

PKS Certification System: Organizational Requirements
Approved by the Third-Party Standards Review Committee

PKS Certification System:
Organizational Requirements

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Relevant Standards

Policy P01

Due Diligence System Requirements ST02

Requirements Guidelines G01

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1. Organization

1.1. Documented Procedures

The organization shall document:

- 1) the organizational structure and responsible personnel(s) to conform to and operate according to this standard;
- 2) supply chain(s);
- 3) roles, responsibilities, and authority regarding PKS trading;
- 4) rationale behind the formula used for calculating the amount of PKS shipped in and out and the conversion factor used, when necessary;
- 5) traceability method for PKS;
- 6) method for preventing the contamination of materials that cannot be traceable (this requirement does not apply to the organization that only trades materials that have established traceability);
- 7) legal requirements applicable to organizations, crude palm oil mill (CPO mill), and PKS processors, and how to comply with the applicable legal requirements;
- 8) time to review legal requirements applicable to organizations, CPO mill, and PKS processors;
- 9) assessment and rationale for sustainability;
- 10) education, training, and audit methods for sites, including entities in the supply chain;

- 11) retention time for records and records to be managed;
- 12) handling complaints from stakeholders.

The organization shall ensure that documented procedures are kept up-to-date.

1.2. Compliance and Evaluation of Legal Requirements

1.2.1. Documented Procedures

The organization shall establish documented procedures to comply with the relevant legal requirements applicable to the organization, CPO mills, and PKS processing and distribute these procedures to the relevant organizations.

The organization shall regularly assess compliance with the legal requirements.

1.2.2. Verification of Compliance

Verification of compliance shall include:

- 1) Demonstrated right to use the land, ensuring that it is not legitimately contested by local people who can demonstrate that they have legal, customary, or user rights.
- 2) Where it can be demonstrated that local people have legal, customary, or user rights, that they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their FPIC, and negotiated agreements.
- 3) The use of the land does not diminish the legal, customary, or user rights of other users without their FPIC.
- 4) Children are not employed or exploited.
- 5) No forms of forced or trafficked labor are used.
- 6) Occupational health and safety plans are documented, effectively

communicated, and implemented.

- 7) Employers shall respect freedom of association and the effective right to collective bargaining. Workers may establish or join worker organizations according to their own choices. Where the right to freedom of association and the effective right to collective bargaining are restricted under the law, employers promote equal ways to ensure the autonomous and free association and bargaining rights of all employees.

1.3. Information Disclosure

The organization shall provide appropriate information to other stakeholders on environmental, social, and legal issues concerning the certification system. This information shall be provided in the appropriate language and format to ensure effective participation in decision-making.

1.4. Control of Records

The organization shall establish the retention time for records including:

- 1) results of evaluation of compliance with legal requirements applicable to the organization and the supply chain;
- 2) ledger of FIT fuel traded by the organization;
- 3) corrective action requirements and corrective actions taken for nonconformities directed to the organization and supply chain;
- 4) results of due diligence concerning the planting area where the procurement is planned;
- 5) results of education, training, and internal audits conducted on the organization and supply chain;

- 6) complaints and responses received by the organization and the supply chain;
- 7) reasons and results of cancellation of trading.

The organization shall appropriately maintain records.

2. Supply Chain Management

2.1. Entities Subject to Management

The organization shall include all entities or individuals in the supply chain upstream of the organization in the scope of certification applicable to the standard requirements. The supply chain includes:

- 1) CPO mills;
- 2) PKS traders;
- 3) entities and individuals at any other processing and distribution stages;
- 4) subcontractors contracted with the entities in the supply chain.

2.2. Management (see Requirements Guidelines)

The organization shall at least manage the subject entities of the:

- 1) supply chain;
- 2) segregation management;
- 3) information on the volume of trading;
- 4) internal audits, education, and training.

2.3. Segregation Method

The organization shall ensure that the subject entities and individuals adopt only the segregation method based on the SG.

3. Traceability (see Requirements Guidelines)

The organization shall establish the traceability method for the PKS and operate according to the established method. The scope of traceability is the supply chain from CPO mills at the point of occurrence to the organization, and the key characteristics of traceability shall be clarified in all entities involved in trading.

4. Pollutants

4.1. Calculation of Greenhouse Gas (GHG) Emissions (see Requirements Guidelines)

The organization calculates GHG emissions within the calculation range (boundary) specified in the requirements.

4.2. Calculation of GHG Emissions.

The organization shall calculate GHG based on the worksheet approved by the Agricultural Resources Certification Council.

1) JIA LCA Worksheet (PKS) Rev.1.1

The calculation range is from CPO mills to power generation facilities.

4.3. Reduction of GHG and Other Pollutants

The organization shall develop, implement, and monitor pollution and emission reduction plans, including GHG. The organization shall plan to minimize GHG emissions, and this plan shall be documented. The organization shall manage the implementation results of the plan as records.

5. Due Diligence (DD)

5.1. Development of Due Diligence System (DDS)

The organization shall develop and maintain its own DDS for the planting area

where procurement is planned.

5.2. Material from Unacceptable Sources

The organization shall conduct DD required by the "Requirements for Due Diligence System ST02" for the planting area where the procurement is planned, in accordance with the DDS developed by the organization. The organization shall avoid using materials from unacceptable sources.

6. Education and Training (see Requirements Guidelines)

The organization shall provide education and training to all relevant personnel within the scope of certification to maintain compliance with the requirements of this standard. The organization shall evaluate the effectiveness of the education and training provided.

7. Internal Audit (see Requirements Guidelines)

The organization shall conduct internal audits to ensure that the operation of the supply chain conforms to the requirements of this standard and the procedures established by the organization. Internal audits shall be conducted at least once per year.

8. Corrective Action

The organization shall take corrective action by itself or request entities or individuals within the certification scope to take corrective action if the organization confirms that:

- 1) the operation does not conform to the procedures;
- 2) the operation does not conform to the requirements of this standard.

The organization shall verify the validity of the corrective action and ensure the prevention of recurrence of the same nonconformities.

9. Termination of Trading

The organization shall report to the certification body and promptly terminate trading of the PKS if:

- 1) the organization confirms the presence of illegal activities in the processing or distribution process of subject PKS to be sold;
- 2) the organization confirms that the subject PKS to be sold is from an unsustainable or unacceptable source;
- 3) deviation from the requirements of this standard is confirmed.

The organization records the process of and results from the termination of trading.

10. Complaints

The organization shall establish procedures for handling complaints and record the results of complaints against the organization and entities or individuals in the supply chain within the certification scope.

11. Confirmation of conformity to requirements

11.1. Audit from Certification Body

The organization shall be certified by an accredited certification body to ensure conformity to this standard if the organization plans to supply PKS as biomass fuel, which complies with the Japanese FIT scheme. Upon the instruction given by the certification body, the organization shall cooperate with the certification body so that the certification body properly conducts the audit and enables it to avoid taking any risk including assuring security and hygiene.

The organization shall establish and operate the management system other than the implementation of the "internal audit" mentioned in paragraph 7 of this standard prior to the organization being first audited by the certification body.

The organization shall establish and operate all management systems in surveillance audits.

11.2. Major Nonconformity

If the organization considers that there is a "Major Nonconformity" that is likely difficult to address in the short term, the organization shall report this to a certification body without delay and conform to the decision of the certification body.

If the certification body decides to suspend certification, it is impossible for the organization to be audited for "Audit for Recertification" by the certification body until the organization completely closes the significant nonconformity that is the cause of suspension.

11.3. Decision by Administrative Agencies

The organization shall comply with any decisions on PKS trading in each system made by administrative agencies.

Remainder intentionally left blank