Traceability Protocol

Intercontinental Specialty Fats Sdn Bhd

[A member of The Nisshin OilliO Group, Ltd., Japan]

VERSION 3

JANUARY 2025

1 Introduction

Intercontinental Specialty Fats Sdn Bhd (ISF) is committed to practicing sustainable palm oil production and responsible sourcing, in keeping with one of our core values in sustainability. We have achieved 100% traceability to mill for both Crude Palm Oil (CPO) and Crude Palm Kernel Oil (PKO) since January 2018 and intend to achieve 100% Traceability to Plantations by 2025. This protocol aims to provide a guideline for our traceable palm oil operations and includes all of our CPO and CPKO suppliers within our supply chain, including assessments conducted using the traceability information. We intend to mitigate any risks of NDPE infringements and improve on meeting commitments in our supply chain through collaborations with our upstream supply chain and achieving full traceability.

2 Traceability Definitions and Procedure

Traceability in the palm oil industry is defined as the possibility of chronologically tracing palm oil products over the supply chain to all their sources. As oil palm plantations are the base of the supply chain, traceability to the mill is the initial step before tracing to the plantations for attaining full traceability.

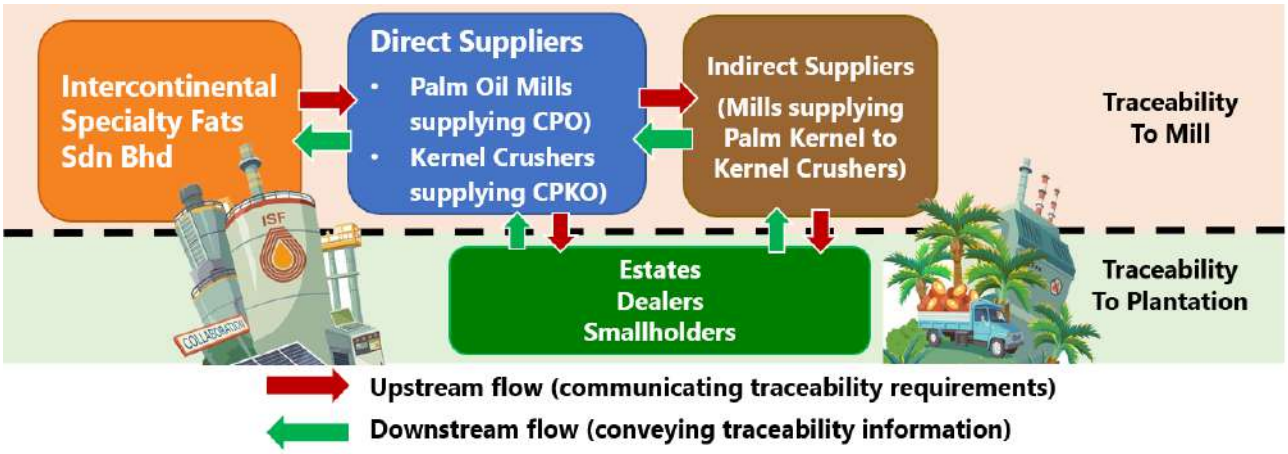

Figure 1: ISF's map of supply chain traceability

2.1 Traceability to Mill (TTM)

ISF's definition of Traceability to Mill (TTM) encompasses all direct (Tier 1) suppliers that supply CPO and CPKO directly to ISF. This includes third-party palm oil mills that directly supply CPO as well as kernel crushing plants that directly supply CPKO to ISF **(Figure 1)**. A "TTM score" is calculated for each CPO and CPKO supplier based on the total number of traceable and untraceable volumes **(Figure 2)**. A supplier with full TTM information required is classified as 100% traceable, while suppliers with incomplete TTM information will be classified as untraceable. The information on the CPO and CPKO suppliers list published quarterly on our Traceability page corresponds to the TTM information required to fulfill full traceable volumes, excluding volume supplied, which is only shared upon request by stakeholders and during verification processes.

The TTM information required for our suppliers to fulfill TTM requirements are:

- Palm oil mill/kernel crusher name and its parent company name
- Universal Mill List (UML) number based on the World Resources Institute (WRI) data
- State/Region of the country or GPS coordinates of the palm oil mill/kernel crusher
- Certification status (RSPO and MSPO) – Yes (Certified) or No (not certified)
- CPO and CPKO volume supplied (by the mill and kernel crusher respectively)

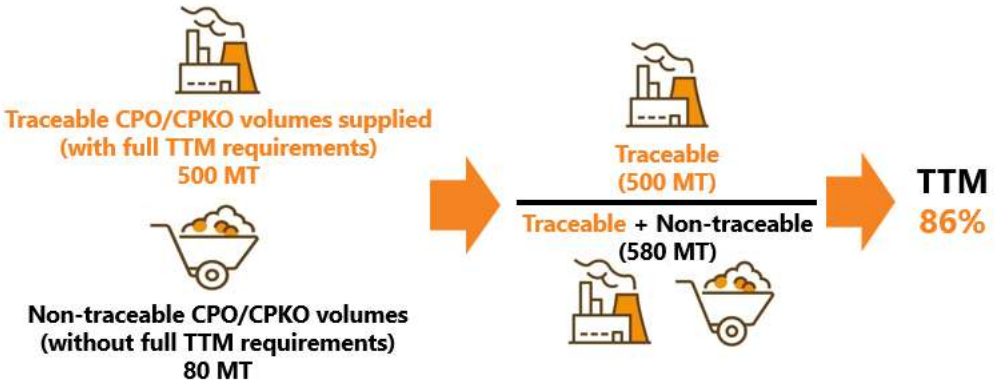

Figure 2: Calculation of Traceability to Mill (TTM)

2.2 Traceability to Plantation (TTP)

Tracing the palm sources back to the fresh fruit branches (FFB) supplied by the oil palm plantations is also known as Traceability to Plantation (TTP). ISF's TTP scope covers all the FFB sources from smallholder farmers, dealers/collection centres, and a mill's owned or third-party plantations/estates that contributed to the CPO and CPKO supply of ISF. ISF has developed minimum TTP information requirements that relate to our operations to collect and validate our TTP data from suppliers. TTP data is collected with a TTP declaration document template that is distributed to our direct (Tier 1) suppliers. The TTP score calculation is the same as the TTM score calculation in **Figure 2**, but with traceable and non-traceable FFB volumes based on the minimum required TTP information as shown in **Table 1**.

TTP data collection method:

CPO	• CPO only comes from direct palm oil mill suppliers • The TTP template is distributed to our CPO suppliers directly to collect data on the origins of their FFB sources.
CPKO	• The TTP template is distributed to our direct kernel crusher suppliers that supplied CPKO to ISF • Kernel crusher suppliers will distribute the template to their palm oil mill suppliers that supplied the kernels (ISF's indirect suppliers) • The palm oil mill suppliers will collect data on the origins of their FFB sources.

Our TTP metric is calculated as follows:

CPO	• **SUM (%TTP per mill* x %Volume sourced by mill to ISF) = Overall %TTP of CPO**
CPKO	• **Stage 1: %TTP score of each Kernel Crusher** **SUM (%TTP per mill supplying to crusher* x %Volume supplied to crusher)** **= %TTP per Kernel crusher** • **Stage 2: Overall %TTP score of CPKO supply** **SUM (%TTP per crusher x %Volume supplied by crusher to ISF) = Overall %TTP of CPKO**

**%TTP per mill or mill supplying palm kernel to the crusher is calculated based on data collected on estates, dealers, and smallholders from each mill.*

ISF's minimum requirements for TTP are as follows:

The minimal information below is needed for each supplier type to regard their FFB sources as "traceable to mill" and "traceable to plantations"; √ denotes required information.

Table 1: Minimum required TTP information for estates, smallholders, and dealers within ISF's supply chain

	TTP		
FFB Supplier Source Type	**Estate**	**Smallholder**	**Dealer**
Definition of business	Total planted area >50 hectares	Total planted area <50 hectares	
Parent company name	√		
Estate/Dealer/Smallholder name	√	√	√
GPS Coordinates	√		
FFB sourcing location (sub-district/*mukim*)		√	√
Certification status and details (Either one of MPOB license number or MSPO certificate number)	√		
FFB volume supplied (either in MT or %)	√	√	√

Conditions and assumptions that volumes are 100% traceable to plantation (TTP):

- Mills/suppliers that are certified RSPO IP and SG with full supporting documents (e.g., minimum required information for TTP as per **Table 1** is available on RSPO reports from the RSPO suppliers database)
- Mills/suppliers that are certified RSPO MB with full supporting documents (e.g., minimum required information for TTP as per **Table 1** is available on RSPO reports from the RSPO suppliers database)

- Mills/suppliers that are MSPO-certified with full supporting documents (e.g., minimum required information for TTP as per **Table 1** is available on MSPO reports from the MSPO certificates database)
- TTP data collected from supplying mills with the minimum required information on FFB sources based on the supplier type shown in **Table 1**.
- The supplier shares a self-declared TTP score, and the supplier's TTP definition is aligned with the minimum requirements for TTP as shown in **Table 1**.

Once the percentage of TTP is obtained and the types of risks are identified, further action includes supplier engagement to monitor NDPE implementation progress. The procedure, including data collection and validation, will be updated according to the latest developments to enhance data consistency and accuracy.

3 Traceability Data

Supplier Collaboration

Traceability data requirements are explained during supplier onboarding and adhering to ISF's Sustainability Policy and Supplier Code of Conduct. The requirements must be acknowledged by all of ISF's suppliers in our supply chain to ensure consistent and effective delivery of traceability data.

Data Collection and Communication

Our direct and indirect upstream suppliers are encouraged to provide the minimum requirements of the TTM and TTP data stated in **Section 2: Traceability Procedure and Definitions,** and any missing data may reflect on the accuracy of their TTM and TTP scores. Missing data or gaps should be reported and provided promptly, and ISF will provide the necessary support for suppliers to fulfil TTP requirements. Any new information on the TTM data is checked and updated every quarter, while TTP data is collected every year for direct and indirect suppliers. Any new indirect suppliers supplying to our direct KCP suppliers will be requested on their TTP data.

Documentation and Reporting

Our collected data, including traceability, mill lists, and calculated traceability scores, are all archived within our ISF Sustainability database. We update our TTM and TTP scores for CPO and CPKO respectively every quarter on our ISF Traceability Dashboard, and we accumulate an overall TTM and TTP score for the financial year for reporting purposes.

4 Third-party Verification

Verification Assessment

The verification assessment follows a sampling methodology chosen by the auditee (recognised by a national public authority or an accreditation body which is a member of the International Accreditation Forum (IAF)), covering all ISF's key facilities. The sample size should follow a square root rationale and be justified to the verification body as representative.

The assessment may also include upstream supply chain verification for direct suppliers who are not yet third-party verified or work with partners supporting palm policy implementation. Upstream assessments are triggered by unresolved data inconsistencies or repeated submission of incomplete or inaccurate data.

Non-conformities and Attestation

Any identified non-conformity must be corrected through immediate actions and a time-bound corrective plan to prevent recurrence. After all non-conformities are resolved, the verifier issues an attestation confirming successful completion of the verification. This attestation is valid for one year.

5 Monitoring and action plan

Satellite monitoring

ISF monitors the deforestation/conversion footprint in our supply chain every 6 months using satellite monitoring tools such as Global Forest Watch (GFW Pro), GeoRSPO (RSPO Map Application), Google Earth Pro, and other locally available applications to identify if there are protected areas or biomes within a 50 km radius of our suppliers to monitor risks as well as address grievances. Cases of non-compliance are logged and monitored regularly on our website's Grievance Log and Procedure.

Supplier risk assessment

All of the available traceability information is utilised to 100% assess all of our palm suppliers through the NDPE Implementation Reporting Framework (NDPE IRF) tool. Plot information in the form of digital polygon shapefiles (kmz and GeoJSON) is provided by our suppliers according to our traceability requirements. ISF works with a third-party consultant for the geospatial risk assessment of our suppliers, where the shapefiles are overlaid on the satellite monitoring tool and assessed according to the following risk indicators which are primary forests, peat degradation, protected areas, and fires. The suppliers are then categorised into low, medium/standard, and high risk after the assessment.

Table 2: Risk indicators for supplier risk assessment and description

Risk Indicator	Description
Primary forest	Consists of mature natural forest cover that has not been completely cleared in recent history (30 years or more) and exists in a contiguous block of 5 hectares or more. Data is based on satellite imagery (e.g. Global Forest Watch), and polygons of plantations are grouped into the following types: • Large industrial plantation: single plantation units >100 hectares • Mosaic of medium-sized plantations: mosaic of plantation units <100 hectares embedded within patches of other land use • Mosaic of small-sized plantations: mosaic of plantation units <10 hectares embedded within patches of other land use.

Risk Indicator	Description
Primary forest	• Clearing/ very young plantation: bare ground with contextual clues suggesting it will become a plantation (shape or pattern of clearing, proximity to other plantations, distinctive road network, etc)
Protected Areas	Identified based on legally protected designations (e.g., national parks, state reserves, and wildlife reserves); they are identified using GIS data compiled by various organisations.
Peat	Identified based on GIS data by Wetlands International
Fire alerts	Number of fires within the selected area in the last seven days based on NASA Worldview (https://worldview.earthdata.nasa.gov/)
Historical and potential future tree cover loss	Tree cover loss is defined as stand-level replacement of vegetation greater than 5 meters. They are identified using Landsat satellite images to map annual tree cover loss at a 30 × 30-meter resolution.

Figure 3: Flowchart of external FFB due diligence and risk assessment

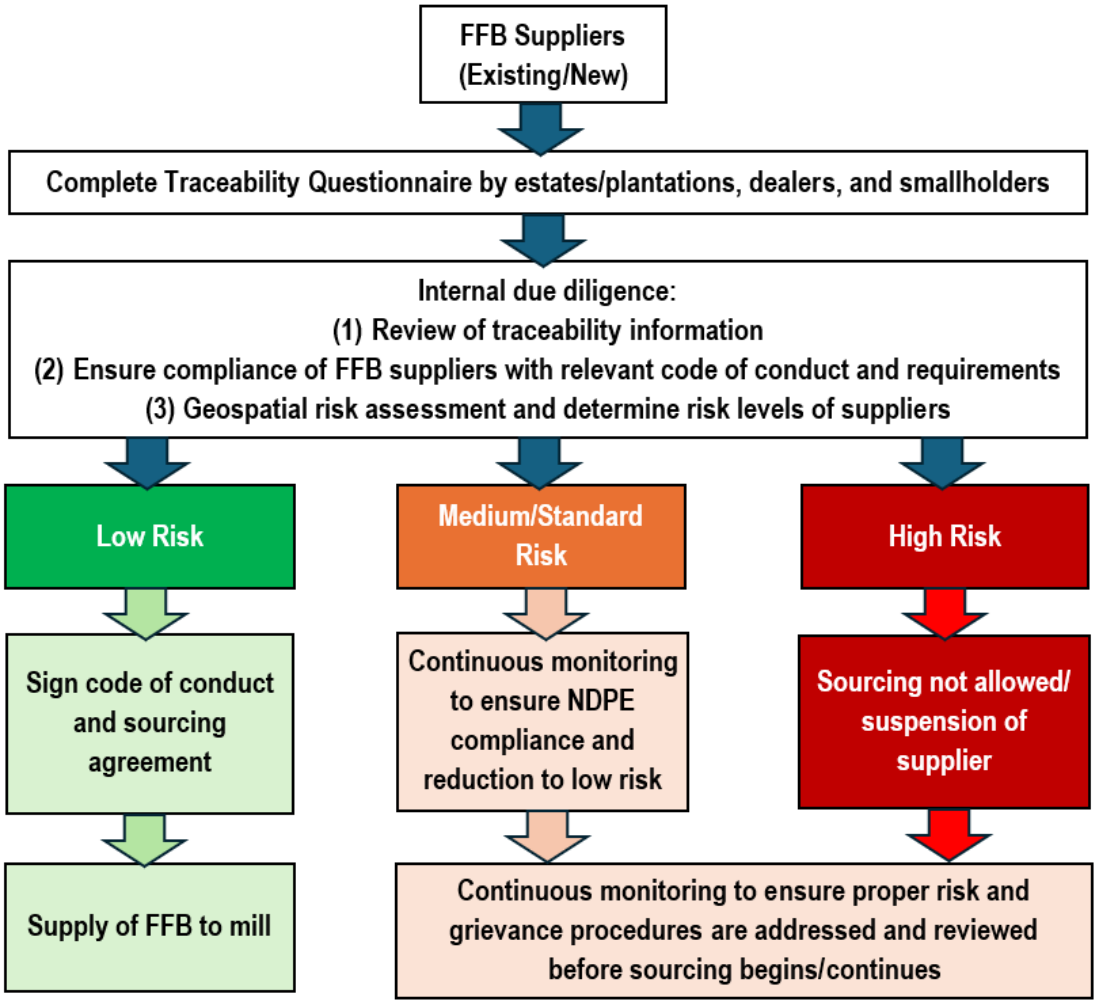

Table 3: Risk levels of suppliers and corresponding criteria

Low risk	FFB supplier established before 31st December 2015 and is currently in 2nd or 3rd generation planting; no risk or allegations against the supplier.
Medium/ Standard Risk	FFB supplier located in peat areas or previously forest areas and is currently in first generation planting; has previous allegations of deforestation, but has been addressed/closed.
High Risk	FFB supplier involved in deforestation after 1 Jan 2016; forest encroachment or new planting on peat; there's an ongoing grievance against the supplier; and/or if a supplier is linked to the exploitation of workers or any human rights violation.

We conduct a **yearly risk assessment** of all our third-party suppliers and categorise them into the risk levels above. The assessed risks based on classification are used to prioritise which supplier to engage and the forest-related issues. For example, a non-certified supplier from the Pahang state is classed as high-risk due to its sourcing location being close to a forest reserve and identified protected areas, and engagements are conducted to ensure compliance is in place. The classification is also used in the decision-making process of engaging suppliers for deforestation-free projects, including jurisdictions/landscape approaches and smallholder projects.