Traceability

A guide to setting robust policy commitments in palm oil supply chains

Thematic Guide No.2
What is traceability?

This guide is designed to help companies identify key reporting requirements to help in achieving traceable palm oil supply chains. It is relevant whether you are a palm oil producer, processor, trader or a buyer of products containing palm oil derivatives.

- Understanding where a company, including all its subsidiaries, sources its palm oil from is an essential component in the implementation of sustainable sourcing commitments.

- Without knowing its origin, it is impossible to verify if palm oil is being produced sustainably, or in compliance with company policies.

- Traceability means knowing all palm sources within one’s supply chain all the way to plantation level (including smallholders). Traceability to the mill is an intermediary step in achieving full traceability (as defined by the IDH Traceability Working Group).

- Traceability in itself does not equate to sustainability, and the ultimate goal of a fully traceable supply chain is to help drive positive impact on the ground.

- Having a traceable supply chain allows companies to identify high-risk areas to prioritise for engagement to ensure that suppliers are complying with company policies.

- The complexity of the palm oil supply chain means it can be difficult to trace palm oil to its origin, so oil palm producers should facilitate traceability by increasing the transparency of their operations, including in relation to the location of their plantation and mill sites.

- Companies may want to arrange for external evaluation to verify their traceability data for accuracy.

Read our full report ‘Palm oil crushers and refiners: Managing deforestation risk through a supply chain bottleneck’ at www.spott.org/reports
Traceability Reporting Requirements

Prepare or revise your traceability commitments defining a time-bound plan to achieving **100% traceability to mill level** and **100% traceability to plantation level**.

Disclose **names and locations** (geo-referenced maps) for both your own plantations and suppliers, including smallholders.

Report information on the **mills and volumes of palm oil sourced** each year.

For sourcing from your **own mills**:
- Number of company-owned mills
- Names and coordinates of company-owned mills
- Number (or percentage) of company-owned mills that source from company-owned plantations and/or third-party plantations
- Percentage of fresh fruit bunches (FFB) from own mills traceable to plantation level

For sourcing from your **suppliers’ mills**:
- Number of supplier mills
- Names and coordinates of all third-party supplying mills
- Number (or percentage) of third-party supplier mills that source from their own plantations and/or third-party plantations
- Total volumes (or percentages) sourced from third-party supplier mills that come from their own plantations and/or third-party plantations
- Percentage of fresh fruit bunches (FFB) from supplier mills traceable to plantation level

Refiners should report information on the total volume (or percentage) sourced from **intermediary traders and/or refiners** rather than directly from mills.

Ensure regular reporting on the percentage of your supply **traceable to mill level** and **to plantation level**. For companies with refineries and crushing facilities, information should be published **per facility**.
Developed by ZSL (Zoological Society of London), SPOTT is a free, online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.

SPOTT assesses commodity producers, processors and traders on their public disclosure regarding their organisation, policies and practices related to environmental, social and governance (ESG) issues. Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage ESG risk, and increase transparency across multiple industries.

Find more SPOTT Thematic Guides for the palm oil sector here:

- Thematic Guide No.1: Zero Deforestation
- Thematic Guide No.3: Supplier Engagement

Find all our reports at www.spott.org/reports

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