

Surveillance Evaluation Report

Roundtable on Sustainable Biomaterials

Franklin Baker Company of the Philippines – Sta. Cruz, Davao del Sur

SCS Certificate Code: SCS-RSB/PC-0019

Makati City, Philippines

Carl Marlon N. Fronda

www.franklinbaker.com

CERTIFIED	EXPIRATION
July 13, 2016	July 12, 2019

DATE OF SURVEILLANCE AUDIT
July 10-12, 2017
DATE OF LAST UPDATE
September 6, 2017

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FOREWORD

SCS Global Services (SCS) is a certification body accredited by the Roundtable on Sustainable Biomaterials (RSB) to conduct evaluations of biofuel operators. Under the RSB/SCS certification system, participating operators meeting international standards of biofuel production can be certified as “sustainable,” thereby permitting the Operator’s use of the RSB endorsement and logo in the marketplace subject to regular RSB/SCS oversight.

SCS deploys interdisciplinary teams of natural resource specialists and other experts all over the world to conduct evaluations of biofuel operations. SCS evaluation teams collect and analyze written materials, conduct interviews with Participating Operator’s staff and key stakeholders, and complete field and office audits of the operation(s) identified in the certification scope. Upon completion of the fact-finding phase of all evaluations, SCS teams determine compliance to the RSB Principles and Criteria.

Please Note: An RSB certificate itself does not constitute evidence that a particular product supplied by the certificate holder is certified to RSB standards. Products offered, shipped or sold by the certificate holder can only be considered covered by the scope of this certificate when the required RSB claim is clearly stated on-product. For more information about the RSB, visit their website at www.rsb.org.

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Roundtable on Sustainable Biomaterials. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs, and policies applied to the Participating Operator, and the results of the evaluation. Section A will be posted on the RSB Participating Operators Database (<http://rsb.org/certification/participating-operators/>). Section B contains more detailed results and information for use by the Participating Operator.

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Operator Information

1.1.1 Name and Contact Information

Organization name	Franklin Baker Company of the Philippines		
Operator Number	1463		
Contact person	Carl Marlon N. Fronda		
Address	Coronon Plant, Sta. Cruz, Davao del Sur	Telephone	+63-049-5627742
		Mobile	+63-9175417630
		e-mail	marlon.fronda@franklinbaker.com
		Website	www.franklinbaker.com

1.2 Scope of Certificate

Please choose one:	<input type="checkbox"/> RSB EU RED	<input checked="" type="checkbox"/> RSB Global
Please select boxes that apply:	<input type="checkbox"/> Pre-assessment <input type="checkbox"/> Initial Assessment <input type="checkbox"/> Re-certification <input type="checkbox"/> Follow-Up to NCs	<input checked="" type="checkbox"/> 1st Annual Surveillance (However Franklin Baker did not undergo a surveillance audit in 2016; thus they will undergo 3 surveillance audits until their next recertification. <input type="checkbox"/> 2nd Annual Surveillance <input type="checkbox"/> 3rd Annual Surveillance <input type="checkbox"/> 4th Annual Surveillance
The scope assessment agrees with the scope under which the operator applied	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If no, please explain:	<p>The scope of certification has now change to remove coconut oil as per below: Growing, harvesting and supply of coconuts from farms located in the Mindanao island of the Philippines. Manufacture of coconut products including desiccated coconut, sweetened and</p>	

	unsweetened toasted coconut, creamed coconut and coconut concentrate, virgin coconut oil , coconut flour and coconut water (concentrate and single strength)
<i>Note: If the scope is different, please contact SCS.</i>	

SITE INFORMATION FOR AGRICULTURAL SITES OR FEEDSTOCK PRODUCTION SITES				
Site Type	<input type="checkbox"/> Agriculture		<input type="checkbox"/> Forestry	
	<input checked="" type="checkbox"/> Biomass Production		<input type="checkbox"/> Other:	
Feedstock Produced:	Coconuts			
Current Land Use	Prior Land Use			
<input checked="" type="checkbox"/> Biomass Production	<input checked="" type="checkbox"/> Biomass Production			
<input type="checkbox"/> Agriculture	<input type="checkbox"/> Agriculture			
<input type="checkbox"/> Other:	<input type="checkbox"/> Other:			
Current Employment on Site	Prior Employment on Site			
<input type="checkbox"/> Negligible	<input type="checkbox"/> Negligible			
<input checked="" type="checkbox"/> Local Average	<input checked="" type="checkbox"/> Local Average			
<input type="checkbox"/> Above Local Average	<input type="checkbox"/> Above Local Average			
<input type="checkbox"/> Full	<input type="checkbox"/> Full			
Total workers covered by scope of certification:	3,682			
Number of women workers:	679			
Owned/Controlled By:	Group Certification -Franklin Baker Co. of the Philippines and Local Landowners/Farmers and Traders as Members			
Location/City:	Mindanao Island			
Geographic location:	Farm/Entity	Location (Lat. – Long.)	Area (ha)	Area Planted (ha)
	Mindanao Island – 195 farms as per attached list	6°52'13.7" N 125°26'52.2" E	458	458
Total Area (ha)	561			
Total Planted Area (ha)	458			
Total area set aside for conservation purposes (ha)	Zero (0)			
Annual Feedstock Production Volume (please specify unit of measurement)	2,635.89 Metric tons			
Amount sold as RSB certified in last calendar year (tons)	Zero (0)			

INDUSTRIAL FACILITIES	
Name	Franklin Baker Company of the Philippines, Davao del Sur Production Facility
Type	<input type="checkbox"/> Agriculture Milling and/or Fermentation <input type="checkbox"/> Vegetable oil Extraction <input type="checkbox"/> Biofuel Production and/or Distribution <input checked="" type="checkbox"/> Other, please explain here: Biomaterial Production and Distribution
Location/City	Santa Cruz, Davao del Sur
Geographic location (<i>Latitude & Longitude</i>)	<i>Latitude & Longitude: 6°52'13.7" N 125°26'52.2"E</i>
Number of processing steps	7
Annual throughput of previous 12 months	
Feedstock Input (Metric Ton)	428,000 MT
Final/Primary Product Output (Metric Ton)	60,000 MT
Intermediate/by-product Output (Metric Ton)	N/A
% output yield compared to input material (total input/total output)	14%
Amount sold as RSB certified (tons)	0
Description of Production/Processing Activities: Weighbridge/Receival, Drilling, Shelling, Paring, Milling, Drying, Packing/Warehouse, Dispatch	

1.3 Standards Used

1.3.1 Applicable RSB-Accredited Standards

Title	Version	Date of Finalization
RSB Principle & Criteria, RSB-STD-01-001	3.0	November 2016
RSB Standard for Operators Taking part in RSB Certification Systems (Participating Operators), RSB-STD- 30-001	3.2	May 2016
RSB Standard for Traceability of RSB Certified Material (Chain of Custody), RSB-STD-20-001	3.5	August 2016
RSB Standard for Risk Management, RSB-STD-60-001	3.1	Sept 2016
RSB Standard for Certification of Bio-Products, RSB-STD-02-001	1.4	July 2015

RSB Procedure on Communication and Claims, RSB-PRO-50-001	3.2	Mar 2017
All standards employed are available on the websites of the Roundtable on Sustainable Biomaterials (http://rsb.org/sustainability/rsb-sustainability-standards/). Standards are also available, upon request, from SCS Global Services (http://www.scsglobalservices.com/).		

2.0 EVALUATION PLANNING & PROCESS

2.1 Documentation Submitted by Operator

RSB Screening Tool for Davao PF and Bansalan Farmers	Completed SCS Checklists for PO RSB Global
Inspection Report Farms / Consolidator	Job Description Various Positions
Risk Analysis for Q1_2017, Q3 & Q4 2016	Training Certificate in RSB ICS requirements
RSB Biomaterials Application Form	FcoP Stakeholder Consultation Stakeholder List July 2017
RSB Minutes Stakeholders Farm Level	RSB Minutes Stakeholders Plant Level
RSB Training Module / RSB Presentation / Proper Chemical Handling and Storage and Disposal	Training Attendance Sheet – Farms
RSB Minutes (several) meeting with consolidators / plant workers	Appointment of Management Representative for RSB Certification dated 27 March 2016.
ICS Chain of Custody Procedure ICS-COC-01	Sustainability Certification Procedure
Environment and Social Management Plan	Environmental and Social Management Plans ICS ESMP-01
FBCoP Self Risk Assessment Rev 01	RSB Farm List
Air Management Plan	Water Management Plan
Traceability Exercise (Lot code forward) dated 09 Feb 2017	Organisational Structure
RSB Stakeholder Contact List	RSB Stakeholder Meeting Minutes

2.2 Audit Type and Determination

The following table summarizes the audit types for RSB Audits:

	Low risk class	Medium risk class	High risk class
Certificate validity	5 years	3 years	2 year
Main audit	Every 5 years	Every 3 years	Every 2 years
Surveillance audit	Annual	Annual	Annual

2.3 Audit Team

2.3.1 Determination of Audit Team

- Desk audits shall always be conducted by at minimum one (1) international lead auditor. The lead auditor appointed may include additional auditors and/or technical experts in the audit team if this is required by the extent of the audit.
- Field audits shall always be led by one (1) international lead auditor.
- The lead auditor appointed shall include at minimum one (1) local auditor in the audit team. The lead auditor appointed may include additional auditors and/or technical experts in the audit team if this is required by the extent of the audit.
- For field audits of participating operators in High Risk class shall always the lead auditor appointed shall appoint at minimum
 - one (1) local auditor and
 - one (1) technical expert on social issues to evaluate compliance with social requirements and the risk of non-compliance due to social issues and
 - one (1) technical expert on environmental issues to evaluate compliance with environmental requirements and the risk of non-compliance due to environmental issues.
 - The lead auditor appointed may include additional auditors and/or technical experts in the audit team if this is required by the extent of the audit.

2.3.2 Audit Team

Auditor Name:	Mick Berry	Auditor role:	International Lead Auditor
Qualifications: Bachelor Science (Forestry) Bachelor Economics, RSB Lead Auditor			

2.4 Evaluation Schedule and Extent of Audit

2.4.1 Determination of Extent of Audit

Total number of subsidiaries, branch offices, affiliated entities, external third parties contracted or otherwise engaged, operational structures, sites, facilities, processing and production units, and supply chain structures	Desktop review of activities conducted at Production Facility located at: Coronon, Santa Cruz, Davao del Sur in the Philippines and; 195 farms located on the Island of Mindanao 4 Consolidators
Participating Operator Risk Class	The Participating Operator has conducted risk evaluation and determined that FBCoP is Medium Risk Class. Auditor's assessment is Medium Risk Class.
Disputes or prior Non-compliances	33

Changes in scope since last evaluation	Yes. Products removed from certification is 'Virgin Coconut oil'
Total number of compliance claims	No claims made. Entity has not released certified product.

2.4.2 Evaluation Itinerary and Activities

Time	Element/Activity	Personnel Involved
Day 1 - Mon 10 July 2017	Remote offsite teleconference	
9:00-11:00 AM Davao City time	<p>Opening Call</p> <ul style="list-style-type: none"> - Introduction to certification program and assessment process to staff - Review of itinerary - Review of RSB Procedures; confirm roles, responsibilities and processes. - Confirmation of scope of products to be certified and any product groupings. and clarification of all suppliers; farms, blending, transportation, storage - Client to outline production process and overall process flow. - Update from client and any social or environmental changes to the operation - Follow up on implementation of any corrective action plans from previous audit 	Management
	<p>Document Review</p> <ul style="list-style-type: none"> - Updated self-risk assessment and self-evaluation; - Updated scope of certification (e.g. sites, products, processes, feedstocks; - Records of the operator's training system; - Records of the operator's complaint management system; - Contracts with all operators within the scope of certification; - Records of the applied chain of custody system: <ul style="list-style-type: none"> o Quarterly balance of incoming and outgoing material; o Contractual agreements, delivery notes, sustainability information and invoices for all purchases and sales of certified material; - GHG calculation, including a list of input data and a description how they are collected, emission factors. 	Remote

Day 2 - Tues 11 July 2017		
	<p>Document Review con't</p> <ul style="list-style-type: none"> - Updated self-risk assessment and self-evaluation; - Updated scope of certification (e.g. sites, products, processes, feedstocks); - Records of the operator's training system; - Records of the operator's complaint management system; - Contracts with all operators within the scope of certification; - Records of the applied chain of custody system: <ul style="list-style-type: none"> o Quarterly balance of incoming and outgoing material; o Contractual agreements, delivery notes, sustainability information and invoices for all purchases and sales of certified material; <p>GHG calculation, including a list of input data and a description how they are collected, emission factors.</p>	Remote
Day 3 – Wed 12 July 20-17	Remote offsite	
3:00 pm	<p>Closing Meeting</p> <ul style="list-style-type: none"> - Presentation of General audit finding - Presentation of all non-compliances and opportunities for improvement - Fix timetables for corrective actions - Reiterate SCS appeal policy - Ask for questions 	Management
	<p>Report Writing</p> <p>Auditor(s) take time to consolidate notes and confirm audit findings offsite</p>	Remote

2.5 Evaluation of Management System

2.5.1 Methodology and Strategies Employed

SCS deploys interdisciplinary teams with expertise in agriculture, ecology, forestry, social sciences, natural resource economics, and other relevant fields to assess an Operator's compliance to RSB standards and policies. Evaluation methods include document and record review, implementing sampling strategies to visit a broad number of site and facility types, observation of implementation of management plans and policies, and stakeholder analysis. When there is more than one team member,

team members may review parts of the standards based on their background and expertise. On the final day of an evaluation, team members convene to deliberate the findings of the assessment jointly. This involves an analysis of all relevant site observations, stakeholder comments, and reviewed documents and records. Where consensus between team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section.

2.5.2 Capacity of the participating operator to implement its management systems

Executive Summary

Franklin Baker Company of the Philippines (FBCoP) continue to implement an effective RSB management system.

No RSB certified product has been sold since certification. No review of records relating to the Chain of Custody System were therefore reviewed.

FBCoP could monitor progress against objectives and actions described in the Environment and Social Management Plan. Further timelines (dates for completion) could be included in these plans.

There have been several RSB standards which have been updated. FBCoP could consider changes to its RSB management system in relation to standards changes.

A new RSB requirements relates to the provision of a 'shape file' or equivalent that describes the physical location of farms (biomass producers). Please provide this to SCS Global services as soon as practical.

Non-conformities identified as part of this assessment relate to:

- No self-evaluation conducted
- Chain of Custody System i.e. product segregation not documented

See Appendix 2 for the details of the observations and substantiating evidence collected during evaluation of the central management office and management systems of the participating operator.

2.5.3 Evaluation of RSB compliance claims and use of RSB trademarks

Type (compliance claim, trademark use)	Description	Findings
RSB Logo	Website, training material	Product Claims are not made. Logo is used on promotional material only. Current version of RSB logo used

2.6 Stakeholder Consultation Process

In accordance with SCS and RSB protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations. The primary purpose of such consultation is to solicit input from affected parties as to the strengths and weaknesses of the Participating Operator’s management system and operations, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

Principal stakeholder groups are identified based upon the certification scope of the participating operator.

Stakeholder consultation activities are organized according to the requirements of the RSB. The table below summarizes the major comments received from stakeholders and the assessment team’s response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

2.6.1 Summary of Stakeholder Comments and Responses from the Team

Stakeholder Comments	SCS Response
Economic Concerns	
Stakeholder meetings were conducted with consolidators and farmers representatives including agriculturist. Minutes recorded on the 4 July indicated that RSB Principles, ESMP and PPE was discussed.	Stakeholder Contact List could be updated to record stakeholders engaged and issues raised being positive or negative.
Social Concerns	
Stakeholder meetings were conducted with at the manufacturing facility. No attendee list provided however Minutes recorded on the 4 July indicated that contract service providers and community members attended. No concerns were raised. Positive comments made in relation to FBCoP contribution to community services / infrastructure	Stakeholder Contact List could be updated to record stakeholders engaged and issues raised being positive or negative.
Environmental Concerns	
None	

3.0 RISK ASSESSMENT RESULTS

SCS Risk Assessment Results	Deviations from Operator Risk Assessment Results	Risk Factor Difference
Medium Risk	Medium Risk	N/A

Due to the results of the Risk Assessment, the evaluation did not need to be rescheduled.

4.0 RESULTS OF THE EVALUATION

4.1 Process of Determining Compliance

4.1.1 Structure of Standard and Degrees of Non-Compliance

RSB-accredited biofuel standards consist of a three-level hierarchy: the principle, the criteria that correspond to that principle, and then the performance indicators that elaborate upon each criterion. Consistent with SCS Sustainable Biofuels Program evaluation protocols, the team collectively determines whether or not the subject operation is in compliance with every applicable indicator of the relevant sustainable biofuel standard. Each non-compliance must be evaluated to determine whether it constitutes a major or minor non-compliance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-compliance. The team therefore must use their collective judgment to assess each criterion and determine if the Operator is in compliance. If the Operator is determined to be in non-compliance at the criterion level, then at least one of the applicable indicators must be in major non-compliance.

4.1.2 Interpretations of Major and Minor Non-compliances

Major Non-compliances, either alone or in combination with non-compliances of other applicable indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant RSB Criterion. These non-compliances must be resolved or closed out before a certificate can be awarded. If Major NCs arise after an operation is certified, the timeframe for correcting these non-compliances is typically no more than three months. Certification is contingent on the certified FME's response to the NCs within the stipulated time frame.

Minor Non-compliances are typically limited in scale or can be characterized as an unusual lapse in the system. Most minor NCs are the result of a non-conformance at the indicator-level. Non-compliances must be closed out within a specified time period of award of the certificate.

4.1.3 Major Non-compliances

<input checked="" type="checkbox"/>	No major NCs were issued to the Operator during the evaluation. Any minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
<input type="checkbox"/>	Major NCs were issued to the Operator during the evaluation, which have all been closed to the satisfaction of the audit team and meet the requirements of the standards. Any minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.

<input type="checkbox"/>	Major NCs were issued to the Operator during the evaluation and the Operator has not yet satisfactorily closed all major NCs.
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4.1.4 Non-compliances and Current Status

Instructions:

- Initial certification audit: list all Non-conformities and Opportunities for Improvement issued during this audit.
- Surveillance/Recertification: list status of minor NCs that were not closed in previous audit, then list new NCs/OFIs issued during this audit.

Summary of Non-compliances and Current Status				
Non-compliance Number	Type of Non-compliance	Relevant RSB Standard & Indicator No.	Summary of Finding and Evidence Collected	Status of Non-compliance (Open/Closed)
2017001	Minor	RSB-STD-11-001-20-001 (Version 3.5), F1.6.1 , F1.6.2	The chain of custody model employed is not documented.	Open
2017002	Minor	RSB-STD-30-001, 2.8	No self-evaluation conducted	Open
2017003	OFI	RSB-STD-60-001 generally	Corrective action process for risk analysis conducted	Open
2017004	Minor	9.b RSB-STD-01-001	Water management Plan does not include Coronon Manufacturing Facility	Closed
2017005	OFI	2.b RSB-STD-01-001	Update Stakeholder Contact List	Open

5.0 CERTIFICATION DECISION

Certification Recommendation	
Operator to be awarded RSB certification subject to the minor non-compliances stated in Section 4.2.5.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The SCS evaluation team makes the above recommendation for certification based on the full and proper execution of the SCS Responsible Biofuels Program evaluation protocols. If certification is recommended, the Operator has satisfactorily demonstrated the following without exception:	
Operator has addressed any Major NC(s) assigned during the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Operator has demonstrated that their system of management is capable of ensuring that all of the requirements of the applicable standards are met over the sites and facilities covered by the scope of the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Operator has demonstrated that the described system of management is being implemented consistently over the sites and facilities covered by the scope of the certificate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments and/or details of any issue which was difficult and/or impossible to evaluate:	Nil
To be completed by Certification Decision-Making Entity	Certification decision by: (Decision to continue certification) Matthew Rudolf 
	Date of decision: 09/12/17 For initial or continued certification
	Surveillance schedule: 2 nd Surveillance audit next year Notes: annually