

Answers to frequently asked questions

about the 'new option' for selling palm products under a Mass Balance claim.

On 12 November 2010, a new option to rules governing the sales of Mass Balance sustainable palm products went into force. Companies can now purchase Segregated sustainable palm products and use them to offset sales of similar volumes of other palm products with a Mass Balance claim.

Q: Who can use the new Mass Balance (MB) option?

A: Any operator that purchases Segregated sustainable palm products can use the new option. The new option does NOT affect operators that purchase sustainable palm products according to the Mass Balance model.

Q: I buy Mass Balance palm products. Does the new option change anything for me?

A: No, only operators buying Segregated sustainable palm products can use the new option. It does NOT affect operators that purchase Mass Balance sustainable palm products.

Q: Why would I want to use the new MB option?

A: You have difficulty recuperating the added cost of using Mass Balance sustainable palm products through the sales of particular sustainable palm product fractions. The new option was mostly created for operators that refine, fractionate and further process palm products components. Nothing changes for those who purchase MB palm products.

Q: In simple terms, what does the new MB option allow me to do?

A: For example: buy 10 mt of Segregated crude palm oil and sell 10 mt of Mass Balance palm stearin.
Or: buy 20 mt of Segregated palm olein and sell 20 mt of Mass Balance stearin solid fraction.
Incoming and outgoing products do not need to be physically linked. The new option does NOT affect operators that purchase Mass Balance sustainable palm products.

Q: Why this new option?

A: To reduce price premiums for some Mass Balance sustainable palm products and to reduce logistical complexity. The new option helps fill the supply chain with Segregated palm products and reduces supply chain inefficiency.

Q: Does the new MB option come with a separate market claim?

A: No, the communication rules for Mass Balance claims cover both standard MB products and products using the new option.

Q: What keeps traders using the new option from selling too much MB products?

A: Traders need to keep detailed records of Segregated products purchased and MB products claimed. All records are checked during standard supply chain certification audits.

Q: I purchased Segregated palm products before 12 November 2010. Can I use them to offset sales of MB products today?

A: Yes, you can.

Q: Can the new MB option be used more than once within the same supply chain?

A: No. Whenever the new MB option is used, Segregated palm products get 'downgraded' to Mass Balance palm products. This can happen only once.

Q: Can the new MB option be used for selling any palm product or fraction?

A: Yes, as long as purchases of Segregated palm products offset sales of equal volumes of MB palm products. Note that the purchase of SG *palm oil* products can NOT be used to offset MB claims on *palm kernel* products or vice versa.

Q: I purchased Segregated products but they were mixed in with other products before reaching my facility. Can I still use the purchase for the new MB option?

A: Yes, as long as you can prove to your supply chain certification auditor that your facility purchased the Segregated material.

Q: Can I use the new MB option for some products and classic MB for others?

A: Yes, as long as you properly record all relevant purchases and sales and have all records available during supply chain certification audits.

Q: Can I offset sales of MB *palm kernel* products with purchases of Segregated *palm oil* products?

A: No, you can not use the new MB option to transfer claims between palm oil and palm kernel products. To sell 10 mt of MB palm kernel product, you would need to purchase 10 mt of another Segregated palm kernel product.

Q: Does the UTZ Traceability system support the new MB option?

A: Yes. The UTZ Traceability system, which is used for all RSPO-certified transactions up until final refinery, allows operators to opt for the new MB option.

Q: I have stocks of Segregated palm products dating from before 12 November 2010. Can I sell them using the new MB option??

A: Yes, you can apply the new calculations to any shipment that will be delivered to your customers after 12 November, 2010.