requirements. The first wave of benchmarks should be completed within the first year of implementation of SR.

*Overall, SRTF recommends that existing (improved!) systems be used to systematise the reporting of the different sectors do to get the collective narrative and hold each other accountable.*

## 7. VERIFICATION (ASSURANCE)

The SRTF recommends different approaches to assurance depending on the SR requirements.  There is concern of creating too new or additional systems which increases costs and administrative burden for RSPO and its members.

The rationale for selecting which systems and level of assurance includes:

1.  Is a one-off check sufficient (e.g. existence of a policy) or is annual review essential (e.g. CSPO uptake)?
2.  Can the SR requirement be checked via ACOP or is an annual audit recommended/essential?

The **membership application** will include a range of SR requirements, notably all policy requirements, and those will be checked for completeness by RSPO Secretariat as part of the due diligence procedure in place already when evaluating membership applications.

As a one off, existing members will be required to provide the evidence for the SR requirements that will be integrated into the membership application, notably evidence for all policy requirements, during the first year of implementation of the SR requirements. These will be checked by RSPO Secretariat for completeness.

**ACOP** will continue to be self-reported with submission of evidence of meeting the requirements.

ACOP must be strengthened with internally built-in and independent verification such as PalmTrace for volumes; whichever that is appropriate and effective. Individual ACOP reports will be public on the RSPO website to create transparency for all actors and facilitate mutual support and checking by peers.

The SRTF furthermore recommends inclusion of the following SR requirements in the **SCC audits** for those members who are SCCS certified, whereby the auditors will check that reporting for these requirements is accurate and complete:

| SR requirements' reporting to be checked during SCC audit |
|---|
| Management documents |
| Sustainability performance |
| Labour rights policy |
| Volumes |
| Policies for SR implementation |

This will be done using a template checklist prepared by RSPO Secretariat that is integrated into the internally audited report.

SCC will be used for verification, but not as the source for data.  SR should rely on member data reporting, for several reasons: using ACOP to report but having the auditors verify the data for completeness and accuracy during SCC audits, using a prepared template, rather than including the requirements in the SCC standard itself. However, the SRTF strongly recommends inclusion of a requirement to reflect this in the SCCS, similar to P&C 2018 3.2.2. It was noted that SCC auditors may need further training as their current skill set is focused on chain of custody only and does not include social or environmental auditing background necessarily.

All RSPO members have access to their information which changes over time, while CAB auditors only see a snapshot--a moment in time.  RSPO members have information in near real time, while CABs reporting processes take time and aggregating of data leads to further delays. CABs should thus be given the member reported data for the identified SR requirements subject to SCC audit check, from ACOP and verify it, rather than vice versa (as with the reporting metrics in the P&Cs).  With improved processes and systems, the administrative burden should be lessened, the data becomes a form of empowerment and add direct value to them and the RSPO network.

These organisations should conduct their own internal audit and this internal audit report will be one of the important documents to be checked by CAB. A self-assessment checklist should be developed in Year 1 to ensure consistency and add value to the process.

Verification of **volumes** should be done with reconciliation of ACOP reporting with PalmTrace data – big data verification by the RSPO secretariat.

**All SR requirements are mandatory**, so in the case of verification, non-compliance would be considered major. Consequences are outlined in 'Sanctions'. A requirement is considered in compliance if full and accurate reporting has been done. 60 days are given to address missing/incomplete information. Failure to do so will trigger the sanctions as outlined in 'Sanctions'.

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*RSPO continues to improve its IT systems, but SRTF recommendations are **dependent** on the successful integration of the various platforms.*

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## 8. INCENTIVES AND SANCTIONS

It was agreed upon by the SRTF that further Incentives and Sanctions will be developed in year 1 of Implementation.

There has been some progress on members' reporting in ACOP, though there is still room for improvement. The success of SR relies on consistent reporting by the members of all relevant data accurately. The key question therefore is, how can we incentivize all actors to commit to and report quality SR data, i.e. data that is complete on all corresponding SR requirements, submitted in a timely manner and accurate?

The SRTF strongly feels that inclusiveness is critical and emphasizes that the key is to focus on motivators to be part of the RSPO system, as well as sanctions leading to exclusion of actors.  How might good performance be incentivised and poor performance disincentivised across all member categories?

Where P&Cs are applicable, i.e. for growers, – complying with the standard (or ISH standard for ISH) is essentially the way to demonstrate SR and here:
- incentives for certified operations include access to markets, transparent prices, sustainable production
- and sanctions are non-compliance, loss of certification, loss of access to markets

It is more challenging in terms of non-grower members to find and implement appropriate incentives and sanctions.

### OVERALL ON INCENTIVES

Therefore, the SRTF proposes to create a clear value proposition of RSPO membership: being part of a community "We are RSPO" at the heart of the proposal.  The key will be to leverage the power of the network with individual members "crowdsourcing" resources and access.

Further work will be done to see how enhanced access, visibility and open communication of the network to the members with progressive SR performance could not only improve RSPO's own ability to narrate positive stories of impact, but also add to the members own benefits by creating a wider audience to communicate their intents for improvements, their sustainability story, progress and a thus strengthened brand and reputation.

**Key advantages to be underlined here are:**
- ✓ This leverages the assets of RSPO
- ✓ Increased visibility by acknowledging/highlighting of leadership practices
- ✓ Recognizes that organizations may be at different levels of the sustainability journey and allows inclusiveness
- ✓ Does not penalize lower performers through negative action as long as the member is showing a level of progress with SR performance – but encourages them to improve their practices and/or reporting on SR.

A critical point to make here is also that RSPO and its members could create additional value from the SR reported data using this data as an asset.  The collective systematic reporting of RSPO membership could be used to show the power of collective impact towards making sustainable palm oil the norm. RSPO could tell the stories of progress made by its members and the individual members could narrate the stories of their own progress with reference to RSPO as credible point of reference for these efforts.

Additionally, sector specific reporting and peer benchmarking for continuous improvement could utilize the data even further.

The full set of incentives will be developed in year 1 of implementation

The following Box 1 summarizes some of the key ideas which came from the SRTF process and stakeholders (meetings, workshops, public consultation). These are not definitive but summarized here as inputs for the full set of incentives and the incentives mechanism to be developed in year 1 of implementation. These will be open to further discussion, amendment and detailing.

**Box 1: Key Ideas on Incentives**

| Key ideas from the SRTF process on Incentives (for discussion and development Year 1) |
|---|
| Creating clear value could include:<br><br>&bull; a "LinkedIn" type community to exchange ideas, resources: RSPO is not the conduit, but provides the platform<br>&bull; Networking and connecting across members of different services and functions – buyers, funders, investors, clients, growers, ISH, etc.<br>&bull; Clearly identified membership benefits such as access to resources of the collective – knowledge, expertise, funds, governance, etc.<br><br>Specific incentives the SRTF identified could be a recognition for strong leadership, such as awards or showcasing top performers. For RSPO projects, such as specialty focus studies and research or funding for smallholder projects, or an amended procurement process could be developed to incorporate SR performance. Priority access to seats on the RSPO board, standing committees, working groups, panels and task forces could be given to high SR performers.<br><br>The RSPO Secretariat will develop an easy-to-access traffic light system on its website to show how all RSPO members are performing. In year 1, this will focus on the completeness and timeliness of SR reporting. In Year 2, this will also cover the progress on timebound plans. |
| Transparent membership "scorecards" of SR performance that highlight higher performing organizations (for example red/yellow/green; silver/gold/platinum; 5 Palms) could be developed and used for:<br><br>a. Peer benchmarking<br>b. Risk/reputation (e.g. in selection of partnerships, investments, etc.)<br>c. Create a scorecard for all the buyers and plot their purchases of CSPO to commitment to usage.<br><br>Recognition should be done for good performance – performance can be: (1) complete reporting; (2) showing excellent progress on implementation activities (rate of uptake/ improvement considered high). It is important to note that diverse membership categories with diverse starting points operating in diverse markets may mean performance cannot always be measured in absolute terms – and to recognize the changes achieved and challenges overcome. For example, measuring uptake is easy but 50% CSPO in Poland (above country average) is a better performance than 60% in Germany (below country average). Members may be at different points in the journey and need different levels of support to reach SR requirements. Support could be done via own sector peers, other sector members, RSPO Secretariat "Nudging" tools could be used as incentives internally – i.e. "What is my performance compared to my peers? Peers can be same member category, same country, same market segment. "How am I doing with respect to other members". Specific awards could be developed, e.g.: RSPO awards for high achievements and identify the top performers for praise at the RT and publish on RSPO platform |
| **Acknowledging the 100%:** the '100% members', i.e. members across all member categories who are verified as reaching 100% (volume and full SR reporting) are publicly acknowledged/accredited for doing so.<br><br>Clearly identified membership benefits that are tiered/tied to the SR performance could be developed. Those contributing more to the RSPO vision through SR have more benefits and/or priority access to benefits, |

| Key ideas from the SRTF process on Incentives (for discussion and development Year 1) |
|---|
| including those mentioned above (priority allocation of seats on RSPO organs, easier tender processes, access to funding for smallholder projects).<br><br>The different member categories themselves could make SR performance a criterion for specific incentives, such as the banks and investors offering preferential tools and mechanisms through bank lending rates or helping to motivate ACOP submissions of their creditors. NGOs could promote and give positive recognition to those supply chain members who are high SR performers. |

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## SANCTIONS

The intent of sanctions is to encourage the underperforming member to take necessary actions to gain back their suspended membership privileges through improved performance and provide support to get there.

The SRTF recommend to not start out with sanctions but use the first year to test the SR requirements, identify gaps and needed support and guidance. This will be especially critical for SMEs and smaller organizations. Members will be encouraged to share their difficulties of reaching full compliance of requirements during the first year of implementation for further improvement to SR process.

However, it will be important in Year Two to have transparent and rigorous consequences for members not contributing to SR and the SRTF recommends development of such a transparent and rigorous sanctions system during the first year of implementation.

The following Box 2 summarizes some of the key ideas which came from the SRTF process and stakeholders (meetings, workshops, public consultation). These are not definitive but summarized here as inputs for the full set of incentives and the incentives mechanism to be developed in year 1 of implementation and open to further discussion, amendment and detailing.

**Box 2: Key Ideas on Sanctions**

| Key ideas from the SRTF process on Sanctions (for discussion and development Year 1) |
|---|
| Sanctions will include limited/low priority/no access to RSPO membership benefits. The sanctions will be applied through tiered suspension, namely restriction on specific or certain membership privileges such as joining working groups, panels and task forces or restricting voting rights. This is as opposed to full suspension where the underperforming member loses all benefits in a given timeframe. The tiers and defined sanctions shall depend on their respective SR performance.<br>This could also include penalty payments (for no/ lack of performance) and a levy per ton of CSPO material NOT purchased to be introduced in Year 3.<br><br>Stronger sanctions should be implemented for critical points, such as non-compliance or or weak ACOP reporting especially on volumes; failure to meet Time Bound Plans (TBP) on CSPO volumes; failure to achieve 100% uptake for certified sustainable palm oil products by year 3 (CGM and retailer members) / year 4 (P&T members) .<br>A key element for sanctions is the enforcement of TBP commitments, which has been made stricter now for growers, but not yet for the remaining members. This includes specific timebound targets in SR requirements. Clear actions must be defined, so that RSPO Secretariat can follow through with decisions finalized by the BoG, in alignment with measures taken for growers' TBPs. |

| Key ideas from the SRTF process on Sanctions (for discussion and development Year 1) |
| --- |

**Penalties for non-compliance:** clear, enforced penalties for failure to report properly in ACOP especially on volumes; for failure to meet mandatory volume targets. Specifically, the SRTF recommends:

1. Non-public official warning letter and engagement upon missing or poor ACOP reporting once with ambitious deadline for extension to (re-)submit ACOP
2. Public warning and engagement upon missing the extension deadline for (re)submitting ACOP
3. Suspension and engagement for two consecutive years of non-reporting/poor reporting of ACOP
4. Termination for three consecutive years of non-reporting/poor reporting of ACOP

RSPO Secretariat will manage the sanction process - all warning letters sent to underperforming members and also sent to member NGOs for engagement purposes.

## 9. COMMON DEFINITIONS AMONG ALL MEMBERS

For shared responsibility and accountability to work, it is important that members have a common language and use common definitions across contexts and actors.  Overall, we defer to established definitions as per RSPO key documents.

- **Common company definition:** Use the current RSPO definition which includes subsidiaries
- **Smallholder definition:** for SR the RSPO definition of smallholder is referenced
- **Human Rights Defenders**: for SR the RSPO definition of Human Rights Defenders is referenced
- **Management document**: for SR the RSPO definition of 'Management documents' is referenced.
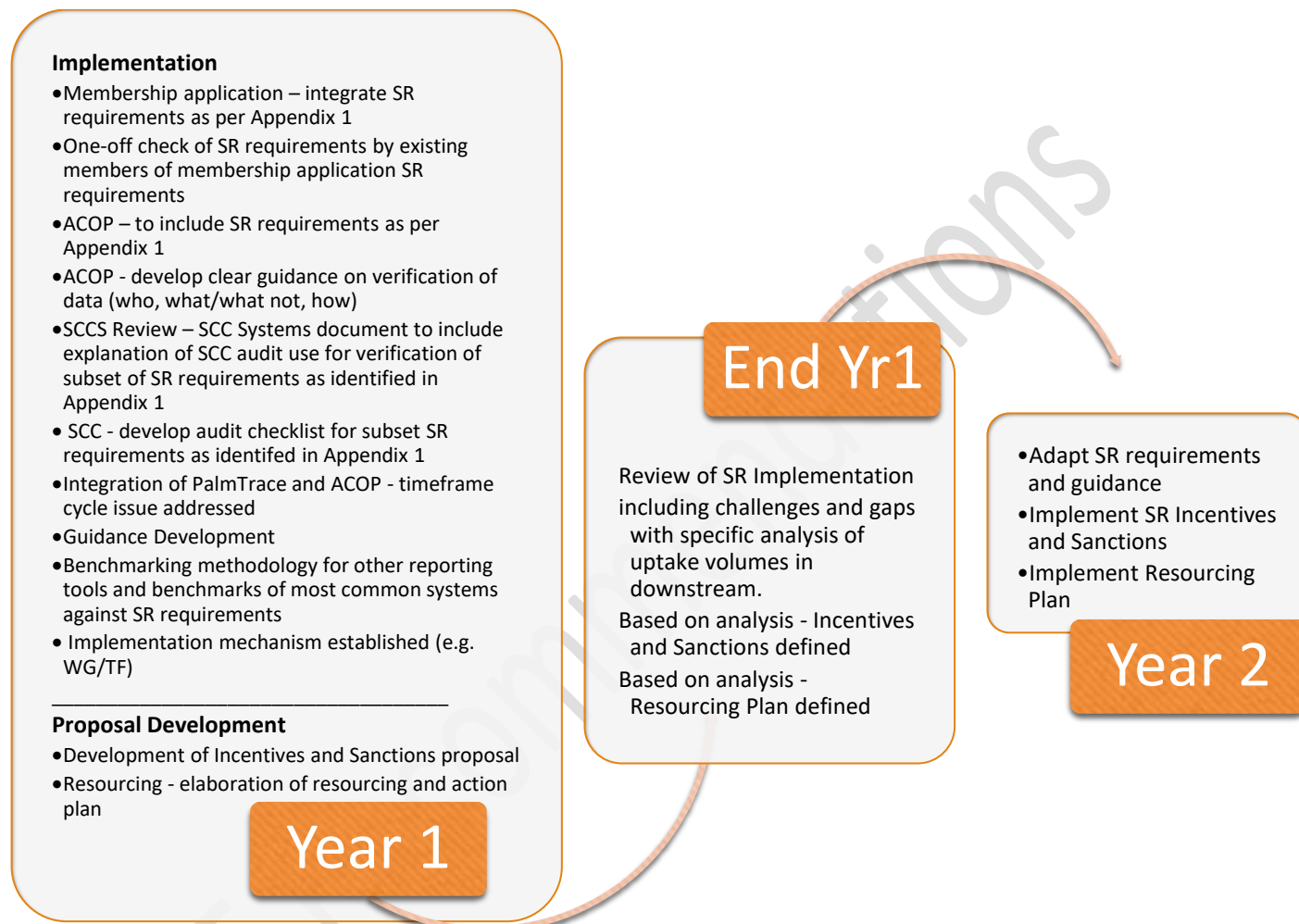
Further guidance is needed for key terms, e.g. 'all legal requirements' and what it would mean for each membership category (see section 9 Next steps).

New terms defined for this document:

- **Sustainability Performance:** complete and timely reporting of the SR requirements.
- **Off product label:** an RSPO label that is not on the product or its packaging

## 10. NEXT STEPS

### OVERVIEW NEXT STEPS

**Implementation**
- Membership application – integrate SR requirements as per Appendix 1
- One-off check of SR requirements by existing members of membership application SR requirements
- ACOP – to include SR requirements as per Appendix 1
- ACOP - develop clear guidance on verification of data (who, what/what not, how)
- SCCS Review – SCC Systems document to include explanation of SCC audit use for verification of subset of SR requirements as identified in Appendix 1
- SCC - develop audit checklist for subset SR requirements as identifed in Appendix 1
- Integration of PalmTrace and ACOP - timeframe cycle issue addressed
- Guidance Development
- Benchmarking methodology for other reporting tools and benchmarks of most common systems against SR requirements
- Implementation mechanism established (e.g. WG/TF)

_____

**Proposal Development**
- Development of Incentives and Sanctions proposal
- Resourcing - elaboration of resourcing and action plan

**Year 1**

**End Yr1**

Review of SR Implementation including challenges and gaps with specific analysis of uptake volumes in downstream.

Based on analysis - Incentives and Sanctions defined

Based on analysis - Resourcing Plan defined

**Year 2**

- Adapt SR requirements and guidance
- Implement SR Incentives and Sanctions
- Implement Resourcing Plan

**Resourcing for transformation**.  A new requirement is proposed that all members commit resources to ensure effective implementation of SR, increasing RSPO credibility and effectiveness through system improvements.

The SRTF recommends that the details for this financial resourcing will be developed in the first year of implementation. Several ideas were proposed during the SRTF process and stakeholders from meetings, workshops and the public consultation.  Those are captured in the following Box 3.

The SRTF recommends that the resourcing be directly linked to supporting the objectives of SR while ensuring credibility and inclusion to support collective action for collective impact.

**Box 3: Key Ideas on Resourcing**

| Key ideas from the SRTF process on Resourcing (for discussion and development Year 1) |
|---|
| In practical terms, the money generated through this SR contribution could also be used to provide stronger support to incorporating smallholders into sustainable supply chains including: contribution to the RSPO Smallholder Support Fund; RSPO Smallholder Academy and scholarships; supporting smallholder groups to implement the ISH standard; supporting smallholders with legal/registration issues. Funding streams would be directed to a pool for audit costs or for the verification of SR elements, such as accelerating use of big data for verification of progress towards 100% certified, triangulating/integrating with palm trace or allowing for a risk-based sample of non-grower ACOP reports to be verified, including verification of palm oil volumes.<br><br>This was reinforced in the public consultation with concrete suggestions to include a clear proposal or 'menu of options' for resourcing the transformation, that should form the basis of a discussion on who does what funded by whom. Examples mentioned were:  Increase in membership fees particularly for large companies/organisations; increase the fee per ton CSPO; sold a levy per ton of material NOT **purchased as CSPO.** |

## GUIDANCE DEVELOPMENT

The SRTF recommends development of implementation guidance, per sector, as a next step with particular attention paid to small and medium sized companies and organisations.  This could be in the form of FAQs for their reference e.g. SR Interpretation for ENGO, SR Interpretation for Banks.

## REVIEW OF SR IMPLEMENTATION

The SRTF recommends a review of the implementation of shared responsibility after one year of full implementation, particularly to assess the following questions:

- How is the data used?
- In how far does data usage allow to demonstrate progress with achieving impacts?
- In how far does data usage allow us to develop a collective narrative of progress?
- What additional burden, if any, is created for SMEs?
- What further guidance and support is needed to aide with implementation of SR requirements?
- Should implementation of SR requirements be broken down into a stepwise approach?
- What are the volumes of uptake especially along the supply chain and where is demand lagging and not creating the pull?
- Gaps, incentives and sanctions defined based on the challenges, additional support needed and especially considering the demand side of volumes

The SRTF recommends that the implementation and this review is done under the charge and supervision by the SR Oversight Committee (SROC), i.e. the chairs of all the RSPO Standing Committees. The SROC may appoint and task other appropriate RSPO groups, e.g. the RSPO Secretariat, specific Taskforces or technical consultants to carry out work on specific elements as required.

## APPENDIX DETAILS SHARED RESPONSIBILITY REQUIREMENTS (ALL)

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Information and public availability | Transparency on organisational management documents and sustainability reports. | Management documents, e.g. business plans, sustainability reports, annual reports are publicly available. | Management documents, e.g. business plans, sustainability reports, annual reports are publicly available. | Management documents, e.g. business plans, sustainability reports, annual reports are publicly available. | Management documents, e.g. business plans, sustainability reports, annual reports are publicly available. | Management documents, e.g. business plans, sustainability reports, annual reports are publicly available. | Membership application & ACOP check on updates<br><br>verified in SCC audit |
| Commitment to ethical conduct | Policy for ethical conduct, including recruitment and contractors. | Policy for ethical conduct, including recruitment and contractors. | Policy for ethical conduct, including recruitment and contractors. | Policy for ethical conduct, including recruitment and contractors. | Policy for ethical conduct, including recruitment and contractors. | Policy for ethical conduct, including recruitment and contractors. | Membership application & ACOP check on updates |
| Legal compliance | Organization complies with all applicable legal requirements. | Organization complies with all applicable legal requirements. | Organization complies with all applicable legal requirements. | Organization complies with all applicable legal requirements. | Organization complies with all applicable legal requirements. | Organization complies with all applicable legal requirements. | Membership application & ACOP check on updates |
| Third party contractors legal | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. | Organization ensures all third-party contractors in the PO supply chain comply with legal requirements. | Membership application & ACOP check on updates |
| Monitoring and continual improvement | Organization regularly monitors their sustainability performance. | Organization regularly monitors their sustainability performance. | Organization regularly monitors their sustainability performance. | Organization regularly monitors their sustainability performance. | Organization regularly monitors their sustainability performance. | Organization regularly monitors their sustainability performance. | ACOP<br><br>verified in SCC audit |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Shared Responsibility reporting | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. | Organization reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner. | ACOP |
| Claims and labels | Organizations promote the use of off-product RSPO claims and labels. | n.a. | Organizations promote preferential incentives to support use of off-product RSPO claims and labels. | RSPO CSPO is firstly promoted to be traded as RSPO CSPO, and only as second step offered as certified PO under other certification scheme where applicable. Downgrading is continuously reduced. | Off-product RSPO CSPO is labelled as RSPO CSPO (and not downgraded or sold under other certification schemes). | Off-product RSPO CSPO is labelled as RSPO CSPO (and not downgraded or sold under other certification schemes). | ACOP & PalmTrace |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Information and outreach activities | Information and outreach activities: - Engage with non-RSPO members, recommended with KPI's and targets for engagement - Communication and engagement to transform the negative perception of palm oil, benefits of sustainable palm oil and the reality of the impacts of alternatives to PO. | Constructively contribute to increasing uptake of CSPO and strengthening credibility of CSPO, e.g. through advocating publicly for RSPO CSPO or capacity building on CSPO vs no palm oil. | Maintaining clear transparent communication on the use of sustainable palm oil amongst peers and clients. | Maintaining clear transparent communication on the use of sustainable palm oil amongst peers and clients. | Maintaining clear transparent communication, including on pack communication, on the use of sustainable palm oil in products. | Maintaining clear transparent communication, including on pack communication, on the use of sustainable palm oil in products. | ACOP |
| Human Rights | Organization has a policy to respect human rights including for suppliers and sub-contractors. | Organization has a policy to respect human rights including for suppliers and sub-contractors. | Organization has a policy to respect human rights including for suppliers and sub-contractors. | Organization has a policy to respect human rights including for suppliers and sub-contractors. | Organization has a policy to respect human rights including for suppliers and sub-contractors. | Organization has a policy to respect human rights including for suppliers and sub-contractors. | Membership application & ACOP check on updates |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Complaints and Grievances | All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. | All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. | All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. | All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. | All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. | All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated. | ACOP |
| Land Use and FPIC | Organisation has a policy that commits to respect for FPIC in operational PO supply chains. | not required | Organisation has a policy that commits to respect for FPIC in their financing for PO sector. | Organisation has a policy and mechanism that commits to respect for FPIC in operational PO supply chains. | Organisation has a policy and mechanism that commits to respect for FPIC in operational PO supply chains. | Organisation has a policy and mechanism that commits to respect for FPIC in operational PO supply chains. | Membership application & ACOP check on updates |
| Land Use: Compensation | Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is | not required | Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to | Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to | Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to | Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to | Membership application & ACOP check on updates |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| | in place for operational PO supply chains. | | compensation, is in place. | compensation, is in place. | compensation, is in place. | compensation, is in place. | |
| Fair and transparent dealings with SH | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. | Organisation supports inclusion of smallholders into sustainable supply chains. Including, but not limited to: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard; legal/registration support. | ACOP |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Improved SH livelihoods | Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above). | Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above). | Organisation reports on actions to incorporate smallholders into clients' sustainable supply chains (see above). | Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above). | Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above). | Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above). | ACOP |
| No discrimination | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. | Organization's publicly available labour rights policy includes: no discrimination and equal opportunity policy. | Membership application & ACOP check on updates<br><br>verified in SCC audit |
| Pay and working conditions | Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW). | Organization's labour rights policy covers pay and conditions of workers. | Organization's labour rights policy covers pay and conditions of workers. | Organization's labour rights policy covers pay and conditions of workers. | Organization's labour rights policy covers pay and conditions of workers. | Organization's labour rights policy covers pay and conditions of workers. | Membership application & ACOP check on updates<br><br>verified in SCC audit |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Freedom of association | Organization's publicly available labour rights policy includes: freedom of association and collective bargaining. | Organization's publicly available labour rights policy includes: freedom of association and collective bargaining. | Organization's publicly available labour rights policy includes: freedom of association and collective bargaining. | Organization's publicly available labour rights policy includes: freedom of association and collective bargaining. | Organization's publicly available labour rights policy includes: freedom of association and collective bargaining. | Organization's publicly available labour rights policy includes: freedom of association and collective bargaining. | Membership application & ACOP check on updates<br><br>verified in SCC audit |
| No child labour | Organization's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors. | Organization's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors | Organization's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors | Organization's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors | Organization's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors | Organization's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors | Membership application & ACOP check on updates<br><br>verified in SCC audit |
| No harassment | Organization's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment | Organization's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment | Organization's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment | Organization's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment | Organization's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment | Organization's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment | Membership application & ACOP check on updates<br><br>verified in SCC audit |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| No forced or trafficked labour | Organization's publicly available labour rights policy includes: policy on absence of forced or trafficked labour. | Organization's publicly available labour rights policy includes: policy on absence of forced or trafficked labour. | Organization's publicly available labour rights policy includes: policy on absence of forced or trafficked labour | Organization's publicly available labour rights policy includes: policy on absence of forced or trafficked labour. | Organization's publicly available labour rights policy includes: policy on absence of forced or trafficked labour. | Organization's publicly available labour rights policy includes: policy on absence of forced or trafficked labour. | Membership application & ACOP check on updates

verified in SCC audit |
| Safe working environment | **All:** Organization has policy and SOP for Occupational Health and Safety

**SCC certified:** The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded. | Organization has policy and SOP for Occupational Health and Safety | Organization has policy and SOP for Occupational Health and Safety | **All:** Organization has policy and SOP for Occupational Health and Safety.

**verified in SCC audit:** The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues | **All:** Organization has policy and SOP for Occupational Health and Safety.

**verified in SCC audit:** The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded. | Organization has policy and SOP for Occupational Health and Safety. | Membership application & ACOP check on updates

verified in SCC audit |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| | | | | raised are recorded. | | | |
| Waste management | A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented. | A statement of intent to reduce, recycle, reuse and disposal based on toxicity and hazardous characteristics, is documented. | A statement of intent to reduce, recycle, reuse and disposal based on toxicity and hazardous characteristics, is documented. | A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented. | A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented. | A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented. | ACOP |
| Water quality and quantity | A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment. | not required | not required | A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment. | A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment. | A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment. | ACOP |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| Energy Use | A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported. | not required | not required | A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported. | A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported. | A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported. | ACOP |
| Climate change and Greenhouse Gas (GhGs) | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. | There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them. | ACOP |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
|---|---|---|---|---|---|---|---|
| **Volumes** | Active promotion of sustainable palm oil to boost demand in all markets including aggressive targets to commit to ultimately achieve 100% that is RSPO certified palm oil products compliant in all regions/markets, with yearly progress update, from date of SR endorsement if members in 2019 or from date of membership thereafter.<br><br>Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented.<br><br>Credits are acceptable while physical supply chains are developing in new | not required | Preferential rates/ investments/ loans for certified organisations and/or organisation with progressive TBP either for certification or uptake of certified products. | Active promotion of sustainable palm oil by P&T to boost demand in all markets including aggressive targets to increase uptake % annually by 15%* (i.e. year 1: baseline + 15%; year 2: baseline +30%) that is RSPO certified palm oil products compliant in all regions/markets with yearly progress update, from date of SR endorsement if members in 2019 or from date of membership thereafter.<br><br>Time Bound Plan (TBP) for increase of physical RSPO certified palm oil | Active promotion of sustainable palm oil by CGM to boost demand in all markets including aggressive targets to increase uptake % annually by 15%* (i.e. year 1: baseline + 15%; year 2: baseline +30%) that is RSPO certified palm oil products compliant in all regions/markets with yearly progress update, from date of SR endorsement if members in 2019 or from date of membership thereafter.<br><br>Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented. | Active promotion of sustainable palm oil by Retailers to boost demand in all markets including aggressive targets to increase uptake % annually by 15% * (i.e. year 1: baseline + 15%; year 2: baseline +30%) that is RSPO certified palm oil products compliant in all regions/markets with yearly progress update, from date of SR endorsement if members in 2019 or from date of membership thereafter.<br><br>Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented.<br><br>Credits are | ACOP<br><br>PalmTrace for SCC certified & verified in SCC audit |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
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| | markets or as part of strategic RSPO tools (e.g. jurisdictional approach). Smallholder credits remain acceptable. | | | products to be implemented.<br><br>Credits are acceptable while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach). Smallholder credits remain acceptable.<br><br>*target numbers will be reviewed by RSPO BoG after 2 years of implementation based on CSPO products available on the market | Credits are acceptable while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach). Smallholder credits remain acceptable.<br><br>*target numbers will be reviewed by RSPO BoG after 2 years of implementation based on CSPO products available on the market | acceptable while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach) and regions. Smallholder credits remain acceptable.<br><br>*target numbers will be reviewed by RSPO BoG after 2 years of implementation based on CSPO products available on the market | |
| **Palm Oil Policy** | Relevant policies for implementation of RSPO Shared Responsibility are publicly available. | Statement of support to RSPO's vision is available. | Relevant policies are publicly available, e.g. investment policies. | Relevant policies are publicly available, e.g. sourcing policy. | Relevant policies are publicly available, e.g. sourcing policy. | Relevant policies are publicly available, e.g. sourcing policy. | Membership appl & ACOP check on updates verified in SCC audit |

| Theme/ topic | SR Requirements | Environmental/ Social NGOs | Banks & Investors | Processors & Traders | CGM | Retailers | Collection Mechanism |
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| **Services/ Support** | Services and support to RSPO , for example via participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/Landscape Approach, support to Independent Smallholders (ISH) certified, is provided. | Provision of among other things: *Services and support to RSPO such as participation in RSPO WG&TFs, Involvement in Jurisdictional/ Landscape Approach, support to ISH certified. * support & training on sustainability topics * monitoring of implementation of sustainability topics | Services and support to RSPO, including but not limited to participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/Landscape Approach, support to ISH certified, is provided. | Services and support to RSPO, including but not limited to participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/Landscape Approach, support to ISH certified, is provided. | Services and support to RSPO, including but not limited to participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/Landscape Approach, support to ISH certified, is provided. | Services and support to RSPO, including but not limited to participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/Landscape Approach, support to ISH certified, is provided. | ACOP |
| **Resourcing** | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. | All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation. | ACOP |