



Photo credit: RSPO, Jonathan Perugia

RSPO MANAGEMENT SYSTEM REQUIREMENT FOR GROUP CERTIFICATION OF FFB PRODUCTION 2022

Endorsed by the RSPO Board of Governors (BoG)
on 18th May 2022

Document Title : RSPO Management System Requirements for Group Certification of FFB Production 2022

Document Code : RSPO-STD-T06-008 V3 ENG

Scope : International

Document Type : Standard

Approval : Endorsed by the RSPO Board of Governors (BoG)

Contact : Standard Development Department, standard.development@rspo.org



TABLE OF CONTENTS

LIST OF ACRONYMS	1
INTRODUCTION	5
SECTION 1. SCOPE AND APPLICABILITY	7
1.1 SCOPE	7
1.2 APPLICABILITY	7
1.3 CERTIFICATE OF COMPLIANCE AND CLAIMS	9
1.4 ASSOCIATED DOCUMENTATION	9
SECTION 2. SYSTEM REQUIREMENTS FOR GROUP MANAGEMENT	10
2.1 ELEMENT 1 (E1): GROUP ENTITY AND GROUP MANAGEMENT REQUIREMENTS	10
2.2 ELEMENT 2 (E2): INTERNAL CONTROL SYSTEM – POLICIES AND MANAGEMENT	12
2.3 ELEMENT 3 (E3): INTERNAL CONTROL SYSTEM – OPERATIONS	13
ANNEX I. DEFINITIONS	18
ANNEX II. CERTIFICATION OPTIONS (SIMPLIFIED ILLUSTRATION)	20
ANNEX III. TIME-BOUND PLAN: SCHEME SMALLHOLDERS & SCHEME OUTGROWERS	22
ANNEX III. LIST OF DOCUMENTS TO BE DEVELOPED, REQUIRED TO COMPLY WITH RSPO P&C	28

LIST OF ACRONYMS

CFFB	Certified Fresh Fruit Bunch
CSPO	Certified Sustainable Palm Oil
FFB	Fresh Fruit Bunch
ICS	Internal Control System
ISH	Independent Smallholder
P&C	Principles and Criteria
RSPO	Roundtable on Sustainable Palm Oil
SCC	Supply Chain Certification

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.

The RSPO Principles & Criteria (P&C) and the RSPO Independent Smallholder (ISH) Standard are the main standards for companies that produce palm oil, and Independent Smallholders that produce Fresh Fruit Bunches (FFB). While the RSPO P&C is applicable to production level companies with their own plantations, the RSPO Independent Smallholder Standard responds to the needs and challenges of Independent Smallholders (refer to the definition of ISH under Annex I).

Access to certification for growers of all sizes is an important element of RSPO certification. In order to further facilitate access for growers, a group certification system has been developed to provide more practical and feasible options towards achieving RSPO Sustainable Palm Oil Production Certification. Growers and smallholders can now make their own management decisions on certification options available to them (refer to Annex II. Certification Options).

Group certification also serves to provide RSPO members (mill-with-supply base) with more options in supporting smallholders towards RSPO Certification. This is in response to the RSPO Certification Systems that require members (mill-with-supply base) to implement a time-bound plan to ensure that all Scheme Smallholders and outgrowers supplying a mill that is P&C certified are certified within three years of the mill obtaining its own certificate; and Principle 5 of the RSPO P&C requiring members (mill-with-supply base) to support smallholder inclusion, including Independent Smallholders into the sustainable palm oil value chain (refer to Annex III. Time-Bound Plan: Schemed Smallholders & Schemed Outgrowers for a simple illustration).

What is Group Certification?

Group Certification is a system in which groups of farmers implement an Internal Control System (ICS) and are certified by a third-party certification body, which assesses the performance of the ICS and performs a representative number of spot-check inspections of group members.

RSPO Group Certification allows growers to certify their Fresh Fruit Bunches (FFB) through group certification against the RSPO P&C together under a single certificate. The system allows growers to be grouped together to be certified under a single certificate, which is managed through a central organisation or by an individual, known as the Group Manager.

The Group Manager is responsible for establishing an ICS which controls the group, and for carrying out a programme of internal assessments of the group members' performance in order to be certain that they are complying with the RSPO production requirements.

All groups are required to meet the management system requirements for group certification (this document) related to the internal control systems in addition to the RSPO P&C.

Under the Group Certification system, the Group Manager and a sample of the group members are assessed by an accredited certification body against both the requirements of the management system for the Group (in accordance with this document) and the RSPO P&C (refer to Figure 1). Accredited certification

bodies shall follow the requirements outlined in the RSPO Certifications Systems for the P&C and the RSPO Independent Smallholder Standard 2020 (hereinafter referred to as the “Certification System Document”).

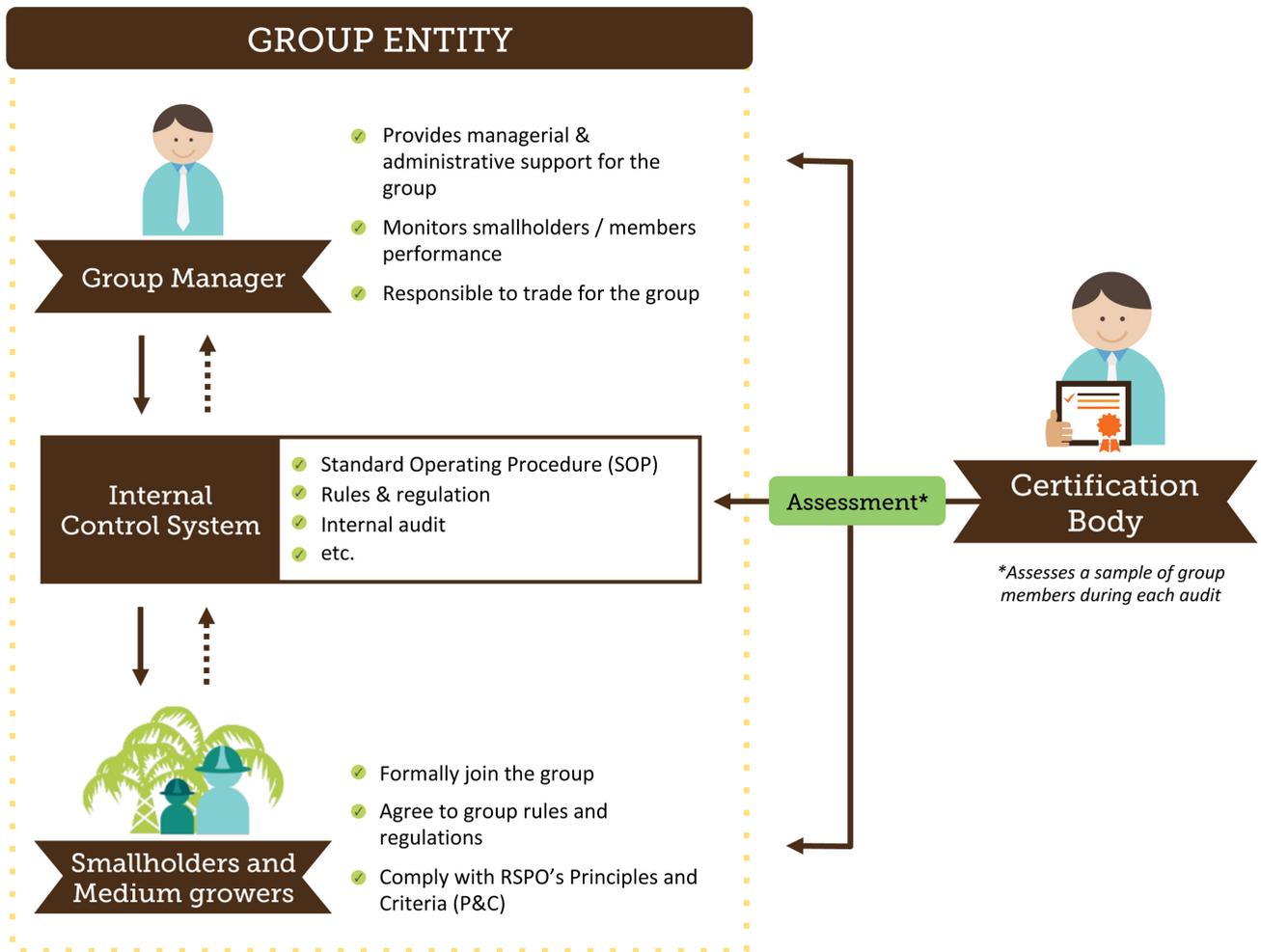


Figure 1. Group Certification Structure (Simplified Illustration)

SECTION 1. SCOPE AND APPLICABILITY

1.1 SCOPE

This RSPO Management System Requirements for Group Certification of FFB Production 2022 (hereinafter referred to as “Group Certification”) presents the RSPO requirements, covering ONLY the system requirements for group management of the Group Manager. This document is to be used in association with the P&C - certification standard to be met by all group members and against which certification assessments are made; and the Certification System Document - which sets out how certification bodies should assess an operation and reach a decision on whether or not a set of requirements has been met.

This document is arranged as follows:

Section 1 defines to whom this system applies, who can use this system, what standard is applied, how it applies, claims, and relevant applicable documents.

Section 2 outlines requirements on the management and management system of group certification.

This document replaces the RSPO Management System Requirements and Guidance for Group Certification of FFB Production (Revised Version as endorsed by the Board of Governors on 8 March 2018) and it is effective 6 (six) months from 18th May 2022.

This Group Certification 2022 may be amended when required, based on revised RSPO Standards, requirements, strategies or decisions produced by the RSPO.

1.2 APPLICABILITY

This document is applicable to smallholders (Independent and/or Scheme) and medium growers, who seek P&C certification of their FFB through the legal formation of a group. A central organisation or an individual, known as the Group Manager, shall be appointed to manage the group.

The Group Manager is responsible for establishing an Internal Control System (ICS) which controls the group, and for carrying out a programme of internal assessments of members’ performance, as outlined in Section 2 of this document.

All group members shall demonstrate their ability to meet RSPO P&C, excluding requirements for mills (refer to RSPO P&C for details) for all plots of all group members that:

- Exist under oil palm production; AND
- Are allocated for replanting or new planting of oil palm; AND
- May potentially be allocated for new planting of oil palm

IMPORTANT Considering the differences in compliance requirements and trading processes of different RSPO Standards and approaches (ISH Standard and P&C), a single group CANNOT be formed pursuing different standards and approaches (i.e. A single group cannot have half the group members audited against P&C; while another half audited against RSPO Independent Smallholder Standard).

The group must be audited by an RSPO accredited auditor against both the requirements of the Management System for Group Certification and the RSPO P&C (excluding requirements for mills). *

A group may:

- be formed with any number of smallholders (Scheme or Independent) and/or medium growers, as long as the group manager can demonstrate sufficient capacity and resources to manage the group.
- contain smallholders (Scheme or Independent) and/or medium growers of different sizes (without mills) who agree to form a group entity.
- contain smallholders (Scheme or Independent) and/or medium growers located within the same jurisdiction (share the same applicable legal requirements and geographical proximity).
- have no upper limit as to the total number of hectares that form part of the group.
- pursue RSPO P&C Certification upon agreement of all group members.

This document is **NOT APPLICABLE** to group of Independent Smallholders pursuing the RSPO Independent Smallholder Standard; mills with their own plantations (under one management control) and growers with land holdings larger than 500 ha to apply the RSPO P&C independently and directly; and independent mills to apply RSPO SCC.

However, a representative from a mill with their own plantations and/or independent mills and/or grower can be appointed as Group Manager of a group of smallholders (Scheme or Independent) and/or medium growers seeking P&C certification through this approach (Group Certification).

UNIT OF CERTIFICATION

The Unit of Certification applying for Group Certification for P&C Certification is the Group Manager and ALL individual group members, covering combined plots of each individual group member that are under oil palm production, including areas set aside for HCV, HCS and livelihoods.

Example Scenario:

ABC Corporation has 500 members registered as members of the cooperative. The cooperative has been registered as one (1) legal entity under the name of "ABC Corporation". One day, the manager of the cooperative announced to the 500 members that the management had decided for the cooperative to be certified under the RSPO scheme. Out of the 500 members, only 200 members expressed their interest to be certified under the RSPO scheme.

In such a scenario:

- ABC Corporation is the legal entity, registered as an RSPO member;
- The group can be certified under the RSPO Group Certification System;
- The standard applicable is the RSPO P&C; and
- The unit of certification is the Group Manager and only the 200 members who have expressed interest to be certified under the RSPO scheme.

The remaining 300 members, subject to their compliance with item E2.1.3 of this document, will still remain as members of the Cooperative but are not part of the Unit of Certification (UoC) within the RSPO Group Certification scheme. The 300 members of the Cooperative may join the RSPO certified group at a later stage, as and when they are ready.

1.3 CERTIFICATE OF COMPLIANCE AND CLAIMS

The RSPO certificate of compliance is awarded to the Group as a whole, and in an annex each individual group member (Scheme or Independent Smallholders, independent growers and/or medium growers) is listed with the size of their landholding.

Certified groups can sell their certified FFB to a certified mill through a physical supply chain model **or** as RSPO Credit equivalent. One tonne of certified FFB is transferred to tonnes of Certified Sustainable Palm Oil (CSPO) Credits using a default oil extraction rate (OER) of 20%, subject to an auditor's verification and confirmation. Default Kernel Extraction Rate (KER) also exists for kernel oil at 5%*0.45 or kernel expeller at 5%*0.55. Actual average values may be used when supported with evidence for deviating values, verified by the auditor.

Default Extraction Rate:

CSPO	:	20%
CSPKO	:	5%*0.45
CSPKE	:	5%*0.55

Note: Actual average values may be used when supported with evidence for deviating values.

1.4 ASSOCIATED DOCUMENTATION

The documents below (the latest versions applied) are relevant to all groups seeking to be certified under RSPO group certification:

- Management System Requirements for Group Certification of FFB Production
- Principles and Criteria (P&C) for the Production of Sustainable Palm Oil
- RSPO Certification Systems for P&C and Independent Smallholder (ISH) Standard
- RSPO New Plantings Procedure (NPP)

All other RSPO requirements are also applicable to the entire group or are part of the group members, as listed below (not exhaustive):

- RSPO Code of Conduct for Members
- Annual Communications of Progress (ACOP)
- RSPO Remediation and Compensation Procedures (RaCP)
- RSPO Rules on Market Communications and Claims

The latest version of all documents will always prevail.

SECTION 2. SYSTEM REQUIREMENTS FOR GROUP MANAGEMENT

The following three elements outline the requirements for the Group Certification System:

- Element 1: Group Entity and Group Management requirements
- Element 2: Internal Control System – Policies and management
- Element 3: Internal Control System – Operations

2.1 ELEMENT 1 (E1): GROUP ENTITY AND GROUP MANAGEMENT REQUIREMENTS

E1.1 The Group Entity shall be legally formed

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

- E1.1.1 There shall be documentary evidence of a clearly identified and legal entity. The Group Entity shall:
- be a registered organisation as defined by law in the country of registration (e.g. as a company or an organisation).
 - be a member of the RSPO
 - establish the structure of the organisation
 - appoint a Group Manager (see E1.2)
- E1.1.2 The Group Entity shall have documented membership requirements for the participation of individual members in the Group which will also cover new members.
- There shall be documentary evidence that the group members have formally joined the group.
 - Formal members of the group shall sign an agreement with the Group Manager committing to achieving compliance with the applicable RSPO standards and requirements.
 - The Group Manager shall keep copies of the agreements and shall demonstrate that each member has received a copy thereof.
 - The Group Manager shall retain copies for a minimum of five years.
- E1.1.3 The Group Manager shall keep evidence that the nature and structure of the group has been communicated to all members of the Group in an appropriate manner.

GUIDANCE FOR AUDITOR:

The auditor should check:

- the official document for Group Entity registration as per law in the country of registration
- the RSPO registration number
- a document outlining the organisation's structure and its function
- all relevant membership documents

E1.2 The Group shall be managed by a Group Manager

- E1.2.1 The appointed Group Manager shall be either an identified legal entity or an individual acting on behalf of the legal entity, i.e. the Group Entity (E1.1.1).

The Group Manager shall ensure the Group's compliance with the Group Certification System requirements and is responsible for the preparation and implementation of the Internal

Control System (ICS).

If the Group Manager is not an individual but an entity:

- then the entity shall appoint an individual as management representative; and
- there shall be a description of the general structure detailing the positions and responsibilities of all personnel involved.

E1.2.2 The Group Manager shall be able to demonstrate sufficient resources and capacity for managing the group's performance towards compliance with the RSPO P&C.

Guidance:

The Group Manager should have the capacity to control, monitor and evaluate all members as to their compliance with the RSPO P&C, including communicating with them and visiting them at the required frequencies.

Specifically, the Group Manager should be able to demonstrate the ability to:

- *manage the Group Procedures and Documentation known as the ICS.*
- *define Group membership requirements.*
- *ensure compliance with the Group Certification System and RSPO P&C, including any corrective actions raised by the certification body are adequately addressed within the agreed timeframe.*
- *ensure compliance with all other relevant RSPO requirements outlined in Section 1.4, bearing in mind that applicability may depend on an individual grower's plantation size or nature.*
- *demonstrate sufficient resources – i.e. human, financial, physical and other relevant resources – to enable effective and impartial technical and administrative management of the Group.*

E1.2.3 The Group Manager and/or their personnel shall be able to demonstrate competence and knowledge of the latest versions of the:

- RSPO P&C and/or applicable National Interpretation
- Certification System for the P&C and Independent Smallholder Standard
- Group Certification System for FFB production
- RSPO IT Platform (PalmTrace) for trading the group's certified products for both physical and credit sales
- Internal group procedures and policies

Guidance:

The Group Manager and/or its representative should participate in RSPO IT Platform training, which is organised by the RSPO Secretariat.

Note: The Group Manager and/or its representatives are encouraged to also attend relevant training on management and operations which benefit the group.

E1.2.4 The Group Manager shall provide potential and existing Group members with the following:

- an explanation of the RSPO certification process.
- an explanation of the criteria for group membership.
- an explanation as to the Group Manager's needs and the rights of the certification body to access the group members' documentation and plantations for the purposes of evaluation and monitoring.
- an explanation of the certification bodies and RSPO requirements with respect to public information.

- an explanation of any obligations with respect to group membership, such as:
 - maintenance of information for monitoring purposes;
 - requirement to conform with conditions or corrective actions issued by the certification body.
 - any costs associated with group membership.
 - other obligations of group membership.

2.2 ELEMENT 2 (E2): INTERNAL CONTROL SYSTEM – POLICIES AND MANAGEMENT

E.2.1 The Group Internal Control System shall contain documented policies and procedures for operational management

E2.1.1 The Group Internal Control System shall contain procedures for decision-making and responsibilities within the group (including the authority of the Group Manager).

E2.1.2 The Group Manager shall manage the Group in a systematic and effective manner by:

- identifying the geographical area to be covered by the Group.
- preparing, maintaining and documenting the Group management structure
- clearly identifying the responsibilities of all individuals employed by the Group Manager for the running of the Group.
- preparing and maintaining the rules of the Group including the criteria for membership and procedures for expulsion and/or sanctions for members that do not comply with the group certification requirements.
- organising at least one group meeting annually.
- defining the procedure for the initial gap audit which can be a self-assessment.

E2.1.3 The Group Internal Control System shall include an initial gap audit procedure (i.e., baseline assessment and needs for compliance) as a prerequisite for applicants wishing to join the Group. The initial gap audits with existing and any potential new members shall be carried out to assess the following (at least):

- Land title or right to use the land can be demonstrated.
- No existing land conflict(s).
- No plantings have replaced primary forests or affected one or more High Conservation Value (HCV) and High Carbon Stock Area (HCSA) (RSPO P&C 2018, Criteria 7.12) *(Note: In the case of Scheme Smallholders, the company (owning/managing the mill) holds the liability for compensation for any new plantings undertaken since November 2005).*
- Existing plantings on peatlands and/or steep terrains.
- If there is/are existing planting(s) on peatland, the management regime and status.
- No new planting(s) on peat land and/or status of existing planting(s) on peatland.
- Status and sources of workers.

E2.1.4 The Group ICS shall contain procedures for maintaining records for all Group members. Records shall be kept up to date at all times for all Group members.

E2.1.5 The Group Manager shall implement a system to maintain the following central records and reports:

- List of names and full contact details of group members and applicable method of communication.
- Location maps (including geo-location). Area of oil palm in hectares.
- Land titles/right of use of the land.
- A copy of the signed declaration of the grower becoming a member of the group, including the date.

- Unique member registration numbers are assigned to individual members.
- The date when the member signed the declaration of intent as stated in the Group Membership Requirements.
- Date of leaving the Group if applicable and the reasons why.
- Projected and actual FFB production in metric tonnes per annum.
- Monitoring and training records.
- Any corrective actions raised and actions taken to meet the requirements for compliance.

E2.1.6 Relevant group records shall be archived for a minimum of 5 years using an appropriate secure system, and should be kept up to date at all times for Group members.

2.3 ELEMENT 3 (E3): INTERNAL CONTROL SYSTEM – OPERATIONS

E3.1 The Group Internal Control System shall develop and implement an internal audit programme of Group members.

E3.1.1 The Group Manager shall establish, implement and maintain (a) procedure(s) for internal audit. As a minimum the following information shall be included (but not limited to):

- The methodology, competence of internal auditors, audit criteria, frequency of internal audits, and addressing non-conformity.
- Schedule annual internal audits of all Group members in order to confirm continued conformance with all the Group Certification requirements.
- Maintenance of all internal audit records.

Guidance:

Internal audits need to be a systematic and documented process. There are training courses available on this, i.e., ISO Internal Audits.

The internal audit records need to be maintained for a minimum of 5 years. Additional internal audits should be scheduled when potential problems arise or when the Group Manager receives information from stakeholders about alleged non-conformities by Group members.

E3.1.2 The Group Manager shall conduct annual internal audits for all group members as planned.

E3.1.3 The Group Manager and the internal auditors shall jointly declare no conflict of interest for the internal audit process.

E3.1.4 The Group Manager shall carry out a risk assessment of Group members to identify an appropriate sampling intensity of Group members for the certification assessment.

GUIDANCE FOR AUDITOR:

The auditor should assess the adequacy of the risk assessment and sampling conducted by the Group Manager

The risk assessment shall take into account:

- the diversity of the Group members (i.e., range of size, management structure, scattered members with diverse plantation landscapes such as terrain, etc.)
- any perceived risk relating to the activities being undertaken (e.g., how much replanting or expansion is occurring, how many members are new and, for subsequent assessments, whether there is a history of non-conformities).

Guidance:

Low risk Groups are those wherein the Group is relatively homogeneous i.e., geographically as well as socioeconomically, and where there are no current replanting activities, no current expansion, no new members, the Group and its manager are well established and, for subsequent assessments, have no history of non-conformities.

Medium risk Groups are those where there is some homogeneity but it is not uniform across the Group. There is no replanting and/or expansion but the Group management has a history of non-conformities.

High risk Groups are those where there is considerable heterogeneity in the Group (e.g., geographically or jurisdictionally separated, very different terrain, different levels of experience of oil palm cultivation, very diverse sizes of plantation, different socioeconomic situations amongst members, etc.), where there is recent expansion or replanting, and/or where the Group management has recently undergone changes.

The minimum sampling size should be 4. For groups with fewer than 4 members, 100% of members shall be audited.

Risk assessment is to be conducted against the full RSPO P&C minus mill requirements.

The risk level of the size for the group is determined numerically by the formula below. For Guidance, a risk level shall be set at:

Level 1 - low risk

Level 2 - medium risk

Level 3 - high risk

The sample size should then be determined by the formula $(0.8\sqrt{y}) \times (z)$, where z is the multiplier defined by the risk assessment. Multipliers are set as follows:

Low risk = multiplier of 1

Medium risk = multiplier of 1.2

High risk = multiplier of 1.4

Number of group members = y	Minimum (baseline) = $0.8\sqrt{y}$	Level 1 - Low risk = $(0.8\sqrt{y}) \times (1)$	Level 2 - Medium risk = $(0.8\sqrt{y}) \times (1.2)$	Level 3 - High risk = $(0.8\sqrt{y}) \times (1.4)$
8	n.a. minimum is always 4 (result is 2 only)	n.a. minimum is always 4 (result is 2 only)	n.a. minimum is always 4 (result is 3 only)	4
14	n.a. minimum is always 4 (result is 3 only)	n.a. minimum is always 4 (result is 3 only)	4	5
25	4	4	4	6
39	5	5	6	7
56	6	6	7	8
75	7	7	8	10
100	8	8	10	11
500	18	18	21	25
1000	26	26	30	35
2500	40	40	48	56
3600	48	48	58	67

Note: Sample sizes are always rounded up (e.g., 2.4 is rounded up to 3). Rounding up is done as the final step in the calculation.

Example scenarios:

Example 1

A group is formed of 100 group members:

The Group has been formed for 10 years under the same Group Manager and all of the smallholdings are of the same size and are all located in the same valley which has a flat terrain. All palms are between 6 and 15 years old and no Group members have loans or debts and the land is all under matriarchal ownership. This represents a low risk situation and all have a risk factor of 1. Therefore, the number of Group members to be audited is 8 out of 100 members (according to the Table above).

Example 2

A group is formed of 100 group members:

The Group has been together for 10 years under the same Group Manager and all of the smallholdings are of the same size and all are located in the same valley which has a flat terrain. 80 of the Group Members have palms that are between 6 and 15 years old but 20 members are replanting. No Group members have loans or debts and the land is all under matriarchal ownership. This represents a low risk situation for the 80 Group members who have palms that are between 6 and 15 years old (risk factor 1 and therefore a sampling rate of 8 out of 80 Group members) and a high risk situation for the 20 members who are replanting (risk factor 3 and therefore a sampling rate of 6 out of 20 Group members from this high risk replanting Sub Group). In total $8 + 6 = 14$ members will be audited.

Example 3

A group is formed of 100 group members:

The Group has been together for 10 years under the same Group Manager and all of the smallholdings are of the same size and are all located in the same valley which has a flat terrain. 80 of the Group Members have palms that are between 6 and 15 years old but 20 new members have just joined. No Group members have loans or debts and the land is all under matrilineal ownership. Of the 80 Group members who have palms between 6 and 15 years of age, 40 had previous non-conformities. This represents a low risk situation for the 40 members who have no history of non-conformities (risk factor 1 and sampling rate of 6 out of 40). There is a medium risk for the other 40 members who had previous non-conformities and therefore a risk factor of 2 and therefore a sampling rate of 7 out of 40 Group members. There is a high risk situation with the 20 new members who have joined the Group and these have a risk factor of 3 and therefore a sampling rate of 6 out of 20 for this Sub-Group. In total $6 + 7 + 6 = 19$ members will be audited.

Example 4

A group is formed of 100 group members:

The Group consists of 20 growers with over 50 ha each in plantation size and 80 growers with up to 50 ha each in plantation size. The larger growers in the group all have long established plantations in a long-established purely agricultural landscape, whilst half of the smaller growers only started oil palm operations a few years ago and are located in close proximity of an important watershed. The rest of the smaller growers are neighbours of the larger growers in the same long-established purely agricultural landscape. There is a low risk for the larger growers and for half of the smaller growers. However, the other half of the smaller growers constitute a high risk. The sample is calculated as follows: risk factor 1 is applied to the larger growers, resulting in 4 of the 20 to be audited; risk factor 1 is applied to half of the smaller growers, resulting in 6 of the 40 to be audited; risk factor 3 is applied to the other half of the smaller growers, resulting in 8 of the 40 to be audited. In total $4+6+8= 18$ will be audited.

E3.2 The Group Internal Control System shall include a system in place to enable the trading of RSPO certified Fresh Fruit Bunches (FFB) produced from the Group.

E3.2.1 The Group Manager shall document and implement a system for the tracking and tracing of FFB produced by the group members, and intended to be sold as RSPO certified FFB.

E3.2.2 The Group shall produce 100% CFFB and trade under the RSPO Supply Chain System. There shall be a collective Group procedure for the sale of all certified FFB and to ensure that non-certified FFB are not mixed with the certified FFB.

Procedural Notes:

The Group should not mix the certified FFB with the non-certified one. If CFFB is combined with a non-certified FFB prior to the sale and delivery to a palm oil mill, then the whole FFB cannot be considered as certified.

Mill needs to know the volume of certified FFB that are dispatched to the mill. This is done through weighing of the FFB which is normally measured at the mill site. If the certified and non-certified FFB are mixed at the collection point, it will not be feasible for the mill to determine the volume of certified and non-certified FFB.

The group can sell CSPO Credits, where the physical FFB will be traded as conventional (non-certified).

E3.2.3 All sales of FFB originating from the plantations of Group members shall be documented and recorded.

This shall include:

- The relevant group members' group identification number
- Invoices and receipts (purchase and sale)
- Information on transport (i.e., registration number/number plate)
- Information on FFB price
- Classification of the FFB sold (i.e., RSPO certified or not), FFB volume and destination
- Information on geo-location of FFB origins
- Proof of ownership status or the right/claim to the land by the grower/smallholder
- Where applicable, valid planting/operating/trading license, or if it is part of a cooperative which allows the buying and selling of FFB

E3.2.4 The Group Manager shall maintain copies of all documentation and records mentioned in E3.2.3 related to Group CFFB transactions for a minimum period of 5 years.

E3.2.5 Traders of FFB shall be either part of the Group management system following this guidance or be RSPO Supply Chain certified in order to sell certified FFB. If the FFB Trader is RSPO Supply Chain certified, a copy of the certificate shall be provided to the Group Manager.

E3.2.6 The Group Manager shall ensure that any trading done through a trader shall have clear procedures to ensure that calculations are accurate and that all FFB sold by the trader is traceable back to the Group members. There shall be a contract between the FFB trader and the Group Manager and the FFB trader shall maintain complete purchase and sales records.

Guidance:

- *There shall be a contract between the FFB trader and the Group Manager.*
- *The FFB trader shall maintain complete purchase and sales records.*
- *If the FFB Trader is RSPO Supply Chain certified, a copy of the certificate shall be provided to the Group Manager.*



Term	Definition	Source
<p>The generic definitions for smallholders captured in this box can be used as a guide in the absence of a National Interpretation. As part of the NI processes (including Local Interpretation and Small Producing Country NIs) these generic definitions of the above terms can be defined. If necessary, smallholders can be subdivided into an Independent or Scheme.</p>		
Smallholders	Farmers growing 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.	RSPO P&C (2018)
Scheme Smallholders	Farmers, landowners or their delegates that do not have the: <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). 	RSPO Independent Smallholder Standard (2019)
Independent Smallholders	All smallholder farmers that are not considered to be Scheme Smallholders (see definition of Scheme Smallholders above) are considered Independent Smallholder farmers.	RSPO Independent Smallholder Standard (2019)
Group certification	Joint certification of a group of oil palm growers with the certification applying to the whole group.	Group Certification (2018)
Group Manager	Person, group of people or organisation responsible for running the Internal Control System and managing the group. This can be a mill, an organisation or an individual.	RSPO Independent Smallholder Standard (2019)
Group members	The individual growers who participate formally in a group seeking FFB certification under this standard.	Group Certification (2018)
Growers	Growers are landowners or small businesses with 500 ha or more (accumulative), who cultivate and harvest oil palms.	Medium Grower Task Force 2021
Internal auditor	Person or organisation appointed by the Group Manager to carry out an internal inspection of the group members with regard to their compliance with the relevant RSPO standards and policies, and with group membership requirements.	Group Certification (2018)
Internal control System (ICS)	A documented set of procedures and processes that a group implements to achieve its specified requirements. The ICS can define the roles of the wider group, not directly involved in the certification, which can consist of FFB traders, Group Managers, transport providers etc.	Group Certification (2018)

Independent growers	The person or entity that owns and/or manages an oil palm development and who is not bound by any contract, credit agreement or planning to a particular mill.	Group Certification (2018)
Independent mill	A mill operating independently and with no legal relationship to any specific plantation. This includes through parent or sister companies and takes into consideration the geographical accessibility of the plantation.	Supply Chain Certification Standard (2020)
Medium growers	<p>Medium growers are landowners or small businesses with more than 50 ha and up to 500 ha (cumulative), who cultivate and harvest oil palms using hired labour rather than family labour. They may have diverse sources of income including multiple crops, may not reside near their oil palm plantings and may employ administrative staff.</p> <p><i>Note: National Interpretation is encouraged. The definition of medium growers is subject for review alongside P&C and ISH Standard review</i></p>	Medium Grower Task Force 2021
Mill-with-supply-base	For the purpose of this document, the term “mill-with-supply-base” is used to refer to mills with their own plantation(s). Mills-with-supply-base need to follow the RSPO P&C certification for their own operations, whereas independent mills need only RSPO SCC certification. Mills-with-supply-base in the context of Group Certification is a relevant concept for the certification of Scheme Smallholders, associated smallholders and outgrowers (see section 1.3 of this document) and therefore this clearer differentiation is used.	Group Certification (2018)
National Interpretation	Interpretation of the RSPO Generic Principles & Criteria for a specific country.	Group Certification (2018)
Outgrowers	<p>Farmers, where the sale of FFB is exclusively contracted to the unit of certification.</p> <p>Outgrowers may be smallholders.</p>	RSPO P&C (2018)
Rights	Legal, social, or ethical principles of freedom or entitlement.	Group Certification (2018)
Stakeholders	An individual or group with a legitimate and/or demonstrable interest in, or who is/are directly affected by, the activities of an organisation and the consequences of those activities.	Group Certification (2018)

ANNEX II. CERTIFICATION OPTIONS (SIMPLIFIED ILLUSTRATION)



There are potentially 15 variations or types of growers set up on the ground. It can be illustrated as follows:

Scenario	Type 1	Type 2	Type 3	Type 4
1	Estate + Mill	Scheme SH	Independent SH	Outgrowers (>50ha)
2	Estate + Mill	Scheme SH	Independent SH	
3	Estate + Mill	Scheme SH		Outgrowers (>50ha)
4	Estate + Mill	Scheme SH		
5	Estate + Mill		Independent SH	Outgrowers (>50ha)
6	Estate + Mill		Independent SH	
7	Estate + Mill			Outgrowers (>50ha)
8	Estate + Mill			
9		Scheme SH	Independent SH	Outgrowers (>50ha)
10		Scheme SH	Independent SH	
11		Scheme SH		Outgrowers (>50ha)
12		Scheme SH		
13			Independent SH	Outgrowers (>50ha)
14			Independent SH	
15				Outgrowers (>50ha)

Small growers of oil palm essentially grow the crop in the same way. What differentiates them is the various ways in which they are organised and access to inputs which can establish Good Agricultural Practices (GAP) and lead to Better Management practices (BMP). Improved access to inputs flows from the organisation of small growers and develops an enabling environment for continuous improvement. The implementation of the RSPO P&C is one proven approach that creates an enabling environment for small growers.

Organising small growers into an association or a group creates a systematic approach to certification as the vehicle for delivering GAP and BMP and allows the application of economies of scale.

Regardless of whether an outgrower/smallholder is independent or otherwise, the essential methodology of achieving certification resides within the formation of a group and the subsequent management of individuals.

The following are certification options that can be chosen by the types of oil palm producers and in which RSPO standards apply.

Type of producer (If you are a...)	Certification Options	RSPO Standards Applied
Mill-with-own plantation + supply base	RSPO Principles & Criteria Certification	Principles & Criteria (P&C)
Outgrower	(i) Join in a mill's supply base to go for RSPO Principles & Criteria Certification	Principles & Criteria (P&C)
	(ii) Join a group of smallholders and/or outgrowers, managed by an appointed Group Manager (can be represented by a mill) to go for RSPO Group Certification	Principles & Criteria (P&C) & Group Certification
Scheme Smallholder	(i) Join in a mill's supply base to go for RSPO Principles & Criteria Certification	Principles & Criteria (P&C)
	(ii) Join a group of smallholders and/or outgrowers, managed by an appointed Group Manager (can be represented by a mill) to go for RSPO Group Certification	Principles & Criteria (P&C) & Group Certification
Independent Smallholder	(i) Join in a mill's supply base to go for RSPO Principle & Criteria Certification	Principles & Criteria (P&C)
	(ii) Join a group of smallholders and/or outgrowers, managed by an appointed Group Manager (can be represented by a mill) to go for RSPO Group Certification	Principles & Criteria (P&C) & Group Certification
	(iii) Join a group of Independent Smallholders, managed by an appointed Group Manager, to go for RSPO Independent Smallholder Standard Certification	Independent Smallholder (ISH) Standard
Independent Mill	RSPO Supply Chain Certification	Supply Chain Standard Certification

ANNEX III. TIME-BOUND PLAN: SCHEME SMALLHOLDERS & SCHEME OUTGROWERS



The RSPO Certification Systems 2020 requires members (mill-with-supply base) to implement a time-bound plan to ensure that all Scheme Smallholders and outgrowers supplying a mill that is P&C certified must be certified within three years of the mill obtaining its own certificate.

Section 5.1.3 of RSPO Certification Systems

Section 5.1.3 of the RSPO Certification Systems Document stating, “The mill shall develop and implement a time-bound plan to ensure that 100% of Scheme Smallholders and scheme outgrowers are compliant with the standard within three (3) years of the mill’s initial certification”. The mill should do this, if possible, by including these growers within their own P&C certificate or have the option to support these growers to get certified via the Group Certification system.

Source: RSPO Certifications Systems for Principles & Criteria and RSPO Independent Smallholder Standard, 12 November 2020.

RSPO members (mill-with-supply base) should, if possible, include Scheme Smallholders and scheme outgrowers within their own P&C certificate or have the option to support them to get certified via the Group Certification system (for further details, see below).

Option 1: Single P&C Certificate

Where the mill has made a management decision to include Scheme Smallholders and outgrowers in the mill’s RSPO P&C certification, a single P&C Certificate will be issued, covering (listing) all smallholders and outgrowers within the certificate as the supply base of the mill.

The mill will follow the requirements in the RSPO P&C for the mill, its own estates, all Scheme Smallholders, and/or outgrowers. Refer to simplified illustration I. below:



Illustration I. Option 1 Single P&C Certificate.

Option 2: Separate Group Certification for P&C Certificate

Where the RSPO member (mill-with-supply base) has made a management decision to support Scheme Smallholders and outgrowers to obtain their own RSPO P&C certificate using the group certification model:

- The RSPO member will obtain its own P&C Certificate for its own mill and plantations; and
- Support the group of Scheme Smallholders and outgrowers in obtaining their Group P&C Certificate through group certification, where the RSPO member can be the Group Manager or by appointment.

With this option, two certificates will be issued:

- P&C Certificate for the RSPO Member (mill-with-supply base) for the production of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK); and
- P&C Certificate (Group Certification) for the group of Scheme Smallholders and outgrowers for the production of Certified Fresh Fruit Bunch (CFFB).

Refer to simplified illustration II. Below.

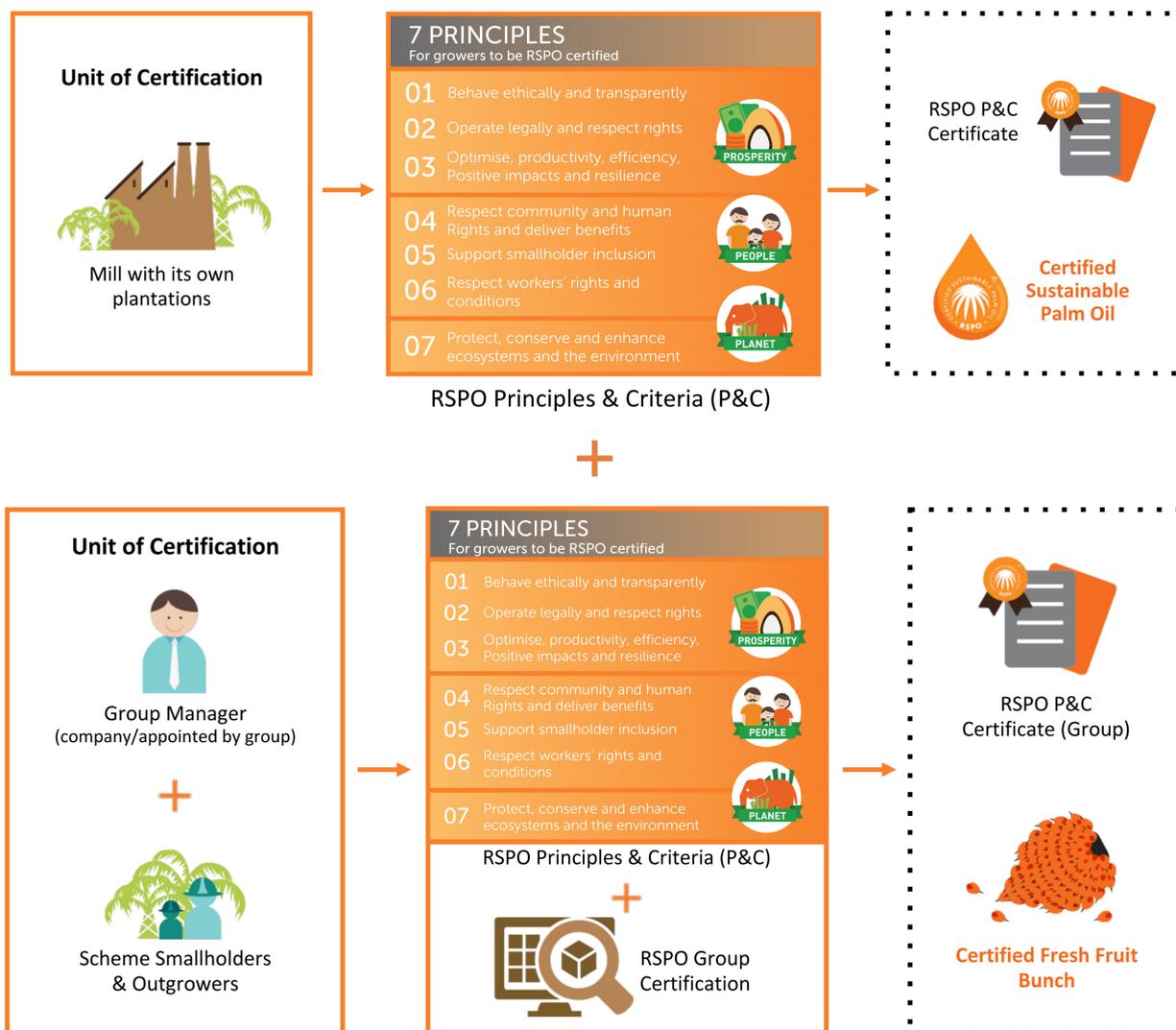


Illustration II. Option 2 Separate Group Certification for P&C Certificate.

While it is not a RSPO members' requirement, RSPO members (mill-with-supply base), through Principle 5 of the P&C, are to support Independent Smallholder inclusion. If possible, the member can support Independent Smallholders supplying to its mill through the options listed:

Option A1: Include ISH into its single Principles & Criteria (P&C) Certificate

Where the mill has made a management decision to include smallholders (Independent and Scheme) and outgrowers in the mill's RSPO P&C certification, a single P&C Certificate will be issued, covering (listing) all smallholders (Independent and Scheme) and outgrowers within the certificate as the supply base of the mill.

The mill will follow the requirements in the RSPO P&C for the mill, its own estates, all included Scheme Smallholders, all included Independent Smallholders and/or outgrowers. Refer to simplified illustration III. below:



Illustration III. Option A1 Include ISH into its single Principle & Criteria (P&C) Certificate.

Option A2: Include ISHs into an existing group of Scheme Smallholders and outgrowers for P&C Group Certification.

Where the RSPO member (mill-with-supply base) has made a management decision to support smallholders (Independent and Scheme) and outgrowers in obtaining their own RSPO P&C certificate using the group certification model:

- The RSPO member will obtain its own P&C Certificate for its own mill and plantations; and
- Support the group of smallholders (Independent and Scheme) and outgrowers in obtaining their Group P&C Certificate through group certification, where the RSPO member can be the Group Manager or be appointed by this group.

With this option, two certificates will be issued:

- I. P&C Certificate for the RSPO Member (mill-with-supply base) for the production of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK); and
- II. P&C Certificate (Group Certification) for the group of smallholders (Independent and Scheme) and outgrowers for the production of Certified Fresh Fruit Bunch (CFFB).

Refer to simplified illustration IV. below:

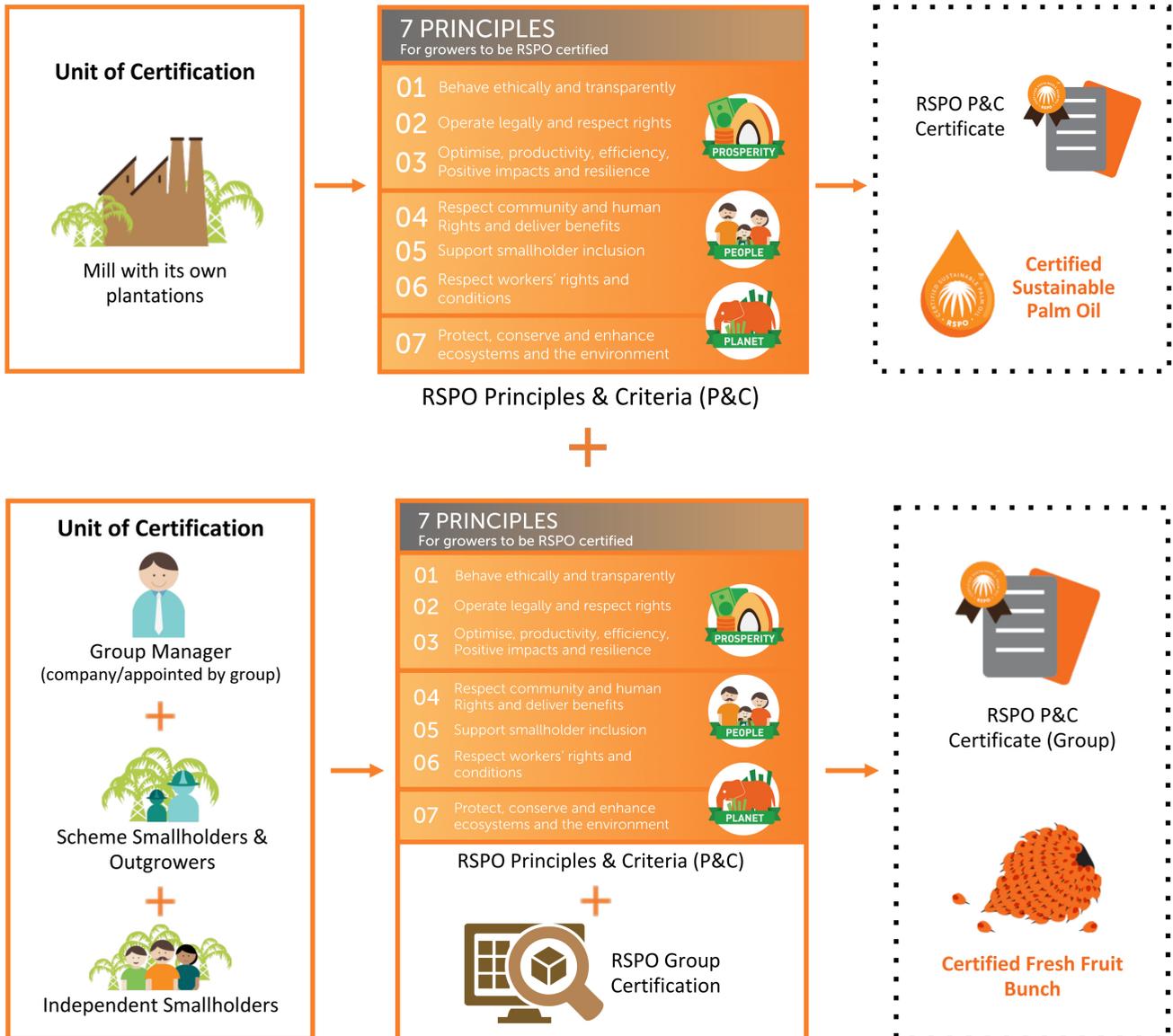


Illustration IV. Option A2 Include ISHs into an existing group of Scheme Smallholders and outgrowers for a Group Certification for P&C.

Option A3: Support ISH for a separate ISH Standard Certification

Where the RSPO member (mill-with-supply base) has made a management decision to support Independent Smallholders in obtaining their own RSPO ISH certificate:

- The RSPO member will obtain its own P&C Certificate for its own mill and plantations; and
- Support the group of Independent Smallholders in obtaining their Group ISH Standard Certificate, where the RSPO member can be the Group Manager or be appointed by the Group.

With this option, two certificates will be issued:

- P&C Certificate for the RSPO Member (mill-with-supply base) for the production of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK); and
- ISH Certificate for the group of Independent Smallholders for the production of Certified Fresh Fruit Bunch (CFFB).

Refer to simplified illustration V below.

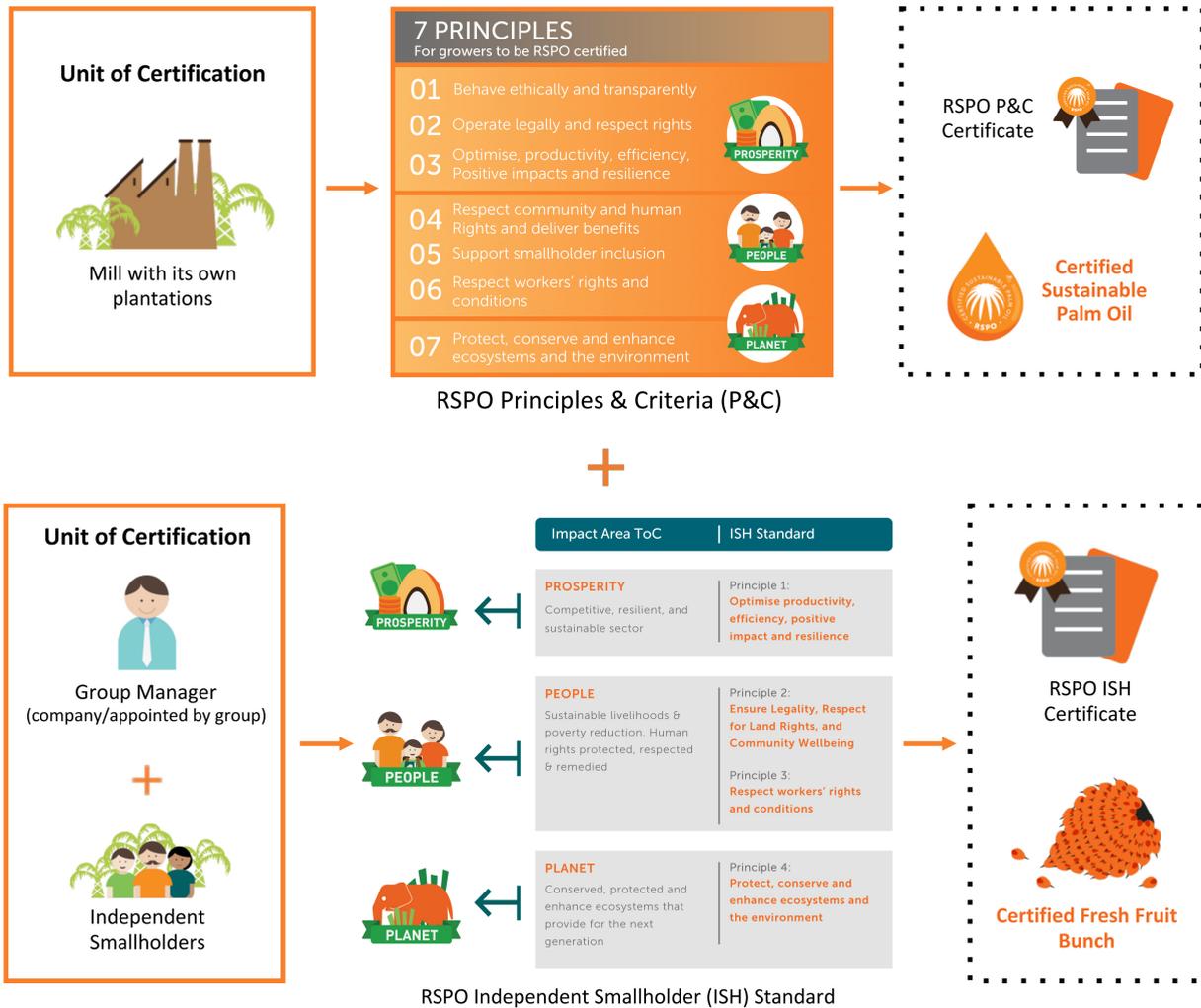


Illustration V. Option A3 Support ISH for a separate ISH Standard Certification.

Note: Scheme smallholders and/or outgrowers cannot be included in this option. Scheme Smallholders and/or outgrowers cannot be included in this group of Independent Smallholders for the RSPO ISH Certificate.

Option A4: Support ISH, Scheme Smallholders and Outgrowers for Separate Certification

In the scenario, where the RSPO member (mill-with-supply base) with Scheme Smallholders and outgrowers, as well as ISH, have made a management decision to go for separate certification:

- The RSPO member will obtain its own P&C Certificate for its own mill and plantations;
- Support the group of Scheme Smallholders and outgrowers in obtaining their Group P&C Certificate through group certification, where the RSPO member can be the Group Manager or be appointed by this Group; and
- Support the group of Independent Smallholders in obtaining their Group ISH Standard Certificate, where the RSPO member can be the Group Manager or be appointed by this Group.

With this option, three certificates will be issued:

- I. P&C Certificate for the RSPO Member (mill-with-supply base) for the production of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK);
- II. P&C Certificate (Group Certification) for the group of Scheme Smallholders and outgrowers

for the production of Certified Fresh Fruit Bunch (CFFB); and
 III. ISH Certificate for the group of Independent Smallholders for the production of Certified Fresh Fruit Bunch (CFFB).

Refer to simplified illustration VI below.

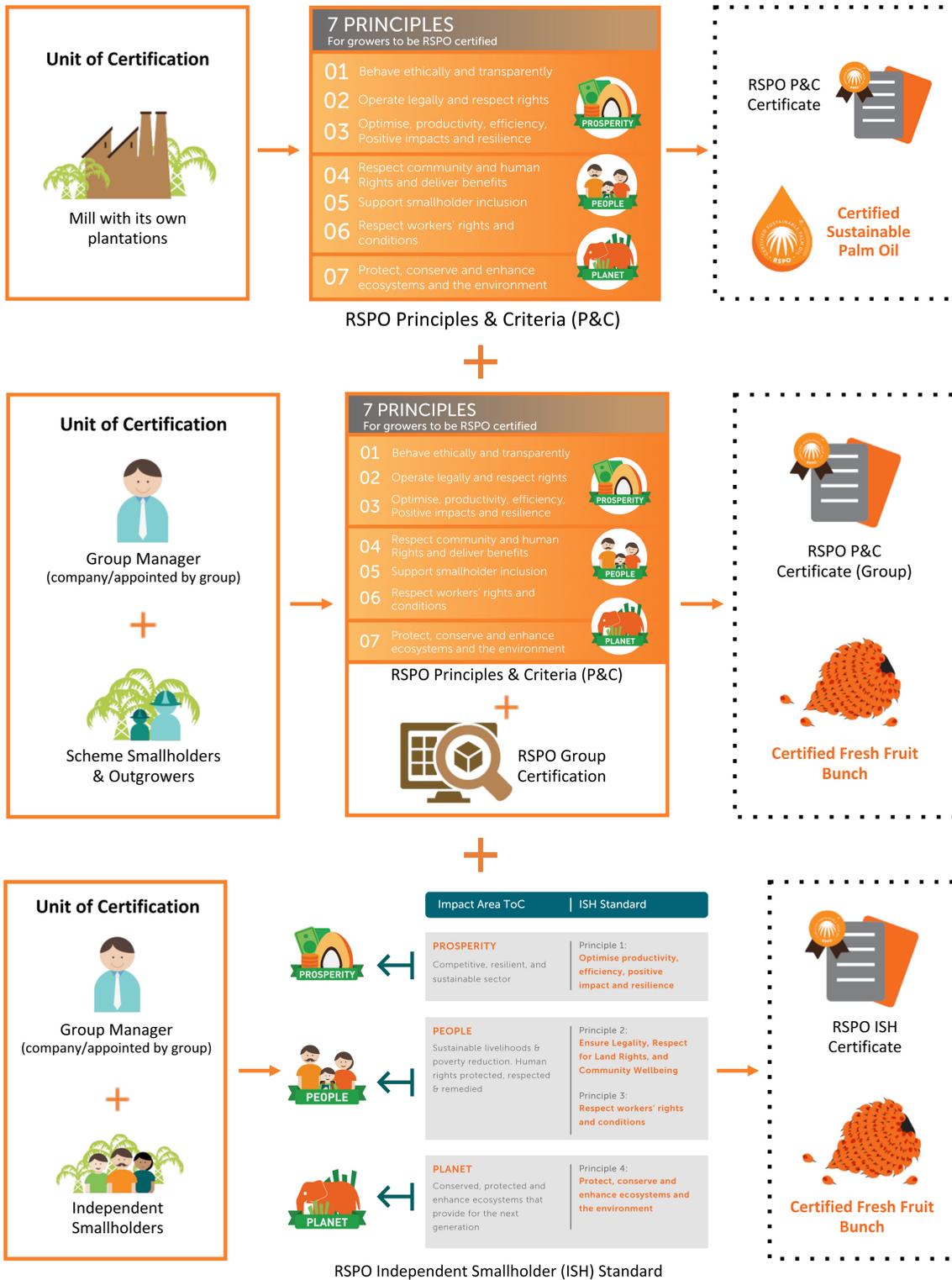


Illustration VI. Option A4 Support ISH, Scheme Smallholders & Outgrowers for Separate Certification.

ANNEX III. LIST OF DOCUMENTS TO BE DEVELOPED, REQUIRED TO COMPLY WITH RSPO P&C



P&C Indicator	Documentation	Classification
1.1.3	Records on information request and responses to stakeholders and records of communication and actions taken in response to input from stakeholder	Records
1.1.4	Consultation and communication procedures with interested parties	Procedure
1.1.5	List of stakeholders	List
1.2.1	Policy committing to a code of ethical conduct and integrity in all operations and transactions	Policy
2.1.1	A documented system about legal requirements	Documented system
2.2.1	List of contracted parties	Documented system
3.1.1	Business or management plan	Plan
3.1.2	Replanting programme projected for 5 years	Plan
3.2.1	Action plan for continual improvement	Plan
3.3.1	Standard Operating Procedures (SOPs)	Procedure
3.3.2	Records of monitoring and implementation of the SOPs	Records
3.4.1	Social and Environmental Impact Assessment (SEIA)	Assessments
3.4.2 & 3.4.3	Social and environmental management and monitoring plans	Plan
3.7.1	Training programme, including regular assessments of training needs	Plan
3.7.2	Record of training	Records
4.1.1	Policy to respect human rights, including prohibiting retaliation against Human Rights Defenders (HRDs)	Policy
4.5.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights – where applicable	Map
4.5.2	Procedure to ensure FPIC is obtained for all oil palm development through a comprehensive process	Procedure
4.6.1	Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation	Procedure
4.6.1, 4.7.1	Procedure for identifying people entitled to compensation is in place	Procedure

4.6.2, 4.7.2	Procedure for calculating and distributing fair compensation	Procedure
4.8.4	Participatory mapping of extent of disputed area – where applicable	Map
6.1.1	A publicly available non-discrimination and equal opportunity policy	Policy
6.3.1	Published statement in local languages recognising freedom of association shall be available	Statement
6.4.1	Policy for the protection of children, including prohibition of child labour and remediation	Policy
6.5.1	Policy to prevent sexual and all other forms of harassment and violence	Policy
6.5.2	Policy to protect the reproductive rights of all, especially of women	Policy
6.6.2	Labour policy and procedures for temporary or migrant workers	Policy & Procedure
6.7.1	Records of issues raised in meetings related to health, safety and welfare between responsible person/s and workers	Records
6.7.2	Health and safety procedure	Procedure
6.7.2	Accident and emergency procedures	Procedure
6.7.2	Record of all accidents and injuries (Lost time accident)	Records
7.1.1	Integrated Pest Management (IPM) Plan	Plan
7.2.1	Documented justification where pesticides are applied aerially	Document
7.2.2	Records of Pesticides Use (a.i., LD50, area treated, amount of a.i./ha and number of applications)	Records
7.2.3	Plan on Pesticides (minimise and exceptional circumstances)	Plan
7.3.1	Waste management and disposal plan	Plan
7.3.2	Waste disposal procedure	Procedure
7.4.1	Procedures for soil and fertility management	Procedure
7.4.4	Records of fertiliser inputs	Records
7.5.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils	Maps
7.6.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation	Map
7.5.2, 7.5.3, 7.6.2	Plan to ensure no new planting on peat, steep terrain and no extensive replanting on steep terrain, as well as extensive planting on marginal and fragile soil	Plan
7.7.2	Map of peatland	Map

7.7.3	Procedure for minimising, monitoring and documenting subsidence of peat (if applicable)	Procedure
7.7.4	Water and ground cover management programme (for existing planting on peat)	Programme
7.8.1	Water management plan	Plan
7.8.2	Map and plan for water courses and wetlands protection	Map & plan
7.8.2	Plan for restoring appropriate riparian and other buffer zones (if applicable)	Plan
7.9.1	Plan for improving efficiency of the use of fossil fuels and to optimise renewable energy	Plan
7.10.3	Plan to reduce or minimise identified significant pollutants and GHG emissions	Plan
7.12.1	Land Use Change Analysis (LUCA) conducted	Assessment
7.12.2	Relevant HCV-HCS assessments conducted (Refer to RSPO Interpretation of Indicator 7.12.2 and Annex 5)	Assessments
7.12.4	Integrated Management Plan to protect and/or enhance HCVs, HCS forests, peatland and other conservation areas	Plan
7.12.6	Records of regular education of workforce on rare, threatened or endangered (RTE) species	Records
7.12.7	Records of HCV monitoring	Records
7.12.8	Remediation and Compensation Procedure (RaCP) applied (if applicable)	RaCP

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.

www.rspo.org



Roundtable on Sustainable Palm Oil

Unit 13A-1, Level 13A, Menara Etiqa,
No 3, Jalan Bangsar Utama 1,
59000 Kuala Lumpur, Malaysia

Other Offices:

Jakarta (Indonesia)
London (United Kingdom)
Beijing (China)
Bogota (Colombia)
New York (USA)
Zoetermeer (Netherlands)

 rspo@rspo.org

 www.rspo.org