



RSPO

Roundtable on
Sustainable Palm Oil

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RSPO JURISDICTIONAL APPROACH PILOTING FRAMEWORK

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PREAMBLE

This Pilot Framework document has been developed by the RSPO Jurisdictional Working Group (JWG) to be a foundation document from which a RSPO Certification Systems Document will be built.

The Jurisdictional Approach is a new framework for RSPO, taking a larger perspective than the production unit, and incorporating the government as a key stakeholder. This document therefore offers guidance and a framework for developing Jurisdictional Approaches to the certification of sustainable palm oil, which will follow the RSPO Standards (Principles & Criteria 2018, Independent Smallholder Standard, etc.) and sets a stepwise approach that is coherent across all regions.

Earlier versions of this document have been the subject of global consultation for feedback on two occasions, 24 June to 23 August 2019 and 28 February 2020 to 1 May 2020, and have built on the lessons from Jurisdictional Approach pilot projects in different parts of the world (<https://rspo.org/about/supporting-bodies#jurisdictional-working-group>).



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Further acknowledgements are due as well as to all RSPO members and stakeholders that have provided feedback on the earlier drafts of this document.

LIST OF ACRONYMS

| | |
|----------------|--|
| AB | Accreditation Body |
| ACOP | Annual Communication of Progress |
| CB | Certification Body |
| CPO | Crude Palm Oil |
| CSO | Civil Society Organisation |
| CSPO | Certified Sustainable Palm Oil |
| FFB | Fresh Fruit BunchW |
| FPIC | Free, Prior and Informed Consent |
| HFCC | High Forest Cover Country |
| HFCL | High Forest Cover Landscape |
| HCS | High Carbon Stock |
| HCV | High Conservation Value |
| HRD | Human Rights Defenders |
| ICS | Internal Control System |
| ISH | Independent Smallholder |
| JA | Jurisdictional Approach |
| LUCA | Land Use Change Analysis |
| MB | Mass Balance |
| NGO | Non-Governmental Organisation |
| NI | National Interpretation |
| NPP | New Planting Procedure |
| P&C | Principles & Criteria |
| PKO | Palm Kernel Oil |
| RaCP | Remediation and Compensation Procedure |
| RISS | RSPO Independent Smallholders Standard |
| RSPO | Roundtable on Sustainable Palm Oil |
| SEIA | Social and Environmental Impact Assessment |
| SG | Segregated |
| SOP | Standard Operating Procedures |
| ToC | Theory of Change |

GLOSSARY

| | |
|--|---|
| Audit | A systematic, independent, and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled. |
| Accreditation | Third-party attestation related to a certification body conveying formal demonstration of its competence to carry out the RSPO certification assessment. |
| Accreditation Body (AB) | The organisation that undertakes the accreditation of CBs. The organisation 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). |
| Book & Claim (RSPO Credits) | Model that supports the production of RSPO-certified sustainable oil palm products through the sale of RSPO Credits. One RSPO Credit represents one metric tonne of RSPO-certified sustainable oil palm product. |
| Certificate | Document issued under the rules of a certification system, indicating that adequate confidence is provided that a duly identified product, process or service is in conformity with a specific standard or other normative document. |
| 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 Standards. |
| Claims | Any communication to any stakeholder group in any format of the presence of certified sustainable oil palm product in a specific product or product groups. |
| 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 Smallholders | All smallholder farmers that are not considered to be Scheme Smallholders [see definition for Scheme Smallholders] are considered Independent Smallholder farmers. |
| Industry Participants | Industry players that participate in JE and are committed to comply with all RSPO requirements as a member. |

| | |
|---|---|
| Jurisdiction | A Jurisdiction is a government administrative area where a system of laws is applied, it could mean a country, a state, a province, or a district, led by an authority that has the power or right to govern and to interpret and apply the law. Jurisdictions operate according to a set of regulations, which define the mandates and authorities in planning, budgeting and implementation of programmes and activities. |
| Jurisdictional Approach (JA) | A type of landscape management, within a government administrative area, to integrate policy and practice for multiple (and often competing) needs and challenges of local stakeholders, including growers (especially Independent Smallholders and medium growers) and millers seeking inclusion in the RSPO system. |
| Jurisdictional Entity (JE) | An association, corporation, or trust that has legal standing in the eyes of law established within a respective Jurisdiction. A legal entity has legal capacity to enter into agreements or contracts, assume obligations, incur and pay debts, sue and be sued in its own right, and to be held responsible for its actions. |
| Managed Area | The land contains oil palm and associated land uses such as infrastructure (e.g., roads), riparian zones and conservation set-asides. |
| 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 under strictly controlled circumstances. |
| Off-product Claims | Claims regarding the membership status of an individual member and/or their support of the aims of RSPO. |
| 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 shells, palm kernels, palm kernel expeller, palm oil, palm kernel oil (PKO) or products derived thereof, palm (kernel) fatty acids (P(K)FAD), olein, stearin or products that are derived from fractionation of palm oil and palm kernel oil. Oil palm products may also refer to products containing any of the above. |
| Refinery | A production site that processes fats and oils into higher value fats and oils. |
| RSPO Certified Oil Palm Products | Any product that contains oil palm products certified in compliance with RSPO Standards through individual RSPO membership and/or properly sourced through the RSPO ‘Identity Preserved’ (IP), ‘Segregated’ (SG) or ‘Mass Balance’ (MB) supply chain models. |

| | |
|--|---|
| Scheme Smallholder | <p>Smallholder farmers, landowners or their delegates that do not have the:</p> <ul style="list-style-type: none"> • Enforceable decision-making power on the operation of the land and production practices; and/or • Freedom to choose how they utilise their lands, type of crops to plant, and how they manage them (whether and how they organise, manage and finance the land). |
| 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. |
| Smallholder | Farmers grow oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm provides the principal source of income and where the planted area of oil palm is usually below 50 ha in size. |
| Social and Environmental Impact Assessment (SEIA) | An analysis and planning process to be carried out prior to new plantings or operations. This process incorporates relevant environmental and social data, as well as stakeholder consultations, in order to identify potential impacts (both direct and indirect) and to determine whether these impacts can be satisfactorily addressed, in which case the proponent also defines specific actions to minimise and mitigate potential negative impacts. |
| Stakeholders | An individual or group with a legitimate and/or demonstrable interest in, or who is directly affected by, the activities of an organisation and the consequences of those activities. |
| Upwardly Delegated Criteria | The process by which the responsibility for the implementation of the RSPO Principles is delegated to a higher-level institution, in this case, the Jurisdictional Entity. |

¹ Business Dictionary, 2019, <http://www.businessdictionary.com/definition/legal-entity.html>

1. INTRODUCTION

The Roundtable on Sustainable Palm Oil (RSPO) is a global, multi-stakeholder initiative to promote sustainable palm oil production and use. Members of RSPO and participants in its activities come from many different backgrounds, including farmers, plantation companies, manufacturers and retailers of oil palm products, environmental and social non-governmental organisations (NGOs), and from many countries that produce or use oil palm products.

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. RSPO certification is an assurance to the customer that the standard of palm oil production is sustainable.

In 2018, the RSPO Theory of Change (ToC) identified the Jurisdictional Approach as one of the key strategies in achieving its vision of making sustainable palm oil the norm (refer to Annex 1). Next to the conventional certification approach, where the focus is the mill and its supply base, RSPO was looking to upscale this approach onto a Jurisdictional level. In the context of sustainable oil palm products, this will involve the certification and verification of the production and management. This approach is referred to as the Jurisdictional Approach to Certification (JA for short). Due to the scale and the complexity of any jurisdiction, the proposed system shall be practical, credible and robust enough to enable the whole Jurisdiction to comply with relevant RSPO standards and requirements.

1.1 WHAT IS THE RSPO JURISDICTIONAL APPROACH TO CERTIFICATION?

The **RSPO Jurisdictional Approach (JA) to Certification** is an approach to minimise the negative impact of oil palm cultivation on the environment and on society, at the scale of government administrative areas (Jurisdictions), which involves a stepwise certification of the production and processing of sustainable oil palm products. JA is a framework for Group Certification which allocates legal requirements and authority to a **Jurisdictional Entity (JE)**, with a multi-stakeholder governing body, which will establish an Internal Control System to facilitate full compliance with the RSPO Standards.

It involves continuously progressing towards i) achieving no deforestation, no new planting on peat, ensuring safe and decent working conditions, and upholding human rights, and ii) the **certification** of sustainable production and processing of oil palm products. As such, it builds upon and maintains the RSPO foundation of business commitments and action towards sustainable and certified production of palm oil.

The approach requires government leadership, support, and collaboration to play a key role in facilitating multi-stakeholder processes, setting up overall governance, regulations and frameworks to achieve RSPO standards. This provides an enabling legal and policy environment within which industry participants, communities, NGOs and the government can work together towards certification. The JA therefore differs from conventional RSPO Group Certification in that some roles and responsibilities are delegated to government bodies (see Section 3.3).

1.2 WHY IMPLEMENT A JURISDICTIONAL APPROACH TO CERTIFICATION?

The RSPO Theory of Change (Annex 1), seeks to “improve the quality of life of oil palm farmers, create a more prosperous oil palm industry, and enable us to better conserve our planet and its resources”. In service of this objective, the Jurisdictional Approach (JA) takes a larger perspective than just the oil palm production unit, and seeks to address some of the limitations of individual certification in order to maintain forest cover, support wildlife conservation and promote river system health at a landscape / jurisdictional scale. Furthermore, it seeks to include social dimensions of sustainable development, such as decent living wages, no slave labour and no child labour, and promoting local communities’ voices in decision-making.

The JA is a way to deliver these objectives, which are an integral part of the global Sustainable Development Goals, because they cannot be delivered through existing site-based certification systems alone. They require landscape and jurisdictional perspectives. The JA also requires the support of government policies and laws which are consistent with RSPO standards, while still maintaining sovereignty. The JA is a new type of certification, therefore, that helps address externalities and gives value to social and environmental elements that are undervalued in the palm oil trade, to bring about broader and longer-term benefits to all.

This JA to address deforestation and environmental degradation, as well as strengthening social safeguarding, has emerged from major public and private sector commitments to scale positive results for responsible production and conservation. It focuses on the political level at which land use decisions are made, and relevant governance policies for sustainability are enforced. It thereby unlocks public policies and business models that confer benefits to producers, such as increased access to markets and finance, job creation, poverty alleviation, more abundant natural resources, and a healthier and more resilient environment.

The JA needs to involve multi-stakeholder processes to resolve the multiple (and sometimes competing) needs and aspirations of local stakeholders. This provides the framework for a wider participation to comply with the RSPO Principles and Criteria through broadening the roles and responsibilities of compliance to include government bodies, non-RSPO industry players and civil society, which offers a platform for resolving conflicts and developing sustainable solutions.

This important element of the JA has already given opportunities to drive dialogue and convergence of common goals across business, government, and community stakeholders. With governance, planning and enforcement repeatedly identified as both critical and limiting factors, this opportunity for dialogue and convergence is most valuable because it can redirect, focus and energise government action. The potential benefits of using the JA include:

- a) Providing a more cost-effective management approach, through the consolidation of resources, expertise and efforts, and broadening government involvement and stakeholder actions for structural change on issues that go beyond the capacity of single producers or even the full supply chain. For example, clarifying land titles for growers throughout a Jurisdiction.

- b) Helping to achieve economies of scale both for the palm oil industry, communities and the environment through landscape-level planning, mitigation and conservation impacts. For example, the government and larger companies may pay for landscape-wide mapping and monitoring. This ensures that family farms are not in protected areas and that farmers are not cutting down primary and regenerative forests to expand their fields.
- c) Relieving some of the financial burden off smallholders and medium growers to meet the requirements for certification, or sharing the costs of certification across more producers that work through group certification to a single Jurisdictional Entity (JE). For example, costs of audit and RSPO membership.
- d) Companies who are sourcing palm oil (and potentially other commodities) appreciate the potential of JA, in particular jurisdictional sourcing and certification, to simplify traceability and certification, and to lower the cost of meeting their environmental, social and governance commitments.
- e) Local stakeholders welcome JA as a means to make sure that strategies and paths towards sustainability are owned and defended by regional society and not imposed from outside.
- f) This approach is also a significant step towards working collaboratively to improve the livelihoods of small-scale farmers, where the collaborative effort helps solve sustainability problems at the grassroots level.

Jurisdictional Certification follows the RSPO 2018 Principles & Criteria, as well as other RSPO Standards. The challenge, therefore, is to integrate RSPO P&C which were developed with plantation concessions and estates, or growers and smallholders in mind, to apply to whole Jurisdictions. Even the National Interpretation guidelines for certification have not yet considered ‘whole Jurisdictions’. This means that overarching factors of government policy or laws, which may allow or even encourage certain activities that are inconsistent with RSPO jurisdictional certification, will need to be addressed within compliance to the National Interpretation of RSPO relevant standards if Jurisdictional Certification is to be applied.

Taking these factors together, the RSPO Jurisdictional Working Group has agreed upon the framework for Jurisdictional Certification presented in this piloting framework document, which forms the basis of the future Certification System Document (CSD). The JWG notes that new standards and processes may be needed to address new challenges as they arise when applying the JA.

1.3 THE PURPOSE OF THIS DOCUMENT

This document establishes requirements for a Jurisdictional Certification. It clarifies: the units of certification; applicability of relevant RSPO standards, requirements and procedures; system and management requirements; verification, claims and credit system; and certification system requirements. Given the wide range of scales: country, Province/ State, District etc, and differing social, economic, political and environmental contexts, it does not prescribe *how* to put a JA to RSPO certification in place.

Note:

1. Refer to [FAQ on RSPO Jurisdictional Approach document](#) for more information.

2. SCOPE

This section on scope provides a general context of the Jurisdictional Approach to Certification:

- i) The boundary of the Jurisdiction and its Unit of Certification
- ii) The roles of the Multi-Stakeholder Board and Jurisdictional Entity
- iii) The funding mechanism for Jurisdictional Certification Process
- iv) Applicability of relevant RSPO Standards within the Jurisdiction
- v) RSPO Membership for the Jurisdictional Entity

2.1 BOUNDARY OF THE JURISDICTION AND ITS UNIT OF CERTIFICATION

The boundary of a Jurisdiction is defined by the area over which a local authority (government body) has legislative, regulatory, political and general administrative authority, thus giving it sufficient authority to apply the RSPO standards. In large Jurisdictions, the JE may choose to apply the approach in a smaller administrative scale – district, state, or province.

With the view that RSPO is an internationally recognised voluntary scheme for sustainable palm oil production, this approach focuses on the adoption of sustainable standards for FFB and palm oil production, as well as crushers, refiners and oleochemical plants. Hence, the JA requirements are ONLY applicable to the oil palm industry within the Jurisdiction.

The Unit of Certification for the RSPO Jurisdictional Approach for Certification is the Jurisdictional Entity (JE) and its individual industry participants. Individual industry participants of a Jurisdictional Entity could be from any sector of the industry, with emphasis on FFB producers (estates and individual farmers), collection centres/ intermediaries, millers, crushers, refiners, and oleochemical plants to continuously strengthen their sustainable practices. The certificate holder is the JE and its defined participants.

A JE may hold multiple certificates for different groupings of its industry participants within the Jurisdiction. Grouping of industry participants within the Jurisdiction varies across jurisdictions based on readiness of its industry participants towards compliance to relevant RSPO standards and requirements as a result of an effective JE internal audit mechanism.

2.2 ROLES OF MULTI-STAKEHOLDER BOARD AND THE JURISDICTIONAL ENTITY

Government leadership, support and collaboration play a crucial role in facilitating a multi-stakeholder process to strengthen overall governance, regulations and frameworks to bring everyone to reach a similar standard, thus facilitating compliance with the RSPO standards. This is to be done through the establishment of a JE, governed by a Multi-stakeholder Supervisory Board, performing administrative and executive services for the Jurisdiction and its industry participants related to:

- Compliance to requirements of the RSPO Jurisdictional Approach (System Requirements and Landscape Performance)
- Compliance to relevant RSPO Standards by respective industry participants through its internal audit system
- RSPO certification audit, procedure and/or processes
- Grouping of eligible industry participants for RSPO certification
- Enforce suspension or termination of non-compliant industry participant(s)
- Legal reform to create enabling condition for compliance to RSPO Standards

The Multi-stakeholder Supervisory Board should consist of members representing the key stakeholders, including the government providing leadership to the oil palm industry. This is to be done through providing strategic direction and guidance to JE, creating enabling conditions for relevant legal and/or policy reform for compliance to RSPO Standards, and ensuring effective and efficient functioning of JE progressing towards its objective. Refer to Chapter 4 of this document for details.

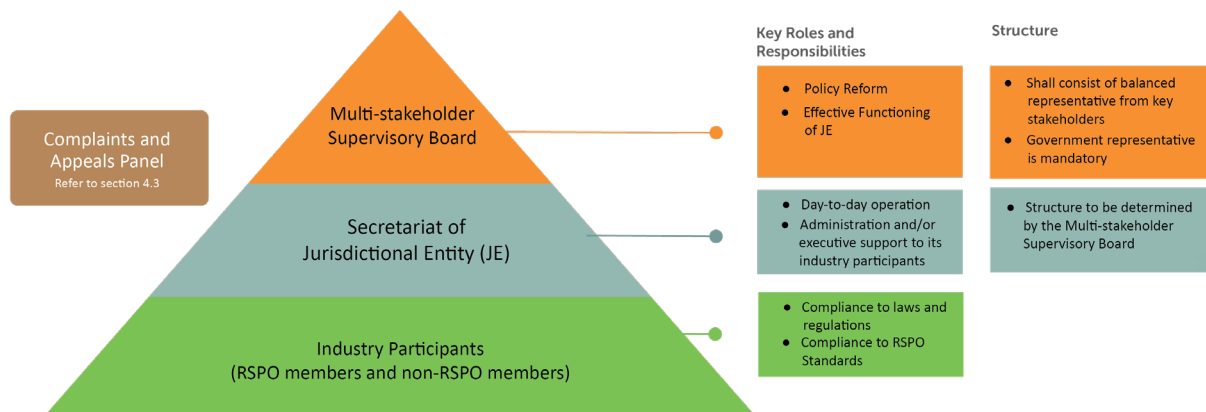


Figure 1: Key roles and responsibilities of the Multi-Stakeholder Board, Jurisdictional Entity and industry participants.

The government representatives who sit at the multi-stakeholder board must be authorised and carry the authority to act on the law and/or regulation implanted by the government on matters related to the jurisdictional certification. The representatives should also be able to update the respective governmental agencies that they represent and also be able to bring back further support as and when necessary and seek and obtain approval for these supports which may include funding.

2.3 FUNDING OF THE JURISDICTIONAL ENTITY

One of the guiding principles of the JA is that growers (or groups of growers) should be allowed to trade their produce and retain sales revenue, from both physical sales and PalmTrace credits, thus retaining financial incentives for individuals and groups of growers to participate in the RSPO certification process. The current system of RSPO members getting income from FFB and PalmTrace credits trading would continue, and this system would apply to non-RSPO members that are certified under the JE group certificate, where each grower / group would be issued an independent 'trading number' to generate sales income. This would provide financial benefits to JE group members in addition to cost savings that derive from being a JE group member (e.g., reduced audit fees, HCV and HCS assessments done centrally, etc.).

Since growers retain their sales income under this principle, the financing of the Jurisdictional Entity needs special attention to cover staff salaries and full operating costs. For it to oversee, implement and enforce the JA to RSPO certification, a funding model will need to be developed in each Jurisdiction. This will vary according to local and national circumstances, but could include direct government budgetary support, grants from the public and private sector, JE membership fees, and a proportion of the current RSPO trading fee which could be redirected to the JE.

2.4 APPLICABILITY OF RELEVANT RSPO STANDARDS WITHIN THE JURISDICTION

It is fundamental to the integrity, credibility and continued progress of RSPO that every member supports, promotes and works towards the production, procurement and use of sustainable palm oil. JA is an important complement to farm- and processor-level interventions to promote and measure progress towards sustainability. Technical assistance, finance, law enforcement and other types of Jurisdictional-level interventions are essential to drive changes at farm-, processor- and landscape level.

Jurisdictional-level measures based on RSPO Standards are required to streamline Jurisdictional-level interventions and processes through strengthening overall governance, regulations and frameworks. This contributes to streamlining both internal and external auditing, monitoring and reporting processes for all stakeholders across the entire Jurisdiction, while maintaining high certification standards.

To ensure the credibility of palm oil sustainability claims by the Jurisdiction, relevant stakeholders within the Jurisdiction that take legal ownership and produce or handle oil palm products need to be RSPO certified to make claims and trade CSPO. Effective 'mainstreaming' of sustainability for production on a Jurisdictional level shall encompass most (if not all) stakeholders within its supply chain.



- Certified under the RSPO Principle and Criteria
- Certified under the Supply Chain Certification Standard
- Exempt from certification in case there is no physical handling of certified materials (traders), no relabelling / repacking (distributors, retailers)

The JE will apply RSPO Standards which are relevant to actors with different size and characteristics:

- RSPO Principles & Criteria for the Production of Sustainable Palm Oil (RSPO P&C 2018)²
- RSPO Independent Smallholder Standard (RSPO ISS 2019)
- RSPO Supply Chain Certification Standard (RSPO SCCS)

The latest versions of the above documents apply.

² In the absence of National Interpretation, generic P&C and Standard applied.











| | RSPO Principles & Criteria (P&C 2018) | RSPO Independent Smallholder Standard (RISS 2019) | RSPO Supply Chain Certification Standard (SCCS) |
|---|---|---|---|
|  <p>PROSPERITY</p> <p>Competitive, resilient, and sustainable sector</p> | <ol style="list-style-type: none"> 1. Behave ethically and transparently 2. Operate legally and respect rights 3. Optimise productivity, efficiency, positive impacts and resilience | <ol style="list-style-type: none"> 1. Optimise productivity, efficiency, positive impacts and resilience | <p>General Chain of Custody Requirements and specific modules are:</p> <p>Module A – Identity Preserved</p> <p>Module B – Segregated</p> <p>Module C – Mass Balance</p> <p>Module D – CPO Mills: IP</p> <p>Module E – CPO Mills: MB</p> <p>Module F – Multi-site Certification</p> <p>Module G – Supply Chain Group Certification</p> |
|  <p>PEOPLE</p> <p>Sustainable livelihoods & poverty reduction. Human rights protected, respected & remedied</p> | <ol style="list-style-type: none"> 4. Respect community and human rights and deliver benefits 5. Support smallholder inclusion 6. Respect workers' rights and conditions | <ol style="list-style-type: none"> 2. Legality, Respect for Land Rights and Community Wellbeing 3. Respect human rights, including workers' rights and conditions | |
|  <p>PLANET</p> <p>Conserved, protected and enhanced ecosystems that provide for the next generation</p> | <ol style="list-style-type: none"> 7. Protect, conserve and enhance ecosystems and the environment | <ol style="list-style-type: none"> 4. Protect, conserve and enhance ecosystems and the environment | |
| <p>Applicable to whom?</p> |  <p>Estate</p>  <p>Mill with supply base</p> |  <p>Independent Smallholder</p> |  <p>Independent Mill</p>  <p>Crusher</p>  <p>Refiner</p>  <p>Oleochemical</p> <p>Collection centre / intermediary</p> |

Table 1: Applicability of RSPO Standards

2.5 RSPO MEMBERSHIP FOR THE JURISDICTIONAL ENTITY (JE)

In achieving inclusiveness of growers (especially smallholders) through streamlining certification processes with strong government leadership, support and collaboration, this approach allows individual industry participants to certify their palm oil products against the RSPO Standards under a single certificate, held by JE. Hence JE shall apply for RSPO ordinary membership (single) and shall have a single voting right at the General Assembly. As the industry participants within the JE consist of growers, traders and processors, collection centres, independent mills, crushers, refiners, and oleochemical facilities; the JE may be recognised as an independent membership sector and group membership type respectively. Both the JE and its industry participants shall be bound by the Code of Conduct for Members of RSPO. JE is required to submit the following, along with its submission of RSPO membership application:

- ✓ Reports and supporting documents fulfilling requirements of Step 2.
- ✓ Work Plan to progress towards Step 4 and eventually 100% RSPO certification.

The JE, as an RSPO ordinary member, is obliged to submit the Annual Communication of Progress (ACOP) to gauge all its industry participants' progress towards 100% RSPO-certified sustainable palm oil. JE is obliged to submit ONE report, capturing progress of all its industry participants, individually and respectively.

2.5.1 INDUSTRY PARTICIPANTS OF JE

Once the Jurisdiction has complied with the preconditions and there is a functional and resourced JE, the Jurisdiction can streamline the certification process. Participation of industry players and smallholders in the JE is voluntary, unless it is made mandatory by government policy and regulations. All industry participants within the Jurisdiction shall be informed that they must comply with all RSPO requirements and the upwardly delegated Principles and Criteria. There may be circumstances which result in actors not complying to RSPO Standards, who may be subjected to disqualification (refer to section 5).

2.5.1.1 Existing RSPO member

Existing RSPO member(s), including existing Independent Smallholder group(s), within the Jurisdiction may continue to maintain their independent RSPO membership and pursue certification separately. Alternatively, they can join the JE's RSPO membership and certification process, but they cannot operate and trade with independent and JE certificates at the same time. RSPO member(s) who decided to join the JE's RSPO membership are obliged to comply with all RSPO requirements, leveraging performance and assistance provided by JE. However, RSPO member(s) who make the management decision to pursue certification independently, may do so as long as they adhere to the JE's certification timeline.

2.5.1.2 Non-RSPO member

Industry participants and smallholders who join the JE, but are yet to become RSPO members, are to comply with all RSPO requirements through JE RSPO membership. Industrial participants are to pursue certification through group certification facilitated by the JE. Alternatively, industrial participants may make the management decision to apply for their own RSPO membership, but they still need to abide by the requirements of the JE.

2.5.2 RISS IN THE CONTEXT OF JE MEMBERSHIP

As with the existing industry participants, Independent Smallholders have the option to pursue RISS certification facilitated by the JE, or to do it independently by becoming an RSPO member and following the RISS procedures and requirements. Should the Independent Smallholders pursue RISS certification as part of the JE, where their certification is contingent on criteria and indicators that should be upwardly delegated, they will have to follow the overall JE certification stepwise time frame.

Independent Smallholders pursuing RISS must fulfil all requirements stated in the standards, including establishing a legal entity (referred to as ISH Group Manager), which would/could then participate in the JE. The sales of certified FFB as RSPO Credits or through the physical supply chain models (Identity Preserved – IP, Segregated – SG, or Mass Balance – MB) would be done through the ISH Group Manager.

Note:

- i. *RSPO Membership Rules shall be revised to incorporate JE membership.*
- ii. *The mechanism and/or ACOP template for the JE is to be developed to ensure the practicality and simplicity of reporting to gauge individual industrial participant's progress.*

3. RSPO STEPWISE APPROACH FOR JURISDICTIONAL CERTIFICATION

3.1 THE STEPWISE APPROACH

Given the scale of intervention required for jurisdictional certification, and the range of readiness and compliance of different actors within a Jurisdiction, it is necessary to take a stepwise approach to achieving full jurisdictional certification. The stepwise approach allows all FFB and palm oil producers, as well as supply chain actors to enter the system through the JE, and gives time for the necessary institutional, policy, regulation and management changes to be put in place. The approach is designed to allow time for continual improvement and progress towards meeting all requirements by all producers and supply chain actors, including strengthening the role of government within the system.

Key requirements are:

- Multi-stakeholder Board established with balanced representatives of stakeholders (government, producers, NGOs, community spokespersons and supply chain actors).
- JE is established with legal authority over all producers and demonstrates progress in meeting landscape indicators and ensuring compliance of producers and supply chain actors.
- Transparent and effective functioning internal control system, with grievance and complaints mechanisms established, ensuring credible governance of JE.
- Compliance to landscape performances/measures and procedures (such as the New Planting Procedure [NPP]) at every step are measured by fulfilling all the requirements of the current step and all proceeding steps, in addition to compliance to applicable standards.
- Progressively adopting sustainable practices on farm- or estate- level production of palm oil.

The jurisdictional certification is a gradual process – four distinct steps have been identified that allow progress to be monitored. The details of these steps are elaborated in Section 3.5: Stepwise Approach (Table 3), and they move from:

- a) **Step 1: Pilot step**, when a Jurisdiction determines that they would like to pursue a jurisdictional approach to certification and make public policy statements and / or put in place regulations in support of this objective. The RSPO Board must approve the Jurisdiction's written request to be identified as a RSPO Pilot.
- b) **Step 2: Application step** is achieved when a multi-stakeholder board is in place, and a Jurisdictional Entity (JE) is legally established, and various landscape indicators are being measured. This step is completed when the JE has successfully applied to the RSPO Membership Unit to become a RSPO member.
- c) **Step 3: Implementation step** is when the internal control systems of the JE are well established and requirements for RSPO certification are being put in place. This step is completed when an independent and accredited Certification Body completes a full audit of the JE for RSPO certification.

- d) **Step 4: Certification step** is the final step in the process, at which point the producers, processors and supply chain actors within the Jurisdiction which have been certificated under the JE may trade RSPO certified products. Market claims can be made based on the volume in accordance with the latest RSPO Rules on Market Communications and Claims.

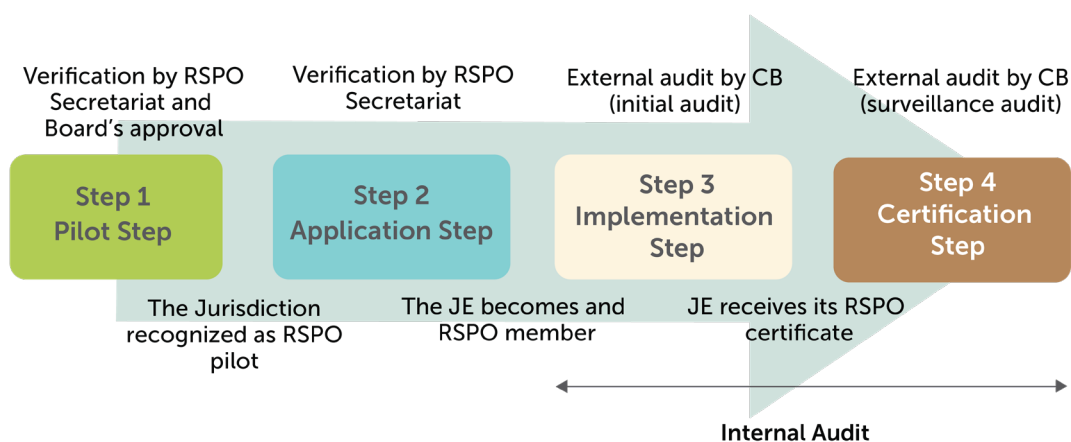


Figure 2: JA Stepwise Approach

3.2 LANDSCAPE PERFORMANCE - IMPACT AT SCALE

By undertaking JA, landscape indicators will include environmental and social measures, beyond the immediate area of oil palm production, and will depend on a credible, holistic and integrated landscape management at the scale of the entire Jurisdiction. In addition to needing a credible management system, landscape level indicators are essential for assessing impacts and for reliable reporting of progress of significant steps towards jurisdictional sustainability.

It is the ambition of the JA to provide a context in which all commodities can benefit from the RSPO standards and follow the Jurisdiction land-use plan. It is however recognised that a JE established under RSPO cannot vigilate non palm oil crops and that a certain level of non-compliances (i.e., clearing of HCV/HCS etc) may continue through licensing or illegal activities for non-palm oil crops. This means that LUCA, RaCP, and NPP requirements only apply to oil palm. Rather than having this possibility disqualify the entire approach it is hoped that a positive example set by the JA will provide the catalyst for other commodities to follow, utilising the framework provided.

New measures for assessing jurisdictional sustainability, in which sustainable development and management of palm oil are explicit goals, are required to credibly assess, report, verify and make claims about sustainability of production in the Jurisdiction. These new measures are developed in accordance with RSPO Standards which contribute to delivering positive impacts to Planet, People and Prosperity (RSPO's three key pillars of Impacts).

3.3 UPWARD DELEGATION

At the centre of the JA to certification is the principle of upward delegation. Upward delegation refers to the process by which the responsibility for the implementation of the RSPO Principles is delegated to a higher-level institution, in this case, the Jurisdictional Entity.

At the core of the principle of upward delegation, is that the local government will ensure that the principles and criteria apply to the entire Jurisdiction through legal instruments, such as laws, regulations and policies.

Producers, which are members of the Jurisdictional entity, are only responsible to comply with these legal instruments.

The essential RSPO criteria that should be upwardly delegated, to ensure that the JA to certification provides the most benefits are described in Table 2. The appropriate legal instrument should be defined in the context of the specific Jurisdiction, although many environmental issues can be addressed through spatial planning processes while human rights laws and free, prior and informed consent can be enshrined in laws and regulations.

Table 2: Upwardly delegated criteria

| PRINCIPLES | CRITERIA |
|---|---|
| Principle 4: Respect community and human rights and deliver benefits | 4.1. The unit of certification respects human rights, which includes respecting the rights of Human Rights Defenders. |
| | 4.4. Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their Free, Prior and Informed Consent. |
| | 4.5. No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their FPIC. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions |
| | 4.6. Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables Indigenous Peoples, local communities and other stakeholders to express their views through their own representative institutions. |
| | 4.7. Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their FPIC and negotiated agreements. |
| | 4.8. The right to use the land is demonstrated and is not legitimately contested by local people who can demonstrate that they have legal, customary, or user rights. |

Table 2: Upwardly delegated criteria

| PRINCIPLES | CRITERIA |
|--|---|
| Principle 6: Respect workers' rights and conditions | 6.1. Any form of discrimination is prohibited. |
| | 6.2. 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). |
| | 6.3. The unit of certification respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel. |
| | 6.4. Children are not employed or exploited. |
| | 6.5. There is no harassment or abuse in the workplace, and reproductive rights are protected. |
| | 6.6. No forms of forced or trafficked labour are used |
| | 6.7. The unit of certification ensures that the working environment under its control is safe and without undue risk to health. |
| Principle 7: Protect, conserve and enhance ecosystems and the environment | 7.7. No new planting on peat, regardless of depth after 15 November 2018 and all peatlands are managed responsibly. |
| | 7.11. Fire is not used for preparing land and is prevented in the managed area. |
| | 7.12. Land clearing does not cause deforestation or damage any area required to protect or enhance High Conservation Values (HCVs) or High Carbon Stock (HCS) forest. HCVs and HCS forests in the managed area are identified and protected or enhanced. |

3.4 JURISDICTION-WIDE MONITORING

A key element to measure landscape performance at a Jurisdictional level is the ability for the JE to establish a system which follows the RSPO standards, to monitor and verify environmental risks and impacts, like deforestation, peat conversion, burning/hotspots, and land use change, as well as social risks and impacts, like human rights abuses, labour rights violations, violations of rights to free, prior and informed consent (FPIC) and dispossession of community lands, that occurred in the past and might occur in the future. The system should be developed and fully operating in Step 2 of the Stepwise Approach for the Jurisdictional Approach (see Section 3.5). The system established by the JE shall monitor on a frequent and continual basis all relevant indicators of environmental and social risks and impacts across the Jurisdiction, including the indicative map of peatlands, HCV areas, HCS areas, and jurisdictional 'no-go' zones for oil palm expansion (e.g., conservation and protected areas), news and media reports, and reports (written and verbal) from civil society organisations, non-governmental organisations, government agencies and local stakeholders. The JE provides reports of any potential non-compliance cases detected to the Multi-stakeholder Board for consideration as soon as possible. A mechanism should be in place to verify any potential non-compliance with RSPO Standards that is detected which shall include appropriate ground truthing activities set up by the JE. The system shall be aligned with the historical Land Use Change Analysis (LUCA) conducted with (potential) liability declared and made publicly available. The system shall have an accounting layer of oil palm concession ownership based on the database of information of oil palm producers operating in the Jurisdiction to address any liability and future alerts of non-compliance directly to the oil palm concession holder. The JE shall publicly report on the performance of the system, which will include aggregated non-compliance cases detected on an annual basis through the JE's ACOP submission.

3.5 STEPWISE APPROACH REQUIREMENTS

Streamlining Jurisdictional-level interventions or processes is key to the success of the JA. Hence, it is crucial to ensure that Jurisdictional-level interventions and/or activities are properly implemented and measured. Table 3 presents the key requirements on Jurisdictional-level performance.

Each step has its own requirements on systems and landscape-level performance, in addition to farm-, estate-, mill- and facility-level compliance of FFB and oil palm producer and supply chain actors to RSPO Standards.

Table 3. Stepwise Approach for Jurisdictional Approach for Certification Requirements

| | STEP 1 | STEP 2 | STEP 3 |
|----------------------------------|--|--|--|
| System Performance Indicators | <p>I. Multi-stakeholder group established with mandate from the relevant government authority</p> <p>II. Statement of intent to achieve 100% RSPO compliance made public by relevant government authority.</p> <p>III. Plan developed for:</p> <p>a. Establishment of the JE</p> <p>b. Relevant policies, system, procedures to support Jurisdictional Approach</p> <p>c. Spatial mapping of all producers, millers, refinery and crushers, HCV/HCS and other relevant information.</p> <p>d. Database of information on producers, processors, and supply chain actors within the Jurisdiction.</p> | <p>I. JE is legally established with a Multi-stakeholder Board in place (Element 1.1 and 1.2 of System Requirements)</p> <p>II. JE Internal Control System (ICS) developed (see Element 2)</p> <p>III. Oil palm planted areas and land bank of all producers, millers, refineries and crusher and refinery facilities spatially mapped.</p> <p>IV. Database compiled on producers, processors, and supply chain actors within the Jurisdiction.</p> <p>V. JE becomes an RSPO member.</p> | <p>I. The Internal Control System of JE (including internal audit) is functioning (Element 2 – fully implemented).</p> <p>II. Quality control system in place and policy framework (Element 1 and Element 2)</p> <p>III. Plan in place to establish Internal Grievances, Complaints & Appeals Mechanisms (Element 3).</p> <p>IV. Financing viability and transparent accounting procedures in place.</p> <p>V. Oil palm planted areas and land bank of JE members, and a detailed database required for RSPO certification.</p> |
| Landscape-Performance Indicators | <p>Plan developed to conduct and/or develop Jurisdictional level:</p> <p>I. Procedures for FPIC and for recognition of land rights (legal, customary and user rights) formulated</p> <p>II. Indicative HCV and HCS mapping (in alignment with RSPO requirements), includes mapping of peatlands</p> <p>III. Historical Land Use Change Analysis (LUCA) in accordance with RSPO LUCA guidance document.</p> <p>IV. Legal gap analysis of differences between RSPO P&C and Jurisdiction law and policies.</p> <p>V. Regulation on use of fire, fire prevention and control measures</p> | <p>I. Indicative map of peatlands, HCV and HCS areas.</p> <p>II. Jurisdictional level ‘No-go’ zones (for conservation and protection) mapped.</p> <p>III. LUCA completed with (potential) liability declared and made publicly available.</p> <p>IV. Procedures for recognition of land rights (legal, customary and use rights) developed.</p> <p>V. FPIC procedure and guidelines completed for the Jurisdiction.</p> <p>VI. Regulation on use of fire, fire prevention and control measures in place.</p> <p>VII. System developed and fully operating at a Jurisdictional level to monitor, detect and verify deforestation, hotspots/ burning and conversion of peatlands, HCV areas, HCS areas and other ‘no-go’ zones, including social risks and impacts.</p> <p>VIII. Legal gaps identified on the differences between RSPO P&C and Jurisdiction law and policies and the necessary regulations or procedures are developed.</p> <p>IX. Assessment of disqualifying social and environmental issues and steps taken to address them including no conversion of HCV, HCS or peatlands, and serious human rights violations and systemic land grabbing.</p> | <p>I. FPIC and land rights recognition procedures and guidelines are in place and being implemented.</p> <p>II. Spatial planning is in place, including HCV, HCS, and peatland, and RaCP requirements are being implemented.</p> <p>III. SEIA procedures and guidelines are being implemented.</p> <p>IV. Remediation and compensation plan approved (for conservation liability(s) identified in Step 2) and in implementation</p> <p>V. New Planting Procedures as per RSPO requirements being implemented</p> <p>VI. Enforceable regulations or procedures are adopted and applied to overcome gaps with RSPO P&C</p> <p>VI. Disqualifying social and environmental issues are addressed or certification cannot proceed.</p> <p>VII. System developed and fully operating at a Jurisdictional level to monitor, detect and verify deforestation, hotspots/burning and conversion including social risks and impacts.</p> |

After Step 3 has been completed and there is a fully functioning JE, the JE receives group certification through external audit, following respective RSPO Standards. Auditing of the standards is as the Certification System Requirements and necessitates adequate evidence at the appropriate level of management.

Notes:

- i. Guidance on Jurisdictional-level indicative HCV and HCS mapping is to be developed by respective RSPO WG in collaboration with HCVRN and HCSA, taking account of local laws. As an interim measure, existing Jurisdictional-level landscape mapping efforts and initiatives (methodologies, approach) shall be guided using HCVRN 'Scaling up the HCV Approach in Landscapes and Jurisdictions: Summary of new guidance available for prioritising action for HCVs' guidance document.
- ii. New verification SOPs/mechanisms/checklists are to be developed jointly by the RSPO Secretariat and Jurisdictional Working Group for Step 1 and Step 2. The SOPs shall include a timeline of approval.
- iii. Verification of completion of Step 1 is conducted by the RSPO Secretariat with final sign-off (approval) by the RSPO Standard Standing Committee (SSC).
- iv. Step 2 verification is to be done through the existing RSPO membership application process. Verification and final approval of JE membership by the RSPO Secretariat.
- v. Guidance for Jurisdictional level remediation and compensation is to be developed by respective RSPO WG.
- vi. Full internal audit is required for all growers over 50 ha (refer to NIs) and supply chain actors, while maintaining the current smallholders internal audit procedures.
- vii. For landscape or performance indicators, make use of national interpretation, where it is available.
- viii. Guidance will be developed for verification of compliance by CB at the appropriate level of management (i.e., at JE vs. industry participants level).

4. JURISDICTIONAL SYSTEM REQUIREMENTS

The Jurisdictional Entity (JE) plays a key role in ensuring industrial players move towards full certification and compliance and is structured in such a way to ensure strong checks and balances in the Jurisdiction. Effective and credible governance, landscape-level planning and management, and enforcement are all critical to achieving jurisdictional certification.

Key responsibilities of JE (not exhaustive):

- i. Facilitate respective jurisdictional assessments, procedures and processes (i.e., HCV/HCS, RaCP), informed by a gap analysis of local jurisdictional law and regulations compared with RSPO Standards;
- ii. Conduct monitoring and reporting on the performance of compliance with landscape level indicators and compliances with RSPO Standards by relevant and respective stakeholders;
- iii. Establish an Internal Control System which provides oversights and controls (through an internal audit system) and for carrying out internal assessments of all growers, mills, processors, and supply chain actors' performances towards complying with RSPO production requirements;
- iv. Establish an internal Grievances, Complaints & Appeals System which ensures a fair, transparent and impartial process to duly handle and address grievances, complaints, and appeals;
- v. Provide support to all stakeholders through training on all aspects of compliance to RSPO Standards and requirements, market incentives and government regulations.
- vi. Determine membership eligibility and enforce suspension or termination of non-compliant members within the Jurisdiction.
- vii. Commission external audits for the jurisdictional certification.

As captured in Section 2.2, inter alia, JE is required to meet Jurisdictional System Requirements. The following three elements outline the system requirements for Jurisdictional Certification:

Section 4.1: Governance of the Jurisdictional Entity (JE)

Section 4.2: Operation of the Jurisdictional Entity (JE)

Section 4.3: The Internal Grievances, Complaints & Appeals System

³ Refer to Section 3.5 of this document for landscape indicators

4.1 GOVERNANCE OF THE JURISDICTIONAL ENTITY (JE)

Rationale: In order to be able to have regulation and commercial relationships in relevant transactions of FFB and palm oil certificates, the entity carries a liability, which requires it to be legally registered.

Element A: The JE shall be legally formed

- A.1 Be a registered entity as defined by law in the country of registration
- A.2 Has appointed management representatives (either an individual or institution)
- A.3 Is authorised by the government to apply RSPO Standards to palm oil producers and processors in the Jurisdiction, either through membership of the JE or legal agreement
- A.4 Become a member of RSPO (by Step 3)
- A.5 Has established and documented organisational structure and statutes, clearly defining its scope, functions and legal authority, and detailing the positions and responsibilities of all personnel involved
- A.6 JE shall be able to communicate its structure, roles, objectives and functions
- A.7 All JE personnel shall demonstrate commitment to impartiality
- A.8 All JE personnel shall be free of conflicts of interest . Any potential conflict shall be properly identified, declared and documented, and dealt with in a credible and transparent manner.
- A.9 All JE members understand and have acknowledged all JE membership requirements in the form of a declaration letter

Note:

The sovereignty of the government is to be recognised.

Element B:
The JE shall be governed by a Multi-stakeholder Supervisory Board

- B.1 The Multi-stakeholder Supervisory Board consists of balanced representation of stakeholders (at minimum, government representatives, Social NGOs, Environmental NGOs, producers (millers, smallholders, estates and workers) and supply chain actors)
- B.2 All members of the multi-stakeholder supervisory board shall commit to ensure impartiality and be free of conflicts of interest in decision-making. Decision-making should be by consensus, with a commitment to transparency.
- B.3 The functions, roles and responsibilities of all members of the multi-stakeholder supervisory board shall be documented, with a publicly available Board structure and recruitment policy
- B.4 The specific mandate of the multi-stakeholder supervisory board to ensure the JE is well managed and that procedures are in place to review all aspects of its operations shall be documented
- B.5 The multi-stakeholder Supervisory Board shall carry, at least, the following roles and responsibilities:
 - B.5.1 Ensure annual financial audit conducted for JE
 - B.5.2 Oversee the financial stability and feasibility of the JE
 - B.5.3 Ensure effective implementation of all procedures and processes
 - B.5.4 Ensure continuous progress towards certification and compliances
 - B.5.5 Support policy processes needed to allow RSPO jurisdictional certification.

⁴ Refer Conflict of interest is defined as per the existing RSPO Certification Systems for Principles and Criteria.

Element C:

The JE shall be able to demonstrate sufficient resources and capacity for managing JA and performance assessments against the RSPO Standards

- C.1 The JE and/or personnel shall demonstrate competence and knowledge of RSPO Standards, as well as National Interpretations
- C.2 The JE shall be able to demonstrate competence and knowledge of international, national and/or local regulatory requirements and mechanisms
- C.3 Demonstrate a robust business plan including income generation
- C.4 Sufficient resources (human, financial, physical and others) to operate effectively.
- C.5 A procedure and/or process is available for effective information sharing, transfer, and access to training opportunities from JE to its members. This may include making a training plan on fundamental training requirements (e.g., upwardly delegated criteria available).

4.2 OPERATION OF THE JURISDICTIONAL ENTITY (JE)

Element D:

The JE shall demonstrate sufficient capacity to control, monitor and evaluate all key players as to their compliance to landscape and system performance and relevant RSPO Standards

- D.1 Manage Internal Control System (ICS) which shall include the JE's system for Jurisdiction-wide monitoring as described in Section 3.4.
- D.2 Manage internal auditing process and procedure by ensuring that the internal auditors have knowledge and competency required to conduct internal audits, including field checks
- D.3 Manage Internal Grievance & Complaints System
- D.4 Ensure compliance with RSPO standards and procedures
- D.5 Internal procedures and processes, including record keeping
- D.6 Identify any conflicts of interest
- D.7 Ensure yearly independent external financial audit conducted

**Element E:
The JE shall have documented policies and procedures for operational management**

- E.1 Policy consistent with all the requirements of RSPO, including but not limited to, the Protection of Human Rights Defenders, Whistle-blowers, Complainants and Community Spokespersons
- E.2 Procedures for decision-making
- E.3 Management of conflict of interests and commitment to impartiality
- E.4 Functions, roles and responsibility of JE personnel
- E.5 Recording and documentation of all meetings, and decisions
- E.6 Handling and resolving grievances and complaints
- E.7 Managing consultation process
- E.8 Budgeting and financing, monitoring and reporting
- E.9 Procedures to implement other relevant RSPO requirements (i.e., NPP)
- E.10 Management of outsourcing activities/events

**Element F:
The JE shall develop and implement the internal audit system, which includes, inter alia: procedures, processes, timeline, operational plans, monitoring and evaluation records.**

- F.1 Conduct internal auditing, including competence and knowledge of internal auditor
- F.2 Procedure to maintain up to date records of all JE group members, including information related to plantations and plot areas, yield, volumes of FFB and/or palm oil products, and all their internal auditors
- F.3 All JE members have to be internally audited against relevant RSPO Standards before going for the initial and recertification external audits. Evidence on how the internal audit is conducted must be available.
- F.4 Sanctions, rewards and training mechanisms promoting progressive improvement and compliance of producers and supply chain actors

F.5 There is a clear procedure to apply sanction and expulsion, as well as a set of requirements and procedures for the reactivation/restoration of JE membership.

F.6 Requirements on internal auditor competences and knowledge

F.7 Procedures: methodology, audit criteria, frequency and addressing non-conformity

F.8 Internal auditors declare no conflict of interest

F.9 Ensure the quality of internal audit. Guidance will be provided for internal audit.

Element G:

JE ICS shall develop and implement an effective monitoring and reporting system for recording information on oil palm products production and trades

G.1 Establish and implement a monitoring system and mechanism for assessing HCV/HCS peat for the entire Jurisdiction, for compliance of the JE members

G.2 Establish baseline with improvement plan on:

G.2.1. Landscape-level performance (landscape indicators)

G.2.2. Systems-level performance (systems indicators)

G.2.3. Farm-, Management unit-, and facility- level compliances to RSPO Standards

G.2.4 Certification progress by JE members

G.3 Record keeping of maps (.shp files) of existing production areas, land bank and facilities of all JE members

G.3.1 Checking of FFB and all palm product production and sales (credit and physical).

G.4 Establish recording and reporting of data and document management system for:

G.4.1 Documentation and evidence recording for compliance to RSPO Standards

G.4.2 Facilitate access to relevant documentation and evidence recording appropriate for external auditing

G.4.3 External auditing by accredited CB of JA requirements

4.3 THE INTERNAL GRIEVANCES, COMPLAINTS & APPEALS SYSTEM

The JE shall have an effective grievance mechanism in accordance with P&C 2018 4.2. The JE and Supervisory Board shall also ensure there is a transparent, independent and reliable capacity to receive, review and adjudicate complaints and appeals, and take effective action. JE may either rely on the existing RSPO Complaints and Appeals Procedure or ensure there is a separate body at the Jurisdictional level to handle complaints and appeals. In either case, parties have the right to escalate complaints and appeals to the RSPO Complaints Panel which will have authority over the JE and its producers since the JE is a member of RSPO and producers are related to the JE.

To avoid conflict of interest in the complaints and appeals procedure, there will be a separate body to manage the complaints. The Complaints and Appeals bodies have the authority to impose sanctions on members and / or suspend members. These mechanisms complement and do not replace local systems in the Jurisdiction for dispute resolution such as ombudsmen, arbitration bodies and courts.

To ensure that all industry participants are bound to the JE internal grievance, complaints and appeals mechanism, the JE will be required to inform all of its members of the grievance procedure and have their consent recorded that they will be investigated under the procedure should any grievance arises on their non-compliance to the terms of JE membership, ethical policy or the provisions of the Jurisdiction, as well as to the RSPO Standards.

Element H - Grievances, complaints, and appeals: The JE shall have a documented procedure for handling grievances, complaints, and appeals, including:

- H.1 A documented process to receive, evaluate and make decisions on grievances.
- H.2 JE members can raise complaints where they are unsatisfied with the conclusion of the grievance mechanism, and this procedure should be documented.
- H.3 As part of the complaints procedure, it will include processes for making an appeal and this process shall be transparent and publicly accessible;
- H.4 Data demonstrating and tracking the receiving, validation, and investigation of grievances, complaints, and appeals;
- H.5 Documenting the decisions and actions taken to resolve the grievances, complaints, and appeals including actions to prevent re-occurrence.
- H.6 The complaints/appeals panel shall give written acknowledgment to the appellant (person/entity) about the receipt, progress, and outcome of the appeal;
- H.7 The decision to be communicated to the appellant shall be made by, or reviewed and approved by, individual members of a complaints panel not previously involved in the subject of the appeal;
- H.8 The appeals panel shall give formal notice to the appellant of the end of the appeals-handling process.

5. CERTIFICATION SYSTEM REQUIREMENTS

This Chapter sets out the requirements for the systems that shall be followed in the implementation of the JA against the requirements of applicable and relevant RSPO Standards, known as the Certification System for JA. The Certification System for JA is built upon the existing RSPO process and system, with added requirements and elements for a credible claim to be made towards the sustainability of production and consumption Jurisdiction. There are two key RSPO Certification Systems:

- I. RSPO Certification Systems for Principles & Criteria
- II. RSPO Supply Chain Certification Systems

Both RSPO certification systems made up of three key elements:

- i) Applicable RSPO Certification Standards and relevant requirements (including group certification and/or management).
- ii) Requirements for RSPO appointed Accreditation Body (AB) and Certification Body (CB) accredited by appointed AB.
- iii) Certification process requirements – the process that a CB shall follow in carrying out an audit that is seeking certification.

5.1 CERTIFICATION SYSTEM FOR JA

Once a JE has fulfilled requirements stipulated for Step 1, Step 2, and Step 3, and have industry participant(s) ready for certification (readiness assessed through internal audit); JE can initiate external audit for certification by appointing RSPO appointed CB. The CB will audit compliance of:

- i. JE against (i) Step 1, Step 2 and Step 3 of Landscape Level Performance (Chapter 3 of this document) and (ii) Jurisdictional System Requirements (Chapter 4 of this document) based on RSPO Certification Systems for Principles & Criteria.
- ii. Respective industry participant(s) of JE against relevant RSPO Standards based on relevant RSPO Certification Systems (i.e., Growers of JE are to be certified based on RSPO P&C following RSPO Certification Systems for Principles & Criteria; CGM is to be certified based on RSPO Supply Chain Standard following RSPO Supply Chain Certification Systems).

Important Note:

JE is to declare with evidence (through internal audit) to RSPO CB during its certification audit:

- ✓ *Compliance of its grower's industry participant against RSPO Certification Systems for Principles & Criteria Clause 5 Minimum requirements for multiple management units*

5.2 MAKING CLAIMS & REGISTRATION INTO RSPO PALMTRACE

The RSPO JA does not change any of the rules around claims as already established by RSPO. Claims for the sale of certified products can only be made after receiving an RSPO certificate. RSPO does not allow any uncertified member within the Jurisdiction to make claims or sell certified palm products prior to receiving a RSPO Certificate as a result of passing an external audit carried out by RSPO accredited CB.

Certified RSPO Claims must be compliant with the latest RSPO Rules on Market Communications and Claims (currently version 2016) as published on the RSPO website.

RSPO PalmTrace is the RSPO's traceability system for certified oil palm products. From the mill to the refineries, certified members of RSPO register their physical sales and processing activities of palm oil, palm kernel and its (double) fractions under the supply chain models Identity Preserved, Segregated and Mass Balance. The usage of RSPO PalmTrace is part of the RSPO certification programme.

Each certified JE Group Member will receive a unique PalmTrace account once that Group has successfully passed its audit and received its certificate. The certificate will include each certified group member who was in the scope of the previous audit. As per the current system, each PalmTrace account will have allocated an amount of tradeable palm product, as verified by the CB and documented in the Certificate and Audit Public Summary. JE members who are RSPO members will be allowed to choose to trade their RSPO products either as a regular RSPO member or as a JE member but cannot trade through both routes to avoid double counting of volumes.

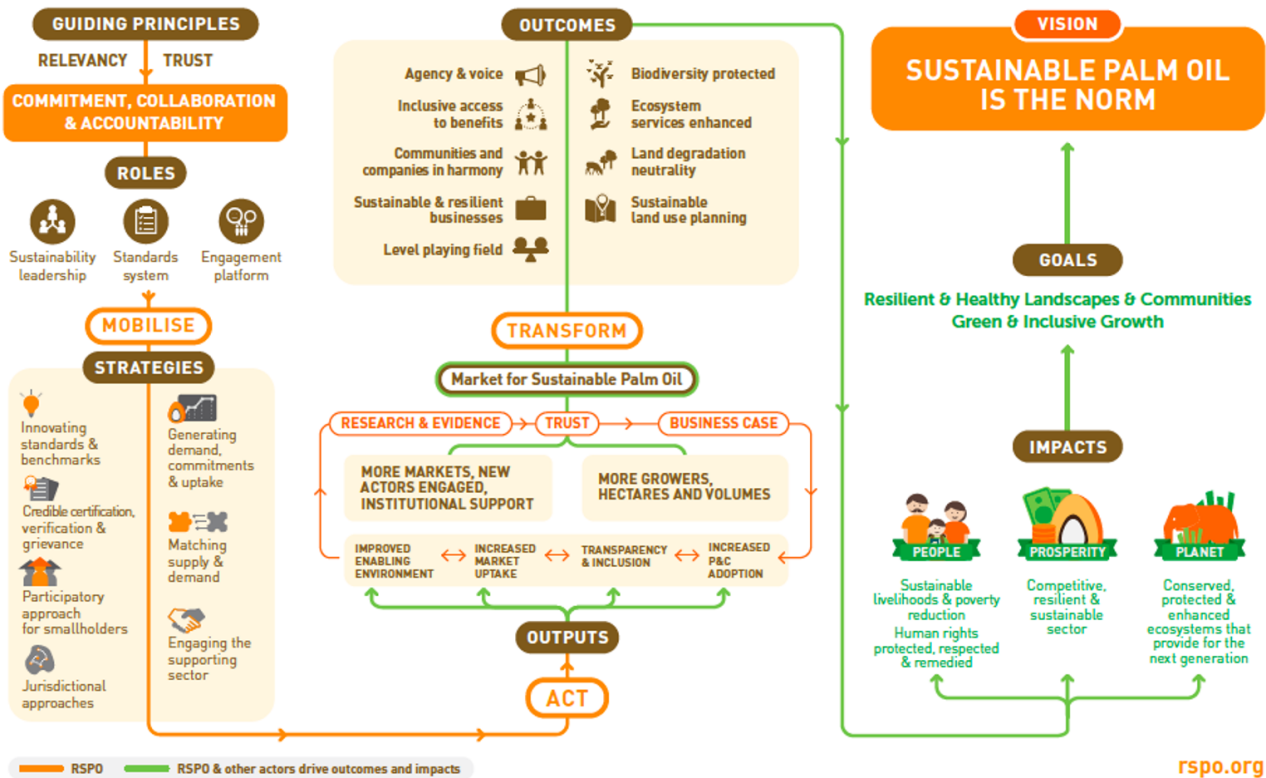
JE members who are not RSPO members will be allowed to trade their JE RSPO certified products when the JE is certified. RSPO will issue an RSPO trading number to each JE member of the certified JE. The JE certificate will list all JE members who would like to trade their JE RSPO certified palm oil products with each of the participating JE members' RSPO trading numbers.

5.3 NON-COMPLIANCE (SANCTIONS)

1. Non compliances are issued against the Standard and as per the rules of auditing governed by the RSPO Certification System. All non-compliances will be given the normal time allowed for closure as per the existing Certification System.
2. Any non-compliance related to the critical upwardly delegated criteria to which the Government has committed which is not addressed within the required time frame will lead to the overall JE certificate suspension or termination. In other words, all JE members will be affected.
3. In this case, RSPO will provide the option for compliant JE Members to switch to individual memberships so as to not lose their trading rights.
4. Any non-compliance by an Individual JE member (i.e., criteria that are not upwardly delegated) that is not addressed within the required time frame will result in the suspension of only that member and will not affect the whole group certification. Only the specific JE member will be affected, in which their trading rights will be suspended/terminated.
5. Should the suspended/terminated JE member (individual or the whole group) decide to petition for restoring the membership, due diligence actions must be followed to demonstrate compliance, and meet the reinstatement requirement and approval procedure as per relevant RSPO Standards.

ANNEX 1. RSPO VISION AND THEORY OF CHANGE

THEORY OF CHANGE RSPO'S ROADMAP FOR SUSTAINABLE PALM OIL



The RSPO Theory of Change (ToC) is a roadmap that demonstrates how RSPO will achieve its vision of making sustainable palm oil the norm. With the support of its members, partners and other actors, RSPO will implement key strategies and activities to trigger the transformation of the palm oil sector.

These strategies are intended to bring about direct outputs in the form of increased adoption of the RSPO standards, greater transparency and inclusivity in the RSPO system, increased market uptake of sustainable palm oil, and an improved enabling environment.

Over time, these outputs will lead to outcomes that are expected to improve the quality of life of oil palm farmers, create a more prosperous palm oil industry, and enable us to better conserve our planet and its resources.

When the ToC is fully realised, it delivers change where it matters most – on the ground; a space where oil palm, the environment, and local communities can co-exist in harmony.

ANNEX 2. LIST OF GAPS OF CURRENT PILOTING FRAMEWORK

Building on the pilot framework described here, jurisdictional certification can only be achieved if a number of new RSPO institutional arrangements and guidelines are developed to accommodate this new approach. Other non-RSPO factors, such as HCV assessments, will also need to be adjusted to jurisdictional / landscape approaches.

These have been noted in the text of this document, and are listed below for convenience. Other factors may arise as the JA is further piloted, and these will be recorded and addressed.

1. New RSPO Membership category for Jurisdictional Entity;
2. New PalmTrace identifier number that shows both a Jurisdiction and a Grower therein;
3. Audit rules and action for non-compliance by single actors within a Jurisdiction;
4. ACOP reporting at the Jurisdictional level;
5. Verification SOPs /mechanisms/checklists Step 1 and Step 2 progress;
6. Jurisdictional- or landscape- level indicative HCV and HCS mapping; and
7. Jurisdictional-level remediation and compensation.

RSPO is an international non-profit organisation formed in 2004 with the objective to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

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