

RSB – ROUNDTABLE ON SUSTAINABLE BIOMATERIALS

RSB Standard for Risk Management

Version 3.1

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1. Introduction

In all kinds of economic activity, there is the potential for events and consequences that constitute threats to success. This potential is known as 'risk' and may be minimized through appropriate 'risk management'.

There are several categories of risk to an organization. General risks are related, for example, to its economic and financial health, the quality of its management systems, the complexity of its supply chain, or the vulnerability of its operating environment. Most categories of risks ultimately represent a threat to the overall viability of an organization.

In the context of RSB certification, there are additional risks related to the proper, consistent and transparent implementation of the RSB standards and certification system. These risks could threaten the reputation and overall sustainability of the RSB, its participating operators, the components of its assurance system (e.g. certification bodies, accreditation body), as well as local communities and the environment in regions where RSB participating operators are located.

In order to address these potential threats, the RSB certification system is based on a comprehensive risk management approach.

The risk management approach is designed to:

- Identify and address the risks to each constituent of the system (system operating entity, participating operators, certification bodies, accreditation body) and how these risks may affect the overall stability and integrity of the RSB certification system;
- Support participating operators, certification bodies and the RSB certification system to focus on those areas of implementation of the RSB standards (and those constituents) which add risk to the RSB certification system;
- Add flexibility by adjusting the audit frequency to the risk class of operators;
- Serve as an incentive to promote accountability among all constituents in the RSB certification systems; and
- Enhance the stability and integrity of RSB standards and certification system.

The risk management approach detailed in this standard is structured in 4 different stages: identification; assessment; management; and monitoring.

1. *Risk identification* identifies and documents all risk types.
2. *Risk assessment* evaluates and documents the intensity and extent of each risk type, as well as the overall risk to the operation. The main outcome of this stage is the attribution of a risk class to each participating operator, which influences the frequency of audits by certification bodies.
3. *Risk management* is the stage where management strategies and activities are developed, implemented and documented in a risk management plan that addresses and minimizes each risk.
4. *Risk monitoring* is the stage where the risk management plan is monitored and assessed continuously.

As of February 01, 2014 the RSB System Operating Entity is the RSB Secretariat,

Main changes from the previous version (Version 2.0)

- a. Based on feedback from experts, participating operators and certification bodies, this standard was shortened and simplified. While the requirements to implement a risk management approach (with risk identification, assessment, management and monitoring

- as its 4 main components) remain unchanged, unnecessary complexity and duplication was removed.
- b. The purpose of the standard detailed in the introduction was expanded to explain the relationship between risk management and the integrity and stability of RSB certification system, as well as the benefits of the approach to in helping to ensure the overall viability of participating operators and in optimizing the audit the costs of audits.
 - c. The risk assessment process itself was improved by replacing the complex calculation, based on a large number of weighted risk factors, by a simpler calculation requiring fewer inputs. This allowed for the simplification, and removal of several ambiguous questions from the questionnaire (Annex 1). This makes the risk assessment more focused, efficient and less prone to diverse interpretations.
 - d. Risk classes were reduced to three, (“low”, “medium” and “high”), as the previous system (6 risk classes) proved unnecessarily complex.
 - e. Given the fact that 1) the planning and conditions of an audit is partly determined by the results of the self-risk assessment; and 2) the results of the self-risk assessment can only be validated upon completion of the first audit, it is suggested that the first audit is planned and implemented based on a “Medium” risk class. At the end of the first audit, the auditors will validate the actual risk class. The following audits will be conducted according to the actual risk class.
 - f. This standard was entirely re-written using the “plain English” approach, which aims to make the content clearer to a broad audience
 - g. The numbering was updated.

Main changes from the previous version (Version 2.0)

- a. Annex 2 had been replaced by the reference to RSB-PRO-70-001 Requirements for Certification Bodies and Auditors.

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2. Aim of this standard

The aim of this standard is to make sure that you identify, evaluate, mitigate and monitor the risk(s) related to your operations while putting in place RSB standards and procedures. These risks include, but are not limited to:

- Risk(s) of non-conformity of your operations with RSB standards and procedures;
- Risk(s) for the economic viability and reputation of your organization;
- Risk(s) for local communities and ecosystems which might be negatively affected by your operations;
- Risks(s) to the reputation of the RSB due to an inappropriate use of its standards, its certification system and/or its associated trademarks.

These different types of risks may come from the context of operations (e.g. location, ecosystem types, and social dynamics), management systems and the complexity of supply chains (e.g. number of suppliers or number of clients). A proper identification, assessment, management and monitoring of risk will provide substantial benefits for example by:

- Increasing awareness of risks to the viability of your organization and minimizing them through improved management systems;
- Reducing the likelihood of non-conformities with RSB standards, which could lead to termination from the RSB certification process;
- Helping auditors to optimize audit processes and costs through a better understanding of the nature and context of your operations.

As a result of the risk assessment (**Annex I**), a risk class will be attributed to your operations (low, medium or high). This risk class will determine the period of validity of your certificate and thus, the interval between two audits, as detailed in **Annex II**. This standard also describes the actions you are expected to undertake in order to minimize and monitor the identified risks.

3. Scope of this Standard

This standard is an international standard and is valid worldwide. It sets out the basic elements of a risk management approach for operations producing, converting, processing, blending, trading, using or otherwise handling biomass or biomaterials in the RSB certification system.

This standard applies to all operators taking part in the RSB certification system ('Participating Operators'). It applies to both new and existing internal systems for risk management. Participating Operators are legal organizations or natural persons who are producing, converting, processing, blending, trading, using or otherwise handling biomass or biomaterials (or both) and who are responsible for putting in place RSB standards, and procedures. A Participating Operator may be an individual or a group of economic operators (e.g. a group of farmers).

4. Version and Date

The version 3.1 of the RSB Standard for risk management shall be effective on September 1 2016.

5. Note on Using this Standard

All parts of this standard are considered to be normative, including its aim, coverage, effective date, notes on its use, references, terms and definitions, requirements and annexes, unless

otherwise stated. When putting this standard in place you shall make sure that you meet all of the requirements specified in this standard, and any other measures necessary to achieve its aim.

6. Terms and Definitions

For the purposes of this standard, the terms and definitions given in RSB-STD-01-002 RSB Glossary of Terms will apply.

7. Requirements

1. General requirements

1. 1. You shall develop, document and implement a risk management approach, which includes the following steps:
 1. 1. 1. *Risk Identification (See Section F.2)*
 1. 1. 2. *Risk Assessment (See Section F.3)*
 1. 1. 3. *Risk Mitigation (See Section F.4)*
 1. 1. 4. *Risk Monitoring (See Section F.5)*
1. 2. Your risk management approach shall be based on ISO 31000:2009.
1. 3. You shall provide the name and details of the management representative who has overall responsibility of developing and implementing the risk management approach.
1. 4. You shall make sure you have, and maintain, the necessary knowledge, resources, competencies, skills and systems for complying with this standard. In particular, the management representative who has the overall responsibility putting your risk management approach in place shall be knowledgeable and competent to do so.

You shall inform all entities, sites, facilities, employees in your organization, as well as sub-contractors and all relevant partners about your risk management approach.
1. 5. Staff responsible for implementing the risk management approach shall be properly trained and qualified.
1. 6. You shall update your risk management approach (i.e. risk identification, and/or risk assessment, and/or risk management) periodically, in particular:
 1. 6. 1. Before every new audit (main or surveillance);
 1. 6. 2. Every time your operations get modified to the extent that some of the responses to the questionnaire (Annex 1) would change; or
 1. 6. 3. At your own initiative.

1. 8. You shall inform the System Operating Entity (SOE) and the certification body immediately about any changes to your risk management approach.

2. Risk identification

2. 1. You shall identify and document the relevant sources of risk, and their potential consequences associated with your operations, in particular:
 2. 1. 1. Environmental Risks (Presence of species listed as critically endangered, endangered or vulnerable¹, no-go or no-conversion areas², water scarcity, soil degradation, natural catastrophes, etc.);
 2. 1. 2. Social Risks (political instability, labor unrest, disputes over land and resources, food insecurity, etc.);
 2. 1. 3. Economic Risks (competition, capital availability, assets, etc.); and
 2. 1. 4. Operational Risks (hazards to employees, material damages, integrity, etc.).
2. 2. You shall identify and document the relevant sources of risk of failure in implementing the RSB standards, procedures and certification system, in particular:
 2. 2. 1. RSB Principles, Criteria and Requirements (RSB-STD-01-001 & RSB-STD-11-001-01-001);
 2. 2. 2. RSB Standard for Participating Operators (RSB-STD-30-001)
 2. 2. 3. RSB Chain of Custody Standard (RSB-STD-20-001); and
 2. 2. 4. Where relevant³, RSB Standard for Certification of Bio-Products (RSB-STD-02-001).

3. Risk Assessment

3. 1. You shall conduct a self-risk assessment using the attached questionnaire (Annex 1) and determine your risk class (Low, Medium or High).
3. 2. You shall submit the results of your self-risk assessment along with your application to the SOE (*See also RSB-STD-30-001; Section F.1.6*).
3. 3. You shall inform the System Operating Entity (SOE) and the certification body immediately about any changes to your self-risk assessment.

¹ IUCN Red List, Naturereserve, or similar

² See also [RSB Screening \(RSB-GUI-01-002-01\)](#)

³ RSB-STD-02-001 applies to non-energy products, e.g. bioplastics, bio-chemicals, food ingredients, etc.

Note on the evaluation of your self-risk assessment by the certification body:

The auditors conducting the audit of your operations will check compliance with this standard and the accuracy of your self-risk assessment and risk class.

The risk class determines the frequency of surveillance audits and the period of validity of your certificates (**See Annex II**).

Nevertheless, your risk class cannot be validated before the first audit is completed. Thus, the audit team will conduct your first audit based on a “Medium” risk class. Following audits will be based on your actual risk class.

You may update your self-risk assessment at your own discretion. However, the results shall be formally validated by your certification body.

4. Risk Management

4. 1. You shall develop and implement a risk management plan to minimize each type of risk identified and assessed (Section F.2 and F.3). You shall acknowledge these risks and develop a risk management plan to minimize them, including priorities and timelines, in line with the approaches outlined below. The risk management plan shall include activities based on, but not limited to the following approaches:
 4. 1. 1. Avoidance: you may exit the activities creating the risk;
 4. 1. 2. Substitution: you may replace the activities creating the risk with other activities providing comparable outputs with lower risk;
 4. 1. 3. Reduction: you may take action to reduce the likelihood or impact related to the risk;
 4. 1. 4. Compensation: you may offset the risk through activities that compensate for negative impacts (e.g. financial mechanisms, insurance)
 4. 1. 5. Acceptance: Acknowledgement of risk. You may choose to not take action, if the consequences to your risk class are acceptable and such lack of action does not prohibit compliance with the RSB Principles & Criteria.

5. Risk Monitoring

5. 1. You shall continuously monitor the effectiveness of your risk management plan in minimizing the risks identified associated with your operations (See Section F.2).
5. 2. You shall update and optimize your risk management plan according to the results of the risk monitoring

6. Communication

6. 1. Where relevant, the following disclaimer may be used in your communication and/or in the documentation attached to RSB compliant products:

A risk class is attributed to every operator involved in the RSB certification process in order to reflect upon the contextual elements (e.g. supply chain, country's socio-economic situation, direct environment, etc.), which might make the process towards RSB certification more demanding or difficult. The risk class of an operator should not be considered as an indicator of its level of compliance with the RSB Standard.

Annex I: Questionnaire for Self-Risk Assessment

A. Supply Chain

A.1 Do the operations rely on five or more suppliers of raw materials?

| Answer | Points |
|--|--------|
| Yes | 3 |
| Yes, however our company maintains oversight/control of the operations of our suppliers. | 1 |
| No | 0 |

Guidance: In this context, “oversight” means that your company has the right to monitor and/or visit supplier production sites to verify agreed upon practice guidelines, in particular related to the implementation of RSB sustainability requirements and chain of custody controls.

A.2 Do any of the following statements apply to the total operations included in your scope of certification?

- Total operations are located over 10 or more distinct geographic sites; or
- Total operations involve more than 1,000 Full-time equivalent staff (FTEs) either under direct or indirect control; or
- Total feedstock production area is 10'000 ha or above (only applies to agricultural and forestry operations).

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

B. Socio-economic Context

- B.1. Are the operations included in your scope of certification or any of your direct suppliers located in a country with an IHDI (Inequality-adjusted Human Development Index) value lower than 0.59 or an HDI (Human Development Index) value lower than 0.74⁴ or in any of the following countries: Belarus, Bhutan, Bosnia-Herzegovina, Burundi, Comoros, Iran, Kazakhstan, Libya, Russia and Ukraine?

| Answer | Points |
|--|--------|
| Yes. | 5 |
| Yes, however mitigation measures have been implemented to address this specific risk factor. | 3 |
| No | 0 |

Guidance: Mitigation measures are specific programs aiming at reducing the risk related to the context, for instance:

- *a specific program, which provides assistance to vulnerable populations (e.g. post-conflict situation);*
- *In countries with a high level of corruption, a specific anti-corruption program, which prevents bribery, fraud and other similar practices within the operations;*
- *a specific program for the socio-economic development of the region of operation or to enhance local food security.*

The auditors will evaluate the efficiency of your programs, in particular:

- *Review of the rigor, comprehensiveness and clarity of procedures in place;*
- *Awareness and competence of your staff on related issues*
- *Demonstrated positive impacts on local communities*

⁴ <http://hdr.undp.org/en/data/map/>

C. Environment

C.1 Are the operations included in your scope of certification located within one km from a protected area (e.g. national park, biological reserve, etc) or any internationally, nationally or locally important area for protection of plant or wildlife?

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

C.2 Are there any critically endangered, endangered or vulnerable (as per IUCN Red List) observed on the operation site or within one km around it?

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

C.3 Are the operations included in your scope of certification located in an area with regular water scarcity issues or where water treatment capacity is limited?

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

Guidance: Water scarcity is determined by the existence of constraints over local communities' basic needs (drinking, sanitation and staple crop cultivation).

C.4 Are agricultural operations in your scope of certification using soils with high potential for erosion?

| Answer | Points |
|---|--------|
| Yes | 3 |
| Yes, however we implement erosion control measures. | 1 |
| No, or not applicable | 0 |

C.5 Are Genetically Modified Organisms (GMOs) or plants with a potential for invasiveness used in any operation included in your scope of certification?

| Answer | Points |
|--|--------|
| Yes, we use genetically modified plants or plants with a potential for invasiveness. | 5 |
| Yes, we use genetically modified microorganisms, however they are completely contained in systems closed to the natural environment. | 3 |
| No | 0 |

Guidance: A genetically modified organism is “an organism in which the genetic material has been altered through the use of modern biotechnology and not through mating and/or natural recombination.”

The degree of invasiveness of a plant can be assessed following Section 4.2 of the Screening Exercise (RSB-GUI-01-002-02).

D. Labor Conditions and Other Social Issues

D.1 Have you had a worker's strike in the past year on one or more site included in your scope of certification?

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

E. Operational/Certification History

E.1 Do you maintain more than one chain of custody accounting system (e.g. separate ISCC and RSB CoC accounting)?

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

E.2 Have you ever been refused/withdrawn certification by another scheme?

| Answer | Points |
|---|--------|
| Yes. It was due to one or more non-compliances. | 5 |
| Yes. It was due to reasons that did not relate to non-compliance. | 3 |
| No | 0 |

E.3 Has a grievance process ever been filed in reaction to a previous RSB audit?

| Answer | Points |
|---|--------|
| Yes. The original audit results were modified by the Certification Body as a result of the grievance process. | 5 |
| Yes. The original audit results did not need to be modified. | 3 |
| No | 0 |

F. Legal/Judiciary Issues

F.1 Do you currently have pending legal/judiciary action or have you had legal issue or judiciary actions in the past 3 years?

| Answer | Points |
|--------|--------|
| Yes | 3 |
| No | 0 |

| | |
|--------------------|--|
| Total Score | |
|--------------------|--|

Calculation of your risk class:

| | | |
|--------------------------------------|---|-------------------------------------|
| Score is 8 or below: Low Risk | Score is between 8 and 15: Medium Risk | Score is above 15: High Risk |
|--------------------------------------|---|-------------------------------------|

Guidance: your risk class gives an indication of the conditions in which you are operating and the required efforts to bring your operations to compliance with RSB Standard. A high risk class means that the conditions of your operations are more challenging. This is why operators with higher risk classes will be audited more frequently (See Annex II).

However, your risk class may not reflect your level of performance vis-à-vis the RSB standard and your chances to receive RSB certification. Operators with a high risk class may achieve RSB compliance just as well as operators with lower risk class.

Note: the scoring system will be reevaluated within 6-12 months following the approval of this document.

Annex II - Audit conditions for each risk class

Please see RSB Procedure Requirements for Certification Bodies and Auditors (RSB-PRO-70-001) for further information.

