Methodology

Transparency
July 2020



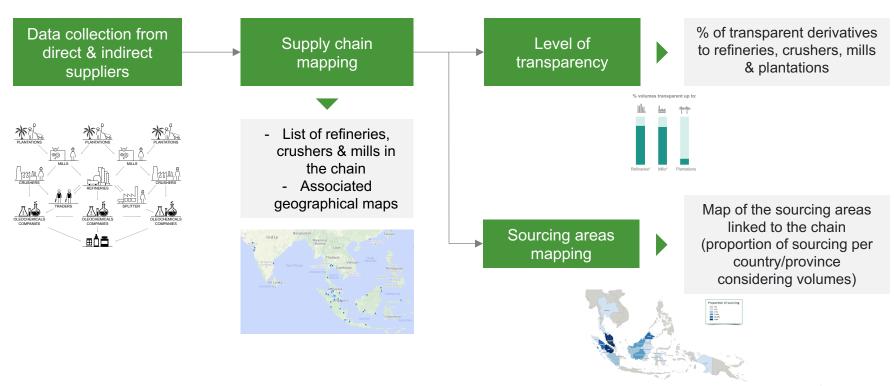






Methodology overview

TRANSPARENCY



Transparency level

Scope: All supply chain

Methodology

Calculation of each supplier's representative proportion in ASD member's supply chain (based on palm equivalent)

Assessment of the transparency level for each supplier

Calculation of the transparency level per supplier considering ASD member's volumes breakdown

Global level of transparency achieved within the supply chain

Data used

Based on data from suppliers on chemical composition of raw materials, or on supply data and RSPO's *Rules for the Physical Transition of Certified Derivatives*, calculation of the palm ratio within the products sold by the supplier to establish its representative % in the supply chain

Definition of the transparency profiles to mills & plantations:

- > For refiners & crushers (e.g. Tier 4 & 5): based on publicly available data on transparency to mills and plantations or declared data obtained under confidentiality
- > For intermediary oleochemicals suppliers (e.g. Tier 2 & 3): own volumes profile crossed with the transparency profiles to mills & plantations of the refiners & crushers identified in their chain > For direct suppliers (e.g. Tier 1): own volumes profile crossed with the transparency profiles to
- mills & plantations of the intermediary oleochemicals suppliers identified in their chain

For each direct supplier, the level of transparency obtained previously is multiplied by the % in terms of volumes the direct supplier represents in the supply chain

Aggregation of the previous data to obtain the level of transparency at global level considering PO/PKO eq. supplier breakdown



Transparency level

Scope: All supply chain

Example

Calculation of each supplier's representative proportion in ASD member's supply chain (based on palm equivalent)

Volumes of PO/PKO eq. Breakdown products **Suppliers** per supplier (kg) (kg) 50% Supplier X 2 000 2 000 Supplier Y 5 000 2 000 50% TOTAL 7 000 4 000 100%

Assessment of the transparency level for each supplier

Suppliers	Transparency up to				
	Ref/crush	Mills	Plantations		
Supplier X	100%	100%	10%		
Supplier Y	100%	50%	0%		

Calculation of the transparency level per supplier considering ASD member's volumes breakdown

Suppliers	Transparency up to			
Suppliers	Ref/crush	Mills	Plantations	
Supplier X	50%	50%	5%	
Supplier Y	50%	25%	0%	
				,

Global level of transparency achieved within the supply chain

Suppliers	Transparency up to			
Suppliers	Ref/crush	Mills	Plantations	
Supplier X	50%	50%	5%	
Supplier Y	50%	25%	0%	
TOTAL	100%	75%	5%	

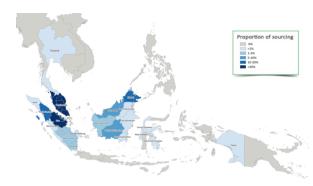


Sourcing areas

Scope: Country or province

Data used Methodology - Supply chain mapping (list of mills potentially connected to the chain) - One mill can be Assessment of each mill's connected to several refineries weight in the supply chain - Allocation of the weight each mill represents in the supply chain based on suppliers' volumes breakdown Assessment of province or - Location of mills 2 country weight based on - Aggregation of mills' weights for each province / country mills location









Thank You

Action for Sustainable Derivatives is a collaborative initiative facilitated by Transitions and BSR

ASD Webpage

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