RSPO | Roundtable on Sustainable Palm Oil

RSPO SHARED RESPONSIBILITY TASK FORCE

Shared Responsibility Requirements and Implementation

Endorsed by the RSPO Board of Governors on 31 October 2019

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1. BACKGROUND

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

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

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

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

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

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

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

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

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

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

- Are relevant and meaningful for the provision of information on salient issues across the non-producer RSPO members
- Are not lower than those set out in the P&C (RSPO Code of Conduct for Members 3.2)
- Include the implementation mechanisms, and first ideas for incentives and sanctions

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

SHARED RESPONSIBLITY RISKS

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

2. METHODOLOGY

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

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

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

BoG comments were analysed and where appropriate, changes were proposed to this document as a Draft 1 for review and initial feedback from the SRTF. Agreed upon comments and changes were integrated into a Draft 2, with BoG comments and pending questions discussed further on a SRTF Teleconference call to finalize for a subsequent public consultation draft. This second public consultation lasted from 3rd to the 16th of October. All comments received were collated, analysed and then discussed by the SRTF leading to this final version of the SRTF Shared Responsibility Requirements and Implementation document.

For more information on the background and process, please visit the RSPO website SRTF page.

3. HOW TO READ THIS DOCUMENT

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

Put more clearly: the SRTF has developed the Shared Responsibility requirements (see Annex 1) and how each of them is reported on (e.g. via membership application or Annual Communication on Progress (ACOP)). Linked to this, the SRTF furthermore outlines in this document the system enhancements and improvements needed to make this reporting as efficient and meaningful as possible (see sections on 'System Enhancements for Implementation' and 'Verification').

Additionally, the SRTF shares some ideas for incentives and sanctions to be taken forward in further discussions as part of year 1 implementation, including further public consultation.

ToR	Further details	Corresponding Sections in Document	Status of Sections	Next steps
How and what to report	Shared Responsibility requirements	4. Scope: Who and What does SR apply to? 5. Shared Responsibility Defined 8. Definitions Annex 1	SRTF completed	Implementation in Year 1
When and in what format	How each of them is reported on (e.g. via membership application or ACOP)	Annex 1 column 'collection mechanism' 6. System Enhancements for Implementation 7. Verification	SRTF completed	Implementation in Year 1
	Linked system enhancements needed	6. System Enhancements for Implementation 7. Verification	SRTF completed	Implementation in Year 1
	Next steps for Implementation	11. Next Steps	SRTF completed	Implementation in Year 1
Ideas for Resourcing		8. Resourcing	SRTF agreed need for additional resourcing & key ideas summarized	Resourcing to be fully developed in Year 1, including further public consultation
Mechanisms for incentives and sanctions recommended		9. Incentives and Sanctions	SRTF agreed need for incentives & sanctions, key ideas from SRTF process summarised	Incentives and sanctions mechanism to be fully developed in Year 1, including further public consultation

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

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

SCOPE: MEMBERSHIP CATEGORY

The focus of SRTF has been on Ordinary Members of RSPO, specifically Environmental NGOs (ENGOs), Social NGOs (SNGOs), Banks and Investors, Retailers, Consumer Goods Manufacturers (CGM) and Processors and Traders (P&T).

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

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

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

SCOPE: SIZE

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

It was recognised that it would be challenging to determine what is "small" across sectors and countries with respect to small medium sized enterprises (SMEs) and smaller organisation which could create an overly complex SR system. Despite the limitations of SMEs, **it was agreed that the SR requirements to be the same for SMEs/smaller organisations** with no exemptions and specific challenges to size and type of organisations be analysed as part of the year 1 review.

It is recommended that the implementation be reviewed after one year. Guidance will need to be developed especially for SMEs and smaller organisations, with larger organisations serving as models. Support may be needed for implementation of SR requirements and should be considered in the SR resourcing.

SCOPE: ACTIVITIES. PALM OIL VS ALL ACTIVITIES

The scope of the SR requirements is specific to palm oil related activities, as with the P&C and growers. This ensures relevance and applicability and for organisations with limited palm oil activities, there is no disincentive. The SRTF agreed that as a minimum, the requirements be applied for palm oil related activities. If there is already a system in

place that meets the SR requirements that is inclusive of all activities of the organisation, this is of course acceptable. If there is nothing in place at the level of the member's organisation that addresses the SR requirements, then, as a minimum, something must be put in place for palm oil related activities.

SCOPE: GROUP VS SITE LEVEL

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

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

5. SHARED RESPONSIBILITY DEFINED

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

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

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

WHAT THIS MEANS IN TERMS OF EXPECTATIONS OF EACH MEMBER

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

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SUSTAINABILITY LEADERSHIP

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

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

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

The overall vision of shared responsibility is that all membership categories assume responsibility according to their roles (See Annex 3) in order to strengthen sustainable palm oil cultivation and use. The catalogue of criteria for shared responsibility consists, among others, of the obligation to comply with common principles and policies, support small farmers in achieving more sustainable palm oil cultivation and links to the market, training and awareness raising, communication in different markets and target groups, technical and personnel support for the RSPO and its committees, as well as increasing the acceptance of certified palm oil products.

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

For instance, those members who purchase palm oil, i.e. those directly in the palm oil supply chain, would therefore be asked to report on volumes of RSPO CSPO purchased and related time bound plans, whilst those members

without direct purchasing of palm oil, such as NGOs or banks for example, would be required to promote RSPO CSPO through appropriate means for their sector. Requirements may be similar or identical for several of the member categories (e.g. ENGOs and SNGOs; CGM and Retailers) and there may be requirements for all member categories on a given topic, but the actions they prescribe may be different for different categories.

DRIVING UPTAKE

During the SRTF process, **volumes and uptake** has been seen as the priority for achieving the RSPO vision. Over the 8-month process, the SRTF discussed and debated the challenges faced by members in terms of market availability, smallholders, lack of physical supply chains, lack of demand, among others. In addition, the SRTF discussed the role of credits, considering its original mandate as a transitionary tool towards full physical procurement (GA 2012 Resolution 6d). Acknowledging these issues, challenges, changing markets and tools, while focusing on using SR to drive impact, the SRTF agreed:

Physical and Credits

- Physical CSPO is still the desired outcome to reach the RSPO vision.
- Credits will always play an important part in the market and are acceptable for specific strategies (e.g. SH & JA credits) or where market supply chains for physical product are still developing
- The RSPO BoG commits to develop a position statement on continued use of credits in the first year of implementation of Shared Responsibility, following which this aspect will be revised at the end of Year 1 SR review if needed

Time Bound Plan

Time Bound Plan (TBP) for the increase of RSPO certified palm oil products to be implemented with ambitious uptake targets.

PROCESS AND RATIONALE FOR VOLUME TARGETS

SRTF agreed that in order to drive uptake and transform markets, the volume requirements for supply chain actors include percentage point uptake targets year on year. Individual members will have different starting points so this approach will encourage members with continual improvement rather than impose specific numbers.

Based on the BoG strategic concerns raised, in reaction to new market data, and the extensive comments related to volumes and credits during the public consultation II, an analysis of supply and demand was conducted by RSPO Secretariat to develop data driven, market-based scenarios. The RSPO Secretariat's data scientist prepared a supply/demand model to project potential scenarios: pessimistic/realistic/optimistic proposals based on existing supply and demand data on physical volumes from assurance, and documented assumptions.

Using a Market-based Supply/Demand Model

The models were based on assurance data 2018, with 2019 actual data through September 2019 and quarter 4 estimated and ACOP data 2018.

Assumptions included in the model:

- Small growth of current certified membership increasing volumes in 2019
- Modelled based on realistic yields by region rather than hectares
- Drop in 2020 supply due to P&C 2018 kicking in
- Shifts in membership figures (new members/members leaving/global slowdown market adjustments)
- Demand numbers come from ACOP 2018 (actual as reported by the members)

Supply/Demand Model Based on Certified Volumes

These volumes are based on total potential **certified volumes** as historically used at RSPO. Based on this, for Processors and Traders (P&T) a target increase was proposed for Year 1 to balance the supply and demand in the range from:

- 7% increase pessimistic scenario
- 11% increase realistic scenario
- 16% increase optimistic scenario

Supply/Demand Model Based on Actual Volumes

Several P&T stakeholders submitted a proposal with models to the SRTF for consideration. These included some different assumptions. Specifically, this approach used estimated **actual volumes** based on audit report analysis data previously presented to the BoG. Taking this approach of actual volumes, new modeling was done using assurance data collected between late November 2017 and 2018. This indicated lower actual production volumes of approximately 20%. However, this was based on one-year data only and cannot be assumed as a historical trend as production is dependent also on other market factors. The same time period coincided with a supply glut and depressed prices which may have affected the production volumes. The resulting range, based on lower supply pushed the demand balance targets lower for P&T:

- 4% increase pessimistic scenario
- 8% increase realistic scenario
- 11% increase optimistic scenario

The P&T proposal included several different assumptions including a more conservative discounting between certified and actual (22% vs 20%) and much lower estimates of physical based on percentages (5.3m tonnes) vs actual reported ACOP data 2018 (adjusted to minimize double counting) of 5.95m. The P&T proposal is to take up the 1.6m tonnes of estimated production currently sold as conventional as per their calculations.

That said, taking the goal of 1.6m tonnes increase into the RSPO Secretariat market-based model, this translates as a 2.3% increase in uptake for P&T. As the P&T proposed a 1.8% uptake target, all SRTF members agreed to a 2% uptake target for the P&T for Year 1.

With overwhelming agreement in the public consultation with the need for demand side increase to stimulate RSPO certification on the ground, the same modelling approach was used as above for the other downstream actors. The demand balance for CGM was calculated at around 20-40%, and for Retailers it was calculated at around 15-25%. SRTF agreed to targets for CGM and retailers at 15% for Year 1.

The SRTF recognised that there are many factors and assumptions in the scenario modelling and agreed to set targets for Year 1 only. Year 2 targets and subsequent years are to be decided based on annual projection models developed by RSPO Secretariat and agreed by the BoG. It is important that in order to set targets, clear reference data points are needed, i.e. ACOP data from members, not fluctuating market assumptions.

For the full list and details of all requirements for the individual membership categories please see Annex 1.

6. SYSTEM ENHANCEMENTS AND IMPROVEMENTS

Key Premises:

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

- ✓ Leverage existing RSPO systems including streamlining and improving through SR process
- ✓ Leverage existing external systems
- ✓ Integration of systems - specifically membership application, ACOP and PalmTrace data [SRTF acknowledges challenges with different reporting periods and site vs group level reporting – this must be addressed in process of system integration]
- ✓ Mandatory reporting of accurate information across ALL members
- ✓ Enforcement of existing mechanisms including data quality checks
- ✓ Transparency of reporting

RSPO System Use for SR Reporting:

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

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

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

Membership Application – self-reported for ALL members. In order to not create additional hurdles for new members, the Sustainable Palm Oil Policy is the only SR requirement required at membership application stage. All other SR requirements which generally do not change from year to year, such as policies, should be listed in the membership application for information and to be transparent on the SR requirements. Evidence will need to be provided latest in the first ACOP and subsequently verified by the RSPO Secretariat. Note: existing RSPO members will be asked as a one off to submit the corresponding elements via a template questionnaire to be developed by RSPO Secretariat plus supporting evidence in Year 1 of SR implementation.

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

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

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

Supply Chain Certification Standard (SCCS) - for certifiable supply chain actors – a subset of SR requirements, as identified below, should be integrated into the SCC audit with membership application information integrated and alignment between ACOP reporting and the Certification Assessment Body (CAB) verification process. SR data provided by the member via ACOP would then be checked by the CAB during the audit, for those in SCC process, similar to the metrics reporting for growers (P&C 2018). Those not yet in SCC process reporting is via ACOP which will be independently verified*.

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

*Clear guidance to be developed in Year 1 on verification of data (who, what/what not and how).

PalmTrace – for certifiable supply chain actors in SCC process - monitoring of volumes and corresponding time bound plan implementation. Linking of PalmTrace with ACOP in Year 1.

Other corporate reporting/CSR mechanisms - As a means to keeping costs of SR implementation low, the SRTF recommends benchmarking existing external reporting mechanisms that utilise third party verification. It was favoured that SR should maintain reporting within RSPO systems due to the wide variety of these mechanisms in terms of transparency and verification.

Leveraging Existing External Systems:

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

- ✓ Consideration for other sector specific reporting mechanisms which will be assessed for equivalency during the first year of SR implementation to help streamline implementation and avoiding duplication of efforts
- ✓ Consideration of regulation in operating countries

- ✓ Benchmarking common sector standards used by RSPO membership with SR requirements for equivalency during the first year of SR implementation, to ease the burden of implementation and audits/checks & balances.

Benchmarking:

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

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

7. VERIFICATION (ASSURANCE)

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

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

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

The **membership application** will include a list of the SR requirements. However, the Sustainable Palm Oil Policy is the only SR requirement required at membership application stage. Evidence will need to be provided latest in the first ACOP and subsequently verified by the RSPO Secretariat.

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

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

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

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

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

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

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

All RSPO members have access to their information which changes over time, while CAB auditors only see a snapshot--a moment in time. RSPO members have information in near real time, while CABs reporting processes take time and aggregating of data leads to further delays. CABs should thus be given the member reported data for the identified SR requirements subject to SCC audit check, from ACOP and verify it, rather than vice versa (as with

the reporting metrics in the P&C). With improved processes and systems, the administrative burden should be lessened, the data becomes a form of empowerment and add direct value to them and the RSPO network.

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

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

All SR requirements are mandatory, so in the case of verification, non-compliance would be considered major. A requirement is considered in compliance if full and accurate reporting has been done. 60 days are given to address missing/incomplete information. Failure to do so will trigger the mechanism to be fully developed in Year 1 as part of the work on 'Incentives and Sanctions', which will be subjected to a further public consultation.

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

8. RESOURCING

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

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

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

Box 3: Key Ideas on Resourcing

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

9. INCENTIVES AND SANCTIONS

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

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

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

Where P&C are applicable, i.e. for growers, – complying with the standard (or ISH standard for ISH) is essentially the way to demonstrate SR and here:

- incentives for certified operations include access to markets, transparent prices, sustainable production
- and sanctions are non-compliance, loss of certification, loss of access to markets

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

OVERALL ON INCENTIVES

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

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

Key advantages to be underlined here are:

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

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

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

The full set of incentives will be developed in year 1 of implementation, including participation of members in the development and a public consultation on the proposed incentives.

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

Box 1: Key Ideas on Incentives

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

Key ideas from the SRTF process on Incentives (for discussion and development Year 1)
including those mentioned above (priority allocation of seats on RSPO organs, easier tender processes, access to funding for smallholder projects). The different member categories themselves could make SR performance a criterion for specific incentives, such as the banks and investors offering preferential tools and mechanisms through bank lending rates or helping to motivate ACOP submissions of their creditors. NGOs could promote and give positive recognition to those supply chain members who are high SR performers. _____ As a first step to develop the full incentives and sanctions component in year 1, the SRTF recommends further study of other initiatives and their use of similar mechanisms (e.g. other ISEAL members, Sustainable Palm Oil Choice SPOC).

SANCTIONS

The intent of sanctions is to encourage the underperforming members to improve performance and provide support to get there.

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

However, it will be important in Year 2 to have transparent and rigorous consequences for members who are not contributing to SR, and the SRTF recommends the development of such a transparent and rigorous sanctions system during the first year of implementation.

The following Box 2 summarises some of the key ideas which came from the SRTF process and stakeholders (meetings, workshops, public consultation). These are not definitive but summarised here as input for the full set of incentives and the incentives mechanism to be developed in Year 1 of implementation, and open to further discussion, amendment and detailing, including participation of members in the development and a public consultation on the proposed sanctions.

Box 2: Key Ideas on Sanctions

Key ideas from the SRTF process on Sanctions (for discussion and development Year 1)
Sanctions will include limited/low priority/no access to RSPO membership benefits. The sanctions will be applied through tiered suspension, namely restriction on specific or certain membership privileges such as joining working groups, panels and task forces or restricting voting rights. This is as opposed to full suspension where the underperforming member loses all benefits in a given timeframe. The tiers and defined sanctions shall depend on their respective SR performance. This could also include penalty payments (for no/ lack of performance) and a levy per tonne of CSPO material NOT purchased to be introduced in Year 3.

Key ideas from the SRTF process on Sanctions (for discussion and development Year 1)
Stronger sanctions should be implemented for critical points, such as non-compliance or or weak ACOP reporting especially on volumes; failure to meet Time Bound Plans (TBP) on CSPO volumes; failure to achieve 100% uptake for certified sustainable palm oil products by Year 3 (CGM and retailer members) / Year 4 (P&T members) . A key element for sanctions is the enforcement of TBP commitments, which has been made stricter now for growers, but not yet for the remaining members. This includes specific time bound targets in SR requirements. Clear actions must be defined, so that RSPO Secretariat can follow through with decisions finalised by the BoG, in alignment with measures taken for growers' TBPs.
Penalties for non-compliance: clear, enforced penalties for failure to report properly in ACOP especially on volumes; for failure to meet mandatory volume targets. Specifically, the SRTF recommends: 1. Non-public official warning letter and engagement upon missing or poor ACOP reporting once with ambitious deadline for extension to (re-)submit ACOP 2. Public warning and engagement upon missing the extension deadline for (re)submitting ACOP 3. Suspension and engagement for two consecutive years of non-reporting/poor reporting of ACOP 4. Termination for three consecutive years of non-reporting/poor reporting of ACOP RSPO Secretariat will manage the sanction process - all warning letters sent to underperforming members and also sent to member NGOs for engagement purposes.

10. COMMON DEFINITIONS AMONG ALL MEMBERS

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

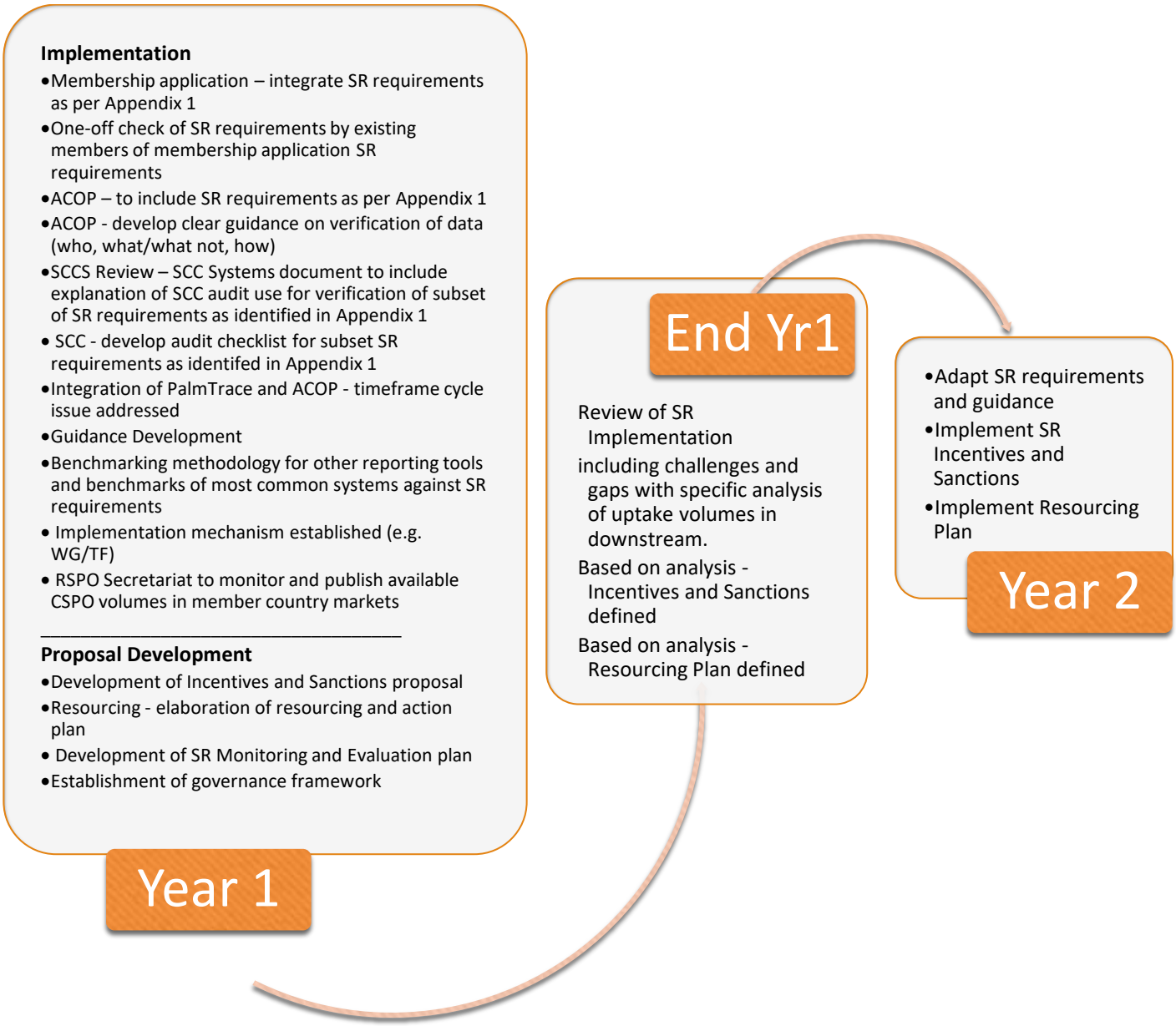
- **Common company definition:** Use the current RSPO definition which includes subsidiaries.
- **Human Rights Defenders**: For SR the RSPO definition of Human Rights Defenders is referenced.
- **Management document**: For SR the RSPO definition of 'Management documents' is referenced.
- **Off product label:** A RSPO label that is not on the product or its packaging.
- **Smallholder definition:** For SR the RSPO definition of smallholder is referenced.
- **Sustainability Performance:** Complete and timely reporting of the SR requirements.

Further guidance is needed for key terms, e.g. 'all legal requirements' and what it would mean for each membership category (see section 11 Next Steps).

11. NEXT STEPS

OVERVIEW NEXT STEPS

Please also refer to Annex 2 for Timetable of Implementation.



GUIDANCE DEVELOPMENT

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

REVIEW OF SR IMPLEMENTATION

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

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

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

ANNEX 1 - DETAILS OF SHARED RESPONSIBILITY REQUIREMENTS (ALL)

See section 4 'Scope': These requirements apply to palm oil related activities, as with the P&C and growers. For organisations with limited palm oil activities, this ensures relevance, applicability and that there is no disincentive. The SRTF agreed that as a minimum, the requirements be applied for palm oil related activities. If there is already a system in place that meets the SR requirements that is inclusive of all activities of the organisation, this is of course acceptable. If there is nothing in place at the level of the member's organisation that addresses the SR requirements, then, as a minimum, something must be put in place for palm oil related activities.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
Information and public availability	Transparency on organisational management documents and sustainability reports.	Management documents, e.g. sustainability reports, annual reports are publicly available.	Management documents, e.g. sustainability reports, annual reports are publicly available.	Management documents, e.g. sustainability reports, annual reports are publicly available.	Management documents, e.g. sustainability reports, annual reports are publicly available.	Management documents, e.g. sustainability reports, annual reports are publicly available.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.
Commitment to ethical conduct	Policy for ethical conduct, including recruitment and contractors.	Policy for ethical conduct, including recruitment and contractors.	Policy for ethical conduct, including recruitment and contractors.	Policy for ethical conduct, including recruitment and contractors.	Policy for ethical conduct, including recruitment and contractors.	Policy for ethical conduct, including recruitment and contractors.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently & ACOP check on updates.
Legal compliance	Organisation complies with all applicable legal requirements.	Organisation complies with all applicable legal requirements.	Organisation complies with all applicable legal requirements.	Organisation complies with all applicable legal requirements.	Organisation complies with all applicable legal requirements.	Organisation complies with all applicable legal requirements.	Listed in Membership application for submission in first ACOP & ACOP checks on

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
							updates subsequently & ACOP check on updates.
Third party contractors legal	Organisation requires all third-party contractors in the PO supply chain comply with legal requirements.	Organisation requires all third-party contractors in the PO supply chain comply with legal requirements.	Organisation requires all third-party contractors in the PO supply chain comply with legal requirements.	Organisation requires all third-party contractors in the PO supply chain comply with legal requirements.	Organisation requires all third-party contractors in the PO supply chain comply with legal requirements.	Organisation requires all third-party contractors in the PO supply chain comply with legal requirements.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently & ACOP check on updates.
Monitoring and continual improvement	Organisation regularly monitors their sustainability performance.	Organisation regularly monitors their sustainability performance.	Organisation regularly monitors their sustainability performance.	Organisation regularly monitors their sustainability performance.	Organisation regularly monitors their sustainability performance.	Organisation regularly monitors their sustainability performance.	ACOP & subsequently verified in SCC audit.
Shared Responsibility reporting	Organisation reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner.	Organisation reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner.	Organisation reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner.	Organisation reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner.	Organisation reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner.	Organisation reports to RSPO Secretariat on SR metrics, via additional questions using ACOP template developed in a consultative manner.	ACOP.
Claims and labels	Organisations promote the use	n.a.	Organisations promote preferential incentives to support use of	RSPO CSPO is firstly promoted to be traded as RSPO CSPO, and only as second step offered as certified PO	RSPO ***off-product labelling***[1] is in place for products containing RSPO CSPO products (Note: the same	RSPO ***off-product labelling***[1] is in place for products containing RSPO CSPO products (Note: the same	ACOP & PalmTrace.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	of ***off-product***[1] RSPO claims and labels.		***off-product***[1] RSPO claims and labels.	under other certification scheme where applicable. This type of downgrading to other schemes is continuously reduced.	product may carry other additional on- or ***off-product labels***[1])	product may carry other additional on- or ***off-product labels***[1])	
Information and outreach activities	<u>Information and outreach activities:</u> - Engage with non-RSPO members, recommended with KPI's and targets for engagement - Communication and engagement to transform the negative perception of palm oil, benefits of sustainable palm oil and the reality of the impacts of alternatives to PO.	Constructively contribute to increasing uptake of CSPO and strengthening credibility of CSPO, e.g. through advocating publicly for RSPO CSPO or capacity building on CSPO vs no palm oil.	Maintaining clear transparent communication on the use of sustainable palm oil amongst peers and clients.	Maintaining clear transparent communication on the use of sustainable palm oil amongst peers and clients.	Maintaining clear transparent communication, including for example any on pack communication, on the use of sustainable palm oil in products.	Maintaining clear transparent communication, including for example any on pack communication, on the use of sustainable palm oil in products.	ACOP.

[1] ***text*** includes definition in Section 10 Definitions

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
Human Rights	Organisation has a policy to respect human rights including for suppliers and sub-contractors.	Organisation has a policy to respect human rights including for suppliers and sub-contractors.	Organisation has a policy to respect human rights including for suppliers and sub-contractors.	Organisation has a policy to respect human rights including for suppliers and sub-contractors.	Organisation has a policy to respect human rights including for suppliers and sub-contractors.	Organisation has a policy to respect human rights including for suppliers and sub-contractors.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently & ACOP check on updates.
Complaints and Grievances	All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated.	All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated.	All non-grower members have publicised grievance mechanisms, developed in alignment and/or referring to the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated.	All non-grower members have publicised grievance mechanisms, developed in alignment, referring to and/or minimum coverage of aspects as in the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated.	All non-grower members have publicised grievance mechanisms, developed in alignment, referring to and/or minimum coverage of aspects as in the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated.	All non-grower members have publicised grievance mechanisms, developed in alignment, referring to and/or minimum coverage of aspects as in the RSPO grievance mechanism. Where grievances raised relate to palm oil supply chain, a clear action plan is in place or demonstrated.	ACOP.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
Land Use and FPIC	Organisation has a policy that commits to respect for FPIC in operational PO supply chains.	Not required.	Organisation has a policy that commits to respect for FPIC in their financing for PO sector.	Organisation has a policy that commits to respect for FPIC in operational PO supply chains.	Organisation has a policy that commits to respect for FPIC in operational PO supply chains.	Organisation has a policy that commits to respect for FPIC in operational PO supply chains.	Listed in Membership application for submission in first ACOP & ACOP checks on updates.
Land Use: Compensation	Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place for operational PO supply chains.	Not required.	Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place.	Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place.	Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place.	Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place.	Listed in Membership application for submission in first ACOP & ACOP checks on updates.
Fair and transparent dealings with SH	Organisation supports inclusion of smallholders into sustainable supply chains. For example: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to	Organisation supports inclusion of smallholders into sustainable supply chains. For example: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to	Organisation supports inclusion of smallholders into sustainable supply chains. For example: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard;	Organisation supports inclusion of smallholders into sustainable supply chains. For example: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard;	Organisation supports inclusion of smallholders into sustainable supply chains. For example: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard;	Organisation supports inclusion of smallholders into sustainable supply chains. For example: RSPO Smallholder Support Fund, RSPO Smallholder Academy and scholarships; supporting ISH groups to implement the ISH standard;	ACOP.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	implement the ISH standard; legal/registration support.	implement the ISH standard; legal/registration support.	legal/registration support.	legal/registration support.	legal/registration support.	legal/registration support.	
Improved SH livelihoods	Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above).	Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above).	Organisation reports on actions to incorporate smallholders into clients' sustainable supply chains (see above).	Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above).	Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above).	Organisation reports on actions to incorporate smallholders into sustainable supply chains (see above).	ACOP.
No discrimination	Organisation's publicly available labour rights policy includes: no discrimination and equal opportunity policy.	Organisation's publicly available labour rights policy includes: no discrimination and equal opportunity policy.	Organisation's publicly available labour rights policy includes: no discrimination and equal opportunity policy.	Organisation's publicly available labour rights policy includes: no discrimination and equal opportunity policy.	Organisation's publicly available labour rights policy includes: no discrimination and equal opportunity policy.	Organisation's publicly available labour rights policy includes: no discrimination and equal opportunity policy.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.
Pay and working conditions	Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to	Organisation's labour rights policy covers pay and conditions of workers.	Organisation's labour rights policy covers pay and conditions of workers.	Organisation's labour rights policy covers pay and conditions of workers.	Organisation's labour rights policy covers pay and conditions of workers.	Organisation's labour rights policy covers pay and conditions of workers.	Listed in Membership application for submission in first ACOP & ACOP checks on updates & subsequently verified in SCC audit.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	provide decent living wages (DLW).						
Freedom of association	Organisation's publicly available labour rights policy includes: freedom of association and collective bargaining.	Organisation's publicly available labour rights policy includes: freedom of association and collective bargaining.	Organisation's publicly available labour rights policy includes: freedom of association and collective bargaining.	Organisation's publicly available labour rights policy includes: freedom of association and collective bargaining.	Organisation's publicly available labour rights policy includes: freedom of association and collective bargaining.	Organisation's publicly available labour rights policy includes: freedom of association and collective bargaining.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.
No child labour	Organisation's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors.	Organisation's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors.	Organisation's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors.	Organisation's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors.	Organisation's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors.	Organisation's publicly available labour rights policy includes: protection of children and remediation for suppliers and third-party contractors.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
No harassment	Organisation's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment.	Organisation's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment.	Organisation's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment.	Organisation's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment.	Organisation's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment.	Organisation's publicly available labour rights policy includes: policy to prevent sexual and all other forms of harassment.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.
No forced or trafficked labour	Organisation's publicly available labour rights policy includes: policy on absence of forced or trafficked labour.	Organisation's publicly available labour rights policy includes: policy on absence of forced or trafficked labour.	Organisation's publicly available labour rights policy includes: policy on absence of forced or trafficked labour.	Organisation's publicly available labour rights policy includes: policy on absence of forced or trafficked labour.	Organisation's publicly available labour rights policy includes: policy on absence of forced or trafficked labour.	Organisation's publicly available labour rights policy includes: policy on absence of forced or trafficked labour.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
Safe working environment	**All:** Organisation has policy and SOP for Occupational Health and Safety. **SCC certified:** The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded.	Organisation has policy and SOP for Occupational Health and Safety.	Organisation has policy and SOP for Occupational Health and Safety.	**All:** Organisation has policy and SOP for Occupational Health and Safety. **verified in SCC audit:** The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded.	**All:** Organisation has policy and SOP for Occupational Health and Safety. **verified in SCC audit:** The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded.	Organisation has policy and SOP for Occupational Health and Safety.	Listed in Membership application for submission in first ACOP & ACOP checks on updates subsequently verified in SCC audit.
Waste management	A waste management plan which includes reduction, recycling, reusing, and	A statement of intent to reduce, recycle, reuse and disposal based on toxicity and hazardous	A statement of intent to reduce, recycle, reuse and disposal based on toxicity and hazardous	A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and	A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and	A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and	ACOP.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	disposal based on toxicity and hazardous characteristics, is documented and implemented.	characteristics, is documented.	characteristics, is documented.	hazardous characteristics, is documented and implemented.	hazardous characteristics, is documented and implemented.	hazardous characteristics, is documented and implemented.	
Water quality and quantity	A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in	Not required.	Not required.	A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment.	A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment.	A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment.	ACOP.
Energy Use	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported.	Not required.	Not required.	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported.	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported.	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and reported.	ACOP.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
Climate change and Greenhouse Gas (GhGs)	There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them.	There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them.	There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them.	There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them.	There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them.	There is a policy on GHG emissions, which includes: a) identification and assessment of GHG and b) monitored implementation plans to reduce or minimise them.	ACOP.
Volumes	Active promotion of sustainable palm oil to boost demand in all markets including aggressive targets* for increase of RSPO certified palm oil products compliant in all regions/markets, with yearly progress update, 1 year after SR endorsement if members in 2019 or from date of membership thereafter.	not required	Preferential rates/ investments/ loans for certified organisations and/or organisation with progressive TBP either for certification or uptake of certified products.	Active promotion of sustainable palm oil by P&T to boost demand in all markets including aggressive targets to increase uptake % as follows (in year 1: baseline* + 2% increase in uptake; subsequent years to be decided based on annual projection models developed by RSPO Secretariat and agreed to by the BoG) that is RSPO certified palm oil products compliant in all regions/ markets with yearly progress update, 1	Active promotion of sustainable palm oil by CGM to boost demand in all markets including aggressive targets to increase uptake % annually as follows (in year 1: baseline* + 15% increase in uptake; subsequent years to be decided based on annual projection models developed by RSPO Secretariat) that is RSPO certified palm oil products compliant in all regions/ markets with	Active promotion of sustainable palm oil by Retailers to boost demand in all markets including aggressive targets to increase uptake % annually as follows (in year 1: baseline* + 15%; subsequent years to be decided based on annual projection models developed by RSPO Secretariat) that is RSPO certified palm oil products compliant in all regions/ markets with yearly progress update, 1 year after SR	ACOP . PalmTrace for SCC certified & verified in SCC audit.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented, in line with RSPO CSPO volumes available in country market. Credits are acceptable**, especially while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach). Smallholder credits remain acceptable. *target numbers will be based on yearly projection models developed by RSPO Secretariat and will			year after SR endorsement if members in 2019 or from date of membership thereafter. Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented, in line with available RSPO certified palm oil products on country markets. Credits are acceptable**, especially while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach). Smallholder credits remain acceptable.	yearly progress update, 1 year after SR endorsement if members in 2019 or from date of membership thereafter. Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented, in line with available RSPO certified palm oil products on country markets. Credits are acceptable**, especially while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach). Smallholder credits remain acceptable.	endorsement if members in 2019 or from date of membership thereafter. Time Bound Plan (TBP) for increase of physical RSPO certified palm oil products to be implemented, in line with available RSPO certified palm oil products on country markets. Credits are acceptable**, especially while physical supply chains are developing in new markets or as part of strategic RSPO tools (e.g. jurisdictional approach) and regions. Smallholder credits remain acceptable.	

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	be agreed upon by RSPO BoG ** the RSPO BoG commits to develop a position statement on continued use of credits in the first year of implementation of Shared Responsibility, following which this aspect will be revised in the end of year 1 SR review if needed.			* baseline will be volumes as reported in their ACOP 2019 ** the RSPO BoG commits to develop a position statement on continued use of credits in the first year of implementation of Shared Responsibility, following which this aspect will be revised in the end of year 1 SR review if needed.	* baseline will be volumes as reported in their ACOP 2019 ** the RSPO BoG commits to develop a position statement on continued use of credits in the first year of implementation of Shared Responsibility, following which this aspect will be revised in the end of year 1 SR review if needed.	* baseline will be volumes as reported in their ACOP 2019 ** the RSPO BoG commits to develop a position statement on continued use of credits in the first year of implementation of Shared Responsibility, following which this aspect will be revised in the end of year 1 SR review if needed.	
Sustainable Palm Oil Policy	Relevant policies for implementation of RSPO Shared Responsibility are publicly available.	Statement of support to RSPO's vision is available.	Relevant policies are publicly available, e.g. investment policies.	Relevant policies are publicly available, e.g. sourcing policy.	Relevant policies are publicly available, e.g. sourcing policy.	Relevant policies are publicly available, e.g. sourcing policy.	Submitted in Membership application & ACOP check on updates subsequently verified in SCC audit.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
Services/ Support	Services and support to RSPO, for example via participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/ Landscape Approach, support to Independent Smallholders (ISH) certified, is provided.	Provision of among other things: -Services and support to RSPO such as participation in RSPO WG&TFs, Involvement in Jurisdictional/ Landscape Approach, support to ISH certified. - support & training on sustainability topics - monitoring of implementation of sustainability topics	Services and support to RSPO, for example participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/ Landscape Approach, support to ISH certified, is provided.	Services and support to RSPO, for example participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/ Landscape Approach, support to ISH certified, is provided.	Services and support to RSPO, for example participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/ Landscape Approach, support to ISH certified, is provided.	Services and support to RSPO, for example participation in RSPO Working Groups & Task Forces, Involvement in Jurisdictional/ Landscape Approach, support to ISH certified, is provided.	ACOP.
Resourcing	All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation, subject to member	All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation , subject to member	All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation, subject to member	All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation, subject to member consultation and oversight.	All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation, subject to member consultation and oversight.	All members commit resources to ensure effective implementation of SR. The level of resources to be determined in year 1 of SR implementation, subject to member consultation and oversight.	ACOP.

Theme/ topic	SR Requirements	Environmental /Social NGOs	Banks & Investors	Processors & Traders	CGM	Retailers	Collection Mechanism
	consultation and oversight.	consultation and oversight.	consultation and oversight.				

ANNEX 2 – TIMETABLE OF IMPLEMENTATION

What?	Who?	Timeline
Overall oversight of implementation of SR – governance framework	OC (chairs of standing committees)	Until completion
Establishment of Monitoring and Evaluation plan	Secretariat	Q1 2020
Positioning on continued use of RSPO Credits	BoG	September 2020
Membership application: - To include SR requirements - One-off check of SR requirements by existing members	Secretariat	January 2020*
ACOP: - to include SR requirements as per Annex 1 - develop clear guidance on verification of data (who, what/what not)	Secretariat	For ACOP 2020* reporting cycle
SCCS Review: - SCC Systems document to include explanation of SCC audit use for verification of subset of SR requirements - Audit checklist for SR requirements developed	SCCS Review TF Secretariat	in final draft January 2020*
Alignment and integration of systems (Membership, ACOP and PalmTrace) ACOP and PalmTrace reconciliation of reporting level and timing	Secretariat	November 2020*
Guidance development	Secretariat	March 2020*

What?	Who?	Timeline
Development of incentives and sanctions, including public consultation period	Secretariat	November 2020
Benchmarking approach developed, Secretariat focal point established, and major reporting frameworks benchmarked against SR requirements	Secretariat	November 2020
Resourcing - elaboration of resourcing and action plan, including public consultation period	Secretariat	November 2020
Review of SR implementation with incentives and sanctions defined	OC	November 2020
Adapt SR requirements and guidance	OC	January 2021
Implement SR incentives and sanctions & resourcing plan	Secretariat	January 2021
Yearly projection models of supply & demand	Secretariat	Yearly by October
Yearly sign off on volumes targets based on projection models	BoG	Yearly in November

ANNEX 3: ROLES OF MEMBERS

	Ordinary Members								Affiliates	Supply Chain Associate
	(i) Any organisations that have either direct involvement, or have activities around, the palm oil supply chain (ii) Banks and investors (iii) Non-Governmental Organisations ("NGO")								For organisations or individuals that are not directly involved in the palm oil supply chain in any of the various categories in Ordinary Membership.	For organisations that have business activities along the palm oil supply chain but limited to purchasing, using, or trading less than 500 metric tonnes of palm oil and palm oil products annually
	Oil Palm Grower	Independent Smallholders/Group Manager	**Processors & Traders**	**CGM**	**Banks & Investors**	**Retailers**	**S-NGOs**	**E-NGOs**	Affiliates	SCA
Description as per RSPO Membership Rules, March 2017	Entities that own and/or manage oil palm developments. •Grower: Grower of oil palm where the total land area managed for oil palm cultivation is more than 500 hectares. •Small Grower: Grower of oil palm where the total land area managed for oil palm cultivation is more than 50 hectares but less than 500 hectares.	Farmer growing oil palm where the total planted area of oil palm is below 50 hectares in size. Smallholders must form a group and assign a manager. For the purpose of admission to RSPO membership, where the	Entities who are involved in the processing, producing, purchasing and/or selling of palm oil and/or oil palm products. This sector also include distributors or wholesalers involved in the distribution of products for supply to end product manufacturers or resellers.	Entities that use oil palm products in the manufacturing of goods designed and intended for consumption or end use without requiring further repackaging or processing.	Licensed financial institutions that provide financial services which include commercial/ retail banking and investment banking.	Entities that buy products from a manufacturer or wholesaler, or produce own label products and selling the products directly to consumers or end users.	Any non-for-profit organisation that are independent from governmental organisations that focuses on areas that may include social justice, human and labour rights, poverty alleviation and social development.	Any not-for-profit organisation that are independent from governmental organisations with objectives concerning environmental protection and improvement of the health of the environment.	The Affiliate membership are be divided into: (i) Individuals (ii) Organisations (iii) Associations	The Supply Chain Associate membership can be divided into: (i) Organisations: Entities that are involved in the palm oil supply chain with activities relating to any of the sectors as described under Ordinary Members in Clause 2.2.1 (ii) – (iv). (ii) Supply Chain Group Manager: Separate entities, as described in Clause 2.4.2 (i),
Key functions with regards to RSPO mission from RSPO ACOP Digest 2012	***Aggressive approach towards implementation of the RSPO Principles & Criteria (P&C) in all aspects of plantation operations** * Surveillance audits for operations that are currently certified and preparations for certification audits for mills under construction *Submission of New Planting Procedures (NPP) for new developments		* **Increasing the procurement, use and delivery of CSPO and derivatives** * Promoting Greenpalm and Mass Balance as a step towards Segregated palm oil	*Engagement with clients to source RSPO-certified palm oil * Undertaking internal palm oil sourcing policy review, **issuing responsible sourcing guiding principles and standards for suppliers** *Encouraging customers to put the RSPO trademark on their packaging		***Increasing the amount of products which contain fully traceable CSPO** *Applying for a trademark licence to promote RSPO products *Moving supplier base across from Greenpalm and Mass Balance to fully Segregated * **Quarterly supplier scorecards** to monitor progress towards 2015 target and encouraging suppliers to make the switch * On-pack labelling for sustainable palm oil				
Key functions as finalised by SRTF for SR relevant categories (see Venn diagramm Section 5)	*CONTINUE RSPO certification and seek 100% certified *SUPPORT schemed smallholders to be 100% certified *DIRECT efforts towards independent smallholders to seek transparency, traceability and eventual certification		*BUY/USE CSPO PROMOTE products with * CSPO and trademarks * FACILITATE investments * PROMOTE Sustainable Palm Oil policies *EDUCATE peers on Sustainable Palm Oil * SUPPORT smallholder inclusion *WORK on sustainable landscapes/ jurisdictions	*BUY/USE CSPO PROMOTE products with * CSPO and trademarks * FACILITATE investments * PROMOTE Sustainable Palm Oil policies *EDUCATE peers on Sustainable Palm Oil * SUPPORT smallholder inclusion *WORK on sustainable landscapes/ jurisdictions	* PROVIDE incentives and tools for good behaviours *PROMOTE Sustainable Palm Oil policies *ENGAGE with regulators and governments *EDUCATE peers on Sustainable Palm Oil	*BUY/USE CSPO PROMOTE products with * CSPO and trademarks * FACILITATE investments * PROMOTE Sustainable Palm Oil policies *EDUCATE peers on Sustainable Palm Oil * SUPPORT smallholder inclusion *WORK on sustainable landscapes/ jurisdictions	*ANALYSIS and RESEARCH *ADVISE on effective support & training *MONITOR implementation *PROMOTE consumer awareness *SUPPORT smallholder inclusion *ENGAGE governments WORK on Jurisdictions *WORK with directly impacted communities *EDUCATE peers on Sustainable Palm Oil	*ANALYSIS and RESEARCH *ADVISE on effective support & training *MONITOR implementation *PROMOTE consumer awareness *SUPPORT smallholder inclusion *ENGAGE governments WORK on Jurisdictions *WORK with directly impacted communities *EDUCATE peers on Sustainable Palm Oil		