

SAI Platform Farm Sustainability Assessment (FSA) Implementation Framework

Version 2 released 15 June 2016

1. Introduction

SAI Platform's Farm Sustainability Assessment (FSA) can be used in many ways in supply chains (see www.fsatool.com). Through the FSA programme, SAI Platform strives to support farmers and companies in moving towards sustainable production of agricultural materials. **This framework identifies the minimum requirements if implementing Farm Sustainability Assessment (FSA) in a supply chain and making claims on sustainable sourcing performance level (and associated volumes) based on SAI Platform's FSA.**

There are 3 options when implementing FSA in supply chains, all of which are described in detail in this document:

- Option 1: Benchmarking
- Option 2: Self-assessment and verification
- Option 3: Hybrid system between options 1 and 2

FSA is not a compliance programme; companies are free to determine their required FSA performance level, if any, and which options are best suited to their supply chains. The programme focuses on a minimum requirement to allow for a credible claim while allowing resources to focus on continuous improvement.

For companies not wanting to make a claim of a FSA performance level, SAI Platform recommends the company use the same principles in this document, and in terms of sampling and verification numbers, to work as closely as possible to the numbers stated here.

This document covers topics such as options for supply chain implementation and FSA related claims, data aggregation, verification and action plans. It has been created by SAI Platform, with extensive input from SAI Platform member companies and guidance from PwC. SAI Platform encourages feedback from users and other key stakeholders, in order to improve the implementation of FSA in supply chains globally.

SAI Platform is a global food industry initiative for sustainable agriculture. It seeks involvement from all food chain stakeholders willing to play an active role in the development, recognition and **implementation of sustainable practices for mainstream agriculture, working together on a pre-competitive basis**. SAI Platform supports its members in the development of roll out plans for FSA with their farm supply base. Companies are encouraged to use FSA to identify sustainability gaps, to support farmers in addressing any gaps and thereby becoming more sustainable, economically, socially and environmentally.

1.1. Note on Version 2

SAI Platform issued version 1 of the Implementation Framework in 2015. This second version is an expansion of the original, with further clarification regarding FSA claims, additional details on implementation options, and notably, a revision to the way to sample for self-assessment and verification audits. In Version 1 there was a requirement to use the square root (or minimum number of farms) for both sampling efforts. Version 2 has changed to a more statistically based method, using a fixed accuracy method to calculate the number of farms to be sampled, which does not require a minimum number of farms (details are provided in sections below).

Several criteria within Version 2 are still under development and may be further refined:

- Sampling Method – fixed accuracy for self-assessments and verification audits
 - As this is a change from our previous way of working, SAI Platform will review the appropriateness of this sample method as it is implemented globally
- Implementation Options – possible expansion to certification methodology
 - SAI Platform is currently reviewing if there is a need for FSA certification as a 4th implementation option; and is assessing Platform member needs, desired outcomes etc. Version 3 of the Implementation Framework may include certification as Implementation Option 4. This option 4 would not become a mandatory step beyond verification, rather it is an option that may be useful in specific supply chains.
- Verification Audit Protocol – details for audit companies
 - SAI Platform is creating a Verification Audit Protocol, to support this Implementation Framework. The document will provide further details for verification audits, such as audit control points etc. The document will be uploaded to www.fsatool.com once finalized.

2. Farm Sustainability Assessment Overview

2.1. Purpose

The purpose of the FSA is to provide a single set of requirements for sustainable farming on which the food and drink industry is aligned. With FSA, SAI Platform aims to harmonize sustainability definitions, reduce assessment and assurance duplication, promote continuous improvement in the sustainable production of agricultural raw materials and increase the consistency of communication within the food and beverage supply chains about sustainability expectations.

The purpose of FSA is broader than just supporting performance level claims (see www.fsatool.com). This document is however limited to issues relating to claims against the FSA, made by various supply chain actors.

2.2. FSA Scope

The FSA covers social, environmental, economic and general farm management practices. The FSA used for crop production is applicable for arable, vegetable, fruit and crops, although it is not applicable for wild harvest. The crop FSA can be used globally as a self-assessment and a benchmark tool (Implementation Options 1-3). The Beef FSA is only applicable in Europe and can only be used as a benchmark tool (Implementation Option 1). The three options are described in detail in the sections below.

The FSA is applicable for farms of all size including large and small holders, although the approach for FSA implementation may vary, for example some farmers may use the online FSA tool while others may partner with extension support. The assessment of sustainability ends at the farm gate, i.e. the assessment does not carry over to off-site processing of the agricultural material.

2.3. Farm or raw material – level assessment

FSA can be used to assess practices for all raw materials produced by a farm ('farm-level') or used to assess the production of a specific raw material.

If a farm-level assessment is carried out, all raw materials produced on that farm receive the same sustainability score – this is particularly important in arable rotations. It is then assumed that all crops grown on the farm are managed in a similar way and one FSA assessment covers all crops grown under that system on that farm (if there are differences between crops, the default is to the lowest score between crops across the farm).

While it is preferred to do a farm-level assessment, it may not always be appropriate or practical.

A raw material-level assessment may be appropriate in the following cases, as examples, but not limited to:

- fresh produce (where management requirements may differ from processed)
- mixed farms (livestock and crop production, or production of crops under different systems on the same farm)

When raw-material/level assessment is done the farmer must clearly indicate which crops/materials are covered by the assessment, and the assessment answers refer to the crops specified.

Note that in Option 1 (benchmarking) the scope of materials is dictated by the standard, i.e. only those materials covered by the benchmarked standard have the performance score of the standard, not all materials produced on farm.

2.4. Excel and Online FSA tool

SAI Platform created the FSA tool as an Excel file, in order to simplify its use globally. It is now available for download in many languages (www.fsatool.com). In addition, SAI Platform partnered with ITC to create an online tool which simplifies on-farm assessments, data aggregation and reporting, farm group management, and supplier to buyer supply chain management. Both tools provide the same results to the FSA self-assessment, and it is the choice of the farmer/farm management group to determine the most appropriate tool to use within that supply chain.

2.5. Revisions and Governance

The FSA will be revised and updated every three years. When new revisions of the FSA, this framework and the audit protocol are published there will be a transition period of 12 months from the date of publication, within which to implement any changes, to support the external claims on FSA performance level. Corrections to the FSA may be made on an ongoing basis (but will be minimized) and will be reported on the SAI Platform website.

3. Implementation Options

Many supplier codes and (certification) standards are used in agricultural supply chains, including publicly available and supplier/company owned. Many companies are requiring assessment or certification against a standard for their agricultural materials to deliver against sustainable sourcing commitments. However, not all agricultural supply chains have applicable standards, and many standards do not address a comprehensive list of sustainable farming practices. Therefore, the FSA has been created to be used in various ways to address the needs of the wide range of agricultural material supply chains.

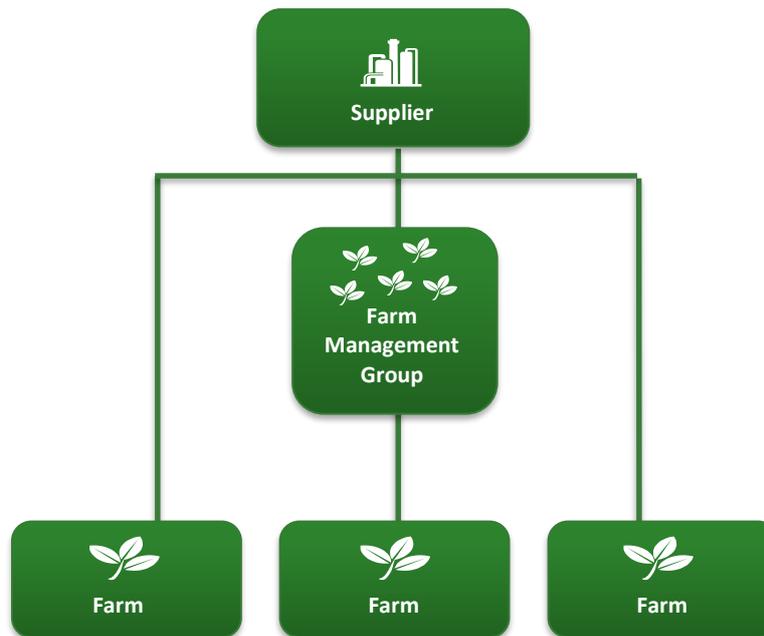
Three ways for using the FSA in a supply chain to make claims to support sustainable sourcing commitments are described in this document:

1. As a **benchmark tool to compare to standards** (both publicly available and supplier-owned standards)
2. As an **on-farm self-assessment** (sampled randomly and verified)
3. **Hybrid** of options 1 and 2

Certification as option 4 is currently under review and may be included in the next version of this document.

SAI Platform does not have a preference for which option is implemented; the best option varies by region, material, farmer groups, company needs etc.

Implementation option 1	Implementation option 2	Implementation option 3
Benchmarking	Self-Assessment and Verification	Hybrid of options 1 & 2
Supplier has regional farm base and is supplied by Farm Management Group or single farms. All farms or farm management groups comply with benchmarked standard. Supplier claim based on FSA implementation option 1	Supplier has regional farm base and is supplied by Farm Management Groups or single farms. Supplier claim based on FSA implementation option 2	Supplier has regional farm base and is supplied by Farm Management Groups or single farms. Some/all farms within the farm management group comply with benchmarked standard, which may not adequately cover sustainability concerns. Supplier claim based on FSA implementation option 3
Farm Management Group claims based on volume sourced through benchmarked standards	Farm Management Group claims based on verified FSA score for volume sold to supplier	Farm management claims based on benchmark standards and verified FSA score for volume sold to supplier
Single Farm claims based on 100% of volume produced according to the benchmarked standard	Single Farm claims based on verified FSA assessment for all volume sold to supplier	Single Farm claim may be based on benchmarked standard and/or verified FSA assessment



3.1. Benchmarked Standards

Farmers who already comply with or have access to a standard do not necessarily need to complete the FSA, as SAI Platform will award a score to the standard itself based on benchmarking. This will be considered the score for all farmers complying with that standard. However, this score would be the 'lowest common denominator' based on the benchmarking – the score could for example be bronze, while farmers could actually have a higher performance e.g. silver through practices that are above the level required by that standard. Therefore, it is recommended that supply chain actors do some on-farm FSA assessments to check the actual level of performance, as relying on the benchmarking could give a skewed picture of actual performance and thus send action plans in the wrong direction. The benchmarking option requirements are described in more detail in section 5.

3.2. Self-Assessment

Farmers who do not comply with a standard would complete a self-assessment (based on a random sample) and undergo verification by a 3rd party, to assess and report on their farm's level of sustainability either for all crops produced by the farm, or for crops specified in the assessment. The requirements for the management system, sampling and audits are discussed in the sections below.

Farmers who complete FSA would receive a sustainability score, and a summary which identifies areas for improvement, and which can be used as a basis to create an action plan. Action plans are key in supporting farmers to become more sustainable, in a way that is locally-relevant and economically-sound. The Farm Management Group receives a group score based on the % of farmers who are not yet bronze, bronze, silver and gold. The farmers who complete the self-assessment are chosen randomly (details in the sections below).

The self-assessment option requires third-party verification for claims to be made. The self-assessment and verification option requirements are described in more detail in section 5.

3.3. Hybrid System

There are several scenarios where a hybrid between the benchmarking and self-assessment options are required. There may be an agricultural standard in use but its scope does not cover sustainable agriculture, or the standard complied with does not adequately represent the level of sustainability performance of the farmers. In some cases, farmers may comply with a specific standard (Option 1), but may in reality manage their farm at a higher performance level than the standard is benchmarked. The requirements for Option 3 are described in more detail in section 5.

4. FSA Performance Level Claims

FSA aims to support all actors in the food and beverage supply chain wanting to make external claims on sustainable sourcing performance level. This requires FSA to define what can be considered a claim from the individual actors in the supply chain. This document focuses on FSA performance level claims (e.g. Bronze FSA). Other claims related to the FSA programme, such as number of farmers engaged in the programme, types of improvements support etc. do not have specific SAI Platform requirements and are not included in the scope of this document.

In a simplified version of the supply chain SAI Platform identifies 4 supply chain actors making claims (buyers and retailers act similarly in sourcing of agricultural materials).



To support robust claims on sustainable sourcing performance level SAI Platform has defined criteria on the claims allowed by different actors in the supply chain. The objective of these definitions is to ensure that sustainable sourcing performance level can be identified within each part of the supply chain and a clear chain of custody can be defined in order to prevent double counting and support robust claims and verification (note that Chain of Custody audits are not required). Furthermore, supply chain actors pursuing external claims and verification should ensure a management system is in place that meets the requirements of the FSA implementation framework and supports external verification.

SAI Platform anticipates that most suppliers or buyers will make claims as part of their (annual) (sustainability) report. In such a situation suppliers should use the implementation framework as a guidance document to support the reporting principles used for their report. If such a report is subject to (annual) review by an external auditor SAI platform advises to use this implementation framework as guidance document for the review process.

4.1. Stand-alone farms

The FSA Programme will typically be implemented with groups of farms (see below for details), however the programme intends to also support stand-alone farms who wish to complete an assessment (i.e. farms wanting to claim without the support or structure of a farm management group). Individual farms are allowed to claim performance on total farm agricultural material covered by FSA scope, or on the crops specified in the assessment. All volume covered by the assessment can therefore be considered 100% gold/silver/bronze or not-yet bronze. **Such claims need to be 3rd party verified** (see Section 5 Option 2 for details).



STAND-ALONE FARM CLAIM

- The individual farm claims to be FSA not yet bronze, bronze, silver or gold on raw material or total farm production
- 100% volume claims



4.2. Farm Management Group

SAI Platform identifies the farm management group coordinator as the party that can make FSA related claims for a group of farmers based on the FSA implementation framework. Examples of farm management groups may include farm cooperatives, a group of farmers supplying to one processing facility under contracts, a group of farmers participating in a sustainability project for a specific (group of) company/ies etc. **A supplier could source both from individual farms as well as a group of farms, and in such a case would need to act as the farm management group coordinator.**

A farm management group claims the total volume that the group of farmers produces. This means that they claim x% of the total volume within the group is gold, silver, bronze and/or not yet bronze. An administrative system needs to be set up to monitor volumes from the farm management group. Cooperatives or other forms of organizations that do not want to integrate all farms into the management group should clearly identify and manage those participating farms which are within the management group.

Based on benchmarked standards and/or the outcome of the self-assessments (based on the random sample of farms), the farm management group will have a specific number of farms scoring not yet bronze, bronze, silver or gold. Those scores should be extrapolated to the volume sourced from all farms in the group according to the mass balance. That result is the total claim of the farm management group.

For example, if 20% of the farms in a management group are bronze level FSA, then 20% of the volume from that management group is also bronze level FSA.



FARM MANAGEMENT GROUP CLAIM

Based on the results of benchmarked standard/ self-assessment and according to the reporting requirements of FSA [version] implementation framework it is estimated that [farm management group name] has produced:

- x tonnes &/or % gold
- x tonnes &/or % silver
- x tonnes &/or % bronze
- x tonnes &/or % not yet bronze

The claim is based on the volume sourced from all farms that have been identified as part of the group.





4.3. Supplier

SAI Platform identifies suppliers, those buying from farmers, as the next tier in the supply chain sourcing from individual farms or a farm management group. When suppliers source directly from individual farms the supplier is considered to be a farm management group and should manage compliance accordingly.

Suppliers claim x% of their volume to be not yet bronze, bronze, silver and/or gold, based on the volumes provided by the management groups (as outlined below). An administration system needs to be set up to record volumes from those groups.



SUPPLIER CLAIM

Based on the results of benchmarked standards/self-assessment and according to the reporting requirements of FSA [version] implementation framework it is estimated that [supplier] has sourced:

- x tonnes &/or % gold
- x tonnes &/or % silver
- x tonnes &/or % bronze
- x tonnes &/or % not yet bronze





Suppliers must ensure there is a robust accounting system in place to support their volume claims. This applies to suppliers that source from benchmarked standards, farms, farm management groups, and other suppliers.

4.4. Buyer

SAI Platform identifies buyers as the next tier in the supply chain after the suppliers, sourcing from individual farms, farm management groups, suppliers or from other buyers. When buyers source directly from individual farms, the buyers are considered to be the farm management group coordinator. Buyers claim x% of their volume to be not yet bronze, bronze, silver or gold (as outlined below). An administration system needs to be set up to monitor volumes purchased



BUYER CLAIM

Based on the results of internal self-assessment and according to the reporting requirements of FSA [version] implementation framework it is estimated that [buyer] has sourced:

- x tonnes &/or% gold
- x tonnes &/or% silver
- x tonnes &/or % bronze
- x tonnes &/or % not yet bronze





Buyers must ensure there is a robust accounting system in place to support their volume claims. This applies to buyers that source from benchmarked standards, farms, farm management groups, suppliers and other buyers.

4.5. Standard Owners

Standard owners (certification standards, private codes etc.) may wish to claim a performance level equivalence to the FSA. SAI Platform engages with standard owners and reviews benchmarks according to its FSA Benchmarking Methodology and publishes an overview of benchmark results (see www.fsatool.com). On the basis of that benchmark, standards can claim to be FSA bronze, silver or gold equivalent, and companies who source from those standards can claim volumes as FSA bronze/silver/gold.

5. Implementation Methodology

5.1. Overview

In order for supply chain actors to make FSA performance level external claims, a process must be followed:

1. Ensure Farm Management Groups have been established
2. Determine which implementation option will be used for each group
 - only 1 option per group is permitted, if more than one option is required then the group must be split into separate groups and managed accordingly
3. Implement the required steps as described for each
4. Once verified, claims can be made
5. Support continuous improvements with the farm management group

If FSA performance level claims are not required by any company in the supply chain, then this methodology can be treated as guidance rather than requirements.

5.2. Farm Management Group

A farm management group is defined as follows:

- A group of farms with a logical coherence (e.g. delivering the same raw material, being members of a cooperative, being naturally grouped in specific supply chain) asserting that it meets the requirements of the FSA implementation framework (i.e. the rules as laid out in this document) as a group.
- The farm management group must be formalised. This may include; the group being a legal entity, the existence of a binding agreement, the use of a consent form from each member stating agreement to participate in the group and a **commitment to comply with all sampling and audit requirements**.
- The farm management group coordinator is responsible for identifying and engaging the individual farms within the group and must be able to present (some form of) documentation, including the list of farmers. The number of farms within the farm management group may vary from year to year but should be clearly identifiable and recorded as part of any claims made by the farm management group manager related to the FSA implementation framework.
- A farm management group cannot include farms in different countries.

5.2.1. Farm Management System Requirements

A **documented internal management system** must be in place that includes a mechanism for ensuring awareness of, and compliance with, the FSA requirements and its implementation framework. The management system should incorporate:

- internal goal setting
- procedures
- internal review of FSA assessments (i.e. farm management group review of the self-assessments, if using options 2 or 3)
- corrective action plans and continuous improvements that extend to all farms in the group, as appropriate (see Options 1-3)
- an accounting system in place to ensure volumes that are submitted for each farm

The farm management system must have a **robust accounting system** in place to ensure there is no double counting of FSA related volume. The accounting system is the responsibility of the companies handling the material from the group of farms level onwards. SAI Platform requires as a minimum mass balance accounting that allows for physical mixing.

The FSA Programme aims for a flexible, relatively easy to implement programme. As such, the programme requires mass balance as a minimum. Segregation and Identity Preserved (IP) may be used, if required by the purchasing company. The additional requirements of segregation or IP are the responsibility of the purchasing company and are not covered in this document.

5.2.2. Farm Management System Verification

The management system audit process will focus on the quality of the management system and the administration supporting the volume accounting system (mass balance requirements). **The management system must be audited by a 3rd party auditor every 3 years, as a minimum. If a supplier has multiple farm management groups, those groups can all be audited at once, if managed by the supplier. The farm management group must be audited before any claims on FSA volumes can be made.** See below for Auditor Requirements.

As part of the audit process the auditor should review:

- the farm management group information system holding the list of supplying farmers
- if using Options 2 or 3, proof of engagement of farms in the farm management group (awareness of and compliance with the FSA programme), and an analysis of the reasons behind an on-farm audit failure, if applicable (i.e. a drop in performance level due to on-farm audit findings) (see below for further details)
- if using Option 1, a copy of the benchmark summary of results published by SAI Platform for the applicable standards
- the accounting system (i.e. mass balance accounting) to record the volumes claimed

For review of the **accounting system**, audit bodies should develop audit procedures appropriate to test the *completeness* and *accuracy* of the system. Completeness should test if 'all relevant data is included in the mass balance'. Procedure should focus on e.g. all data in the relevant reporting period and if all sourced materials have been included in the system. Accuracy should test if 'all data reported in the mass balance is correct'. Such procedures should focus on e.g. accuracy of individual entries into the system. Individual entries can be considered specific deliveries/sourced.

If a farm management group is solely using Option 1 (benchmarked standards), and the standard requires an equivalent or higher level of farm and volume accounting, then an additional FSA audit is not required.

5.3. Continuous Improvement

The goal of the FSA is to support **continuous improvement** in agriculture, of farmers as well as those supporting and managing farmers. If using benchmarked standards, and if continuous improvement activities/action plans are not part of the benchmarked standard's process then the farm management group must implement as described below. If using self-assessment, then action plans are not required during the first year of the process and therefore claims in the first year can be made without action plans in place.

Action plans should be created based on the results of the sampled farms, and should be implemented with all farms (as appropriate) in the farm management group. **Creating and implementing action plans for continuous improvement, in a way that is locally-relevant and economically-sound, is required for making claims regarding FSA performance levels.**

Action plans should be based on assessment of data and identify appropriate changes to the management system as well as follow up with farmers. Action plans do not necessarily need to result in an improvement in the FSA performance level. Follow up with farmers may be farmer-specific or applicable for a group of farmers, depending on the data analysis, resources available, and similarities

between farms. Action plans may include various forms of knowledge transfer, such as advisory services, training, extension services, and peer support.

5.4. Option 1 – Benchmarking

In this scenario, all farms comply with a particular agricultural standard(s), and would not be required to complete FSA self-assessment. Rather, the standard(s) are benchmarked and given an FSA performance score (not yet bronze, bronze, silver or gold), considered the score for all farmers complying with that standard. Since several standards may be used by one supplier, the performance scores are to be reported as a percent of farms who are not yet bronze/bronze/silver/gold.

Federal/local legislation in many countries have requirements that address some of the FSA questions, such as land use planning, pollution control and labour conditions. Therefore, it may be possible to include legislation coverage as part of the benchmark. **Legislation coverage may only be used if SAI Platform has approved the legislative benchmark for that country.** For a list of countries whose legislation has been benchmarked against FSA, or to have a country's legislation benchmarked, contact SAI Platform.

Companies may wish to have farmers complete a self-assessment, to determine if their performance may exceed that required for standard, and to create more accurate action plans.

The benchmark also includes a comparison of the standard's governance and verification requirements against those of the FSA. The SAI Platform Benchmarking Methodology outlines the process and requirements for a standard or scheme to be benchmarked against FSA.

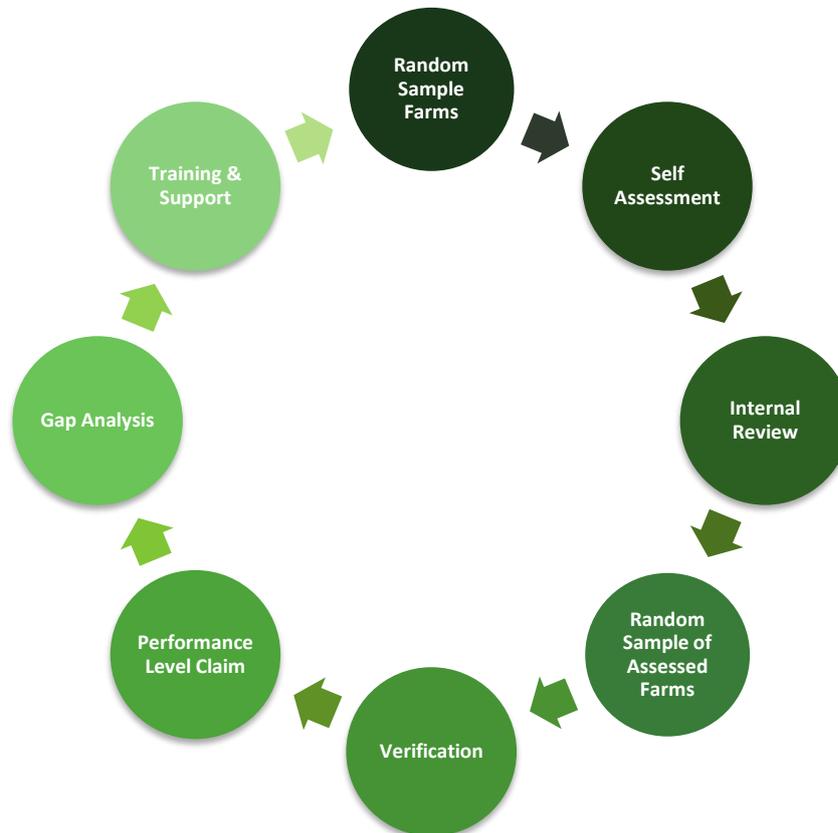
If a farmer complies with a benchmarked standard that is crop-specific, then the FSA score associated with that standard is only applicable for that crop.

If a company is going to make claims about the FSA performance score of their supplying farmers, verification by 3rd-party auditing is required to support that statement.

- This verification process should at a minimum (i.e. in terms of numbers audited, frequency of audits etc.) meet the requirements as described for the self-assessments (Option 2).
- **For most cases in Option 1, this verification will be via the benchmarked standard.** If the level of verification of the standard is not as stringent as the verification level described for the self-assessments, the verification audit requirements outlined in Option 2 must be followed. This assessment will be done as part of the benchmarking procedure.

5.5. Option 2 – Self-Assessment and Verification

In the scenario of Option 2, the farmers do not comply with an applicable standard, or the companies do not wish to source via a standard. The process is shown in the diagram below, starting with the sampling for the self-assessment. The self-assessments are used to determine the percentage of farmers and volume at each FSA performance level.



5.5.1. Legislation Filter

As stated for the Benchmarking Option 1, federal/local legislation in many countries have requirements that address some of the FSA questions. Therefore, it may be possible to pre-fill some of the FSA questions based on legislation. **Pre-filling may only be used if SAI Platform has approved the legislative benchmark for that country.** For a list of countries whose legislation has been benchmarked against FSA, or to have a country’s legislation benchmarked, contact SAI Platform. **It is important to note that any questions prefilled with the legislation must be covered in the verification audit.**

When completing FSA, farmers can use either the Excel or ITC web-based tool (see www.fsatool.com). It is recommended, but not required, to use one system for the entire farm management group, to ease data aggregation and analysis. Both the Excel and web-based versions of FSA will give the same results, however the online tool supports data aggregation and supply chain management. In addition, an offline version of the tool can be used and uploaded into the online tool.

5.5.2. Self-Assessment Sampling Approach

The self-assessment should be carried out with a sample of farms. The sampling is based on statistical sampling methods with a fixed accuracy of 12.5% to ensure a stable outcome of sampling results.

The number of farms to be sampled per farm management system is determined by the following rules:

1. The sample is taken from the **total list of farms in the management group**, and all farmers must be clearly identified in the accounting system of the management group. The farms within the farm management group should be relatively similar, if there are large differences between the farms they should be split into separate management groups.
2. Based on the number of farms in the farm management group the numbers of farmers as determined in the table below should be **sampled randomly from the total list**.
3. Sampling is done every 3 years as a minimum. **Re-sampling should include all farms in the group, including those selected in the previous sample**. Sampling and self-assessments should be completed annually if there is a substantial change to the farm management group (e.g. more than a 10% change in the farmers in the group), or if there is a macro change in the agricultural production of the farms.

# Farms in Group	0-10	11-20	21-30	31-50	51-100	101-200	201-300	301-400	401-500	501-1k
Self-Assessment Sample Size	6	10	13	17	23	29	33	34	35	37
# Farms in Group	1k-2k	2k-3k	3k-4k	4k-5k	5k-7.5k	7.5k-10k	10-20k	20-30k	30k+	
Self-Assessment Sample Size	39	39	39	40	40	40	40	40	41	

5.5.3. On-Farm Verification

The purpose of verification is to check the reliability of the data supplied by a farmer and the quality of engagement with the farmers by the management group, and must be carried out by 3rd party auditors. SAI Platform has chosen to only allow third party auditing, as it allows audits to be carried out at an industry level, so that a farmer is only audited once, and costs within the supply chain are minimised.

Where a company simply uses the FSA as part of their internal sustainable agriculture strategy and does not make public claims, then verification is not necessarily required. However, where suppliers and their farmers are supplying customers who wish to make claims, verification is required, both at the farm management system level and on-farm.

The object of the audit process is to provide external stakeholders and others in the supply chain with sufficient confidence that the verification statement can confirm the claims made by supply chain actors. Supplier and buyer claims focus on the percentage of farms at each performance level and by extension the volume sourced at each performance level.

3rd party auditors should deploy sufficiently competent staff according to the requirements set out in the section below. Auditors are required to provide feedback to the management system coordinator about discrepancies to the self-assessment (e.g. different performance levels between assessment and audit), if there were any trends in discrepancies (e.g. were specific questions poorly understood, if they were not applicable to that situation), etc.

Part of good auditing practices also includes informing the audited supply chain actor and, most importantly, the farmer, up-front about what is expected. This includes information on the audit process, the auditor involved, timing and what kind of documents that will be reviewed on-site in order to save time and be efficient on the farm.

Detailed audit support documents will be provided by SAI Platform, separate to this document.

5.5.4. Verification Sampling and Frequency

3rd party auditors should use a **sampling** approach appropriate to review the functioning of the management system of the farm management group. The audit sample is strictly selected for the purpose of reviewing the quality of the self-assessment. The sample should therefore answer if the self-assessment correctly reflects the scoring results/the management group claim. **The sampling is based on statistical sampling methods with a fixed accuracy of 20%** to ensure a stable outcome of sampling results. **Auditors must randomly sample a number of farms** (determined in the table below) **in the farm management group who were selected to complete a self-assessment.**

# Farms self-assessed	0-10	11-20	21-30	31-50
Audit sample size	4	5	7	9

The on-farm self-assessments must be audited by a 3rd party auditor every 3 years, as a minimum. See below for Auditor Requirements.

5.5.5. Audit Results and Verification

The on-farm audit sample will test the quality of the submitted FSA self-assessment by the farms sampled by the farm management group. SAI Platform aims to ensure a credible audit approach while limiting the amount of time spent auditing the farms. For this reason the sampling approach is based on a small population sampling using the fixed accuracy method. The selected number of farms to audit is considered representative for all farms within the farm management group sample.

If the review of the farms leads to a negative change in the score of the farm audited (e.g. from silver to bronze), the farm management group must review the reasons for this failure, and determine if it has occurred across the farm management group sample. If the farm management group can demonstrate to the auditor that this change in performance level only applies to the selected farm, the farm score is adjusted. If the farm management group concludes that this is a structural error across all samples of the group, the scores of all farms within the sample is adjusted, with the scores then extrapolated to the whole farm management group.

The management system is not considered verified until all self-assessments have been adjusted (if required) **according to the audit findings and the auditor signs off on the process.** As this is a new programme, it is possible there are disagreements between the auditor and the management group, regarding scoring of specific questions which may result in differing performance score assessments. Therefore, there is an escalation process in place, with SAI Platform providing the final judgement if necessary. Details will be included in the audit support documents that will be provided by SAI Platform, separate to this document.

5.6. Option 3 – Hybrid System

There are several scenarios for Option 3:

1. The farmers comply with a standard and self-assess using the FSA as a ‘top-up’ on the standard
 - This scenario is used for several reasons, such as the standard is not sufficiently focused on sustainability to support sustainability claims. An example is a food safety standard + the FSA, with any questions filtered in the FSA that are covered by the standard (using SAI Platform’s approved benchmark filter).
 - The standard and the FSA will typically have a combined on-farm audit, although it could be 2 separate audits.
2. Some/all farmers comply with a standard, but the farm management group does not wish to base their claim on the benchmarked standard.
 - Farmers who comply can use the standard as a filter in the self-assessment, all farms follow Option 2.

If there is a group of farmers, some of whom comply with a standard and some who do not, the group of farmers should be split into 2 management groups, and Options 1 and 2 would be implemented.

As in Options 1 and 2, if a company is going to make claims about the FSA performance score (bronze/silver/gold) of their suppliers, verification by 3rd-party auditing is required to support that statement, if the company intends to claim above the standard benchmarked performance level.

5.7. Auditor Requirements

Auditor requirements apply to:

- 1) the audit body
- 2) the staff (the auditor) performing such audits.

SAI Platform has chosen to use the ISEAL Assurance Code requirements¹ as a reference guidance for audit bodies and its competence staff. Any audit body seeking to perform qualified audits against the FSA should ensure it can demonstrate that it has a management system in place ensuring FSA audits are performed according to the ISEAL Assurance Code requirements. Accreditation for ISO17021 or ISO17065 is not mandatory. Evidence can also be provided if the audit body can demonstrate it meets the requirements of an ISEAL Assurance Code benchmarked certification scheme. It should ensure its management system is set up to perform the FSA audits with similar requirements. Besides the ISEAL Assurance Code requirements it is of pivotal importance that the audit body and its staff (the auditor) have proven experience in auditing sustainability standards in the agricultural and food supply sector.

An audit body pursuing FSA audits should have a licence agreement in place with SAI Platform, confirming the ability and competence of the audit body. SAI Platform may, as part of its enforcement of the license agreement, ask the audit body to provide sufficient evidence that it can meet the requirements as set out in this section.

Additional details on the audit procedure are provided in a separate document; see www.fsatool.com.

¹ ISEAL Alliance: Assuring Compliance with Social and Environmental Standards Code of Good Practice
<http://issuu.com/isealalliance/docs/assurancecode/21?e=0>

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Useful Links

SAI Platform <http://www.saipatform.org/>

SAI Platform's FSA webpage <http://www.fsatool.com>

ITC Standards Map tool <http://www.standardstool.org/fsa>

ISEAL Alliance: Assuring Compliance with Social and Environmental Standards Code of Good Practice
<http://issuu.com/isealalliance/docs/assurancecode/21?e=0>

Glossary of terms/Definitions

TERM	DEFINITION
Batch	A quantity scheduled to be produced or in product that may be broken down into smaller lots
Chain of custody	Documentation of the acquisition, transfer, handling and disposition of a good. For certified commodities, the chain of custody provides verification that the certified material is identified or kept segregated from non-certified or non-controlled material through the supply chain.
Buyers	An organisation identified as the link in the next tier in the supply chain after suppliers, sourcing (sustainable) agricultural produce from individual farms, farm management groups, suppliers or other buyers. The term used in the FSA online tool is buyers from farmers.
Compliance	Conformity in fulfilling the requirements laid down in the standard
Claim	An organisation’s (farm, group of farms, supplier or buyer) assertion that it meets the requirement as defined in a standard (FSA)
Direct sourcing	Procurement of material that becomes part of final product in measurable quantities
Downstream	Used as a relative reference within a company or supply chain to indicate moving in the direction of the end minconsumer
Financial flow	The movement of a cash or funds in the supply chain
Identity Preservation (IP)	Identity preservation refers (in this document) to the practice of isolating and tracking the details of FSA assessed material (not allowing mixing of FSA assessed and conventional material), and tracking each batch separately. In many systems, IP is used to indicate segregation of produce from individual farms.
Ingredient	In the food and beverage industries, the raw material or commodity component of a product mixture.
Location	The physical location of a supply chain participant as identified by geographic coordinates (latitude and longitude for geospatial mapping).
Mass balance	Mass balance refers (in this document) to the mixing of the conventional material with FSA assessed material while keeping track of the ratio of the mass of conventional to FSA assessed materials.
Farm Management Group	A group of farms with a logical coherence asserting that it meets the requirements of the FSA implementation framework as a group.

Management system	A management system is the framework of policies, processes and procedures used to ensure that supply chain actor can fulfill all tasks required to achieve its objectives to ensure compliance with the FSA implementation framework
Product flow	The movement of a good or service in the supply chain, typically downstream from raw material suppliers to end customers.
Supplier	Provider of good and services with whom the buyer has a verifiable trading relationship
Supply chain	The global network used to deliver products and services from raw materials to end customers through an engineered flow of information, physical distribution and cash
Sampling	<p>The act selecting observation to acquire some knowledge of a statistical population.</p> <p>Sampling for the purpose of the FSA implementation framework serves two objectives. 1. Select a representative sample of farms to determine the farm management group score to FSA. 2. Select a third party audit sample from the selected sample of farms to review the quality of the FSA questionnaires submitted by the farms within the group.</p>
Segregation	Segregation refers (in this document) to ensuring there is no mixing of conventional material with FSA assessed material, and keeping track of the mass of FSA assessed materials.
Tier	Term used to describe each step in the supply chain with the Tier 1 supplier being the supplier immediately upstream from the brand manufacturer, Tier 2 supplier being the supplier immediately upstream of the Tier 1 supplier to Tier N, representing the point of origin
Transparency	A company allows outsiders, typically customers seeking visibility to suppliers, to see some internal information regarding an order or overall business, ethical, environmental or social practices
Upstream	Used as a relative reference within a company or supply chain to indicate moving in the direction of the raw materials supplier
Value chain	Value chain is often used interchangeably with the term supply chain, but value chain typically takes a lifecycle view describing the global network used to deliver products and services from raw materials to end of life through disposal or reuse.
Verification	Act of reviewing, inspecting or testing, in order to establish and document that a supply chain actor (farm, farm management group, supplier or buyers) meets the requirements of the FSA implementation framework