
Assess and Plan Implementation

Planning and implementing responsible palm oil supply chains.

Palm Oil Toolkit
Briefing Note 01



Version 1.0



The Palm Oil Toolkit has been developed by Proforest as part of the Good Growth Partnership's Responsible Demand Project, thanks to financial support from the Global Environment Facility (GEF) through World Wildlife Fund (WWF). We also acknowledge co-funding from Forest Governance, Markets and Climate (FGMC) Programme.



Introduction to the Palm Oil Toolkit

“Responsible Sourcing: A Palm Oil Toolkit” aims to support companies in the responsible sourcing of palm oil, by-products and derivatives. The toolkit is designed for all companies - refineries, traders and manufacturers in all consuming countries - particularly for Asian markets such as China and India who begin to implement responsible sourcing. The guide provides a clear and accessible overview of the many initiatives that aim to address key environmental and social issues in the palm supply chain, namely deforestation, development on peat and human rights violations.

The Palm Oil Toolkit is structured around five key elements of the company responsible sourcing process (Figure 1). Each element is the subject to a separate Briefing Note:

- **Element 1: Assess and plan implementation**
- **Element 2A: Understand the supply chain: main environmental and social risks**
- **Element 2B: Understand the supply chain: traceability and risk analysis**
- **Element 3: Engage within and beyond supply chains**
- **Element 4: Monitor, verify and report**
- **Element 5: Monitor emerging issues and responses**

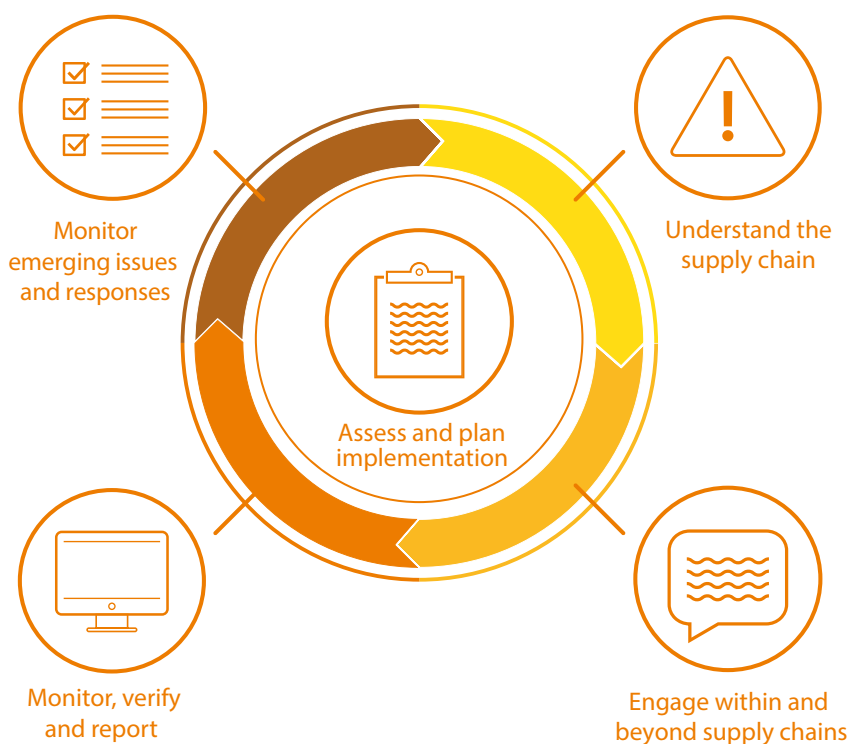


Figure 1:
The 5-element approach for sourcing palm oil responsibly

Why responsible sourcing of palm is important?

The global demand for vegetable oils continues to increase in line with population growth; world population is expected to reach 10 billion by 2050. With the highest yields of all vegetable oils as per Figure 2¹, palm is best placed to meet this demand. Moreover, millions of people rely on it to feed their families and commodity production is essential to support communities' livelihoods.

Palm oil is now the world's most produced, consumed and traded vegetable oil. The increasing demand has led to unsustainable production practices that have caused large scale deforestation, biodiversity loss and violation of the rights of workers, local communities and indigenous people, with negative impacts to their livelihoods. As a result, companies are expected to develop responsible sourcing commitments and implement them throughout the supply chain to improve production practices and ensure environmental and social safeguards.

This Briefing Note provides guidance for companies on how to develop responsible sourcing commitments and implement them throughout the supply chain by establishing a timebound action plan. It follows the Agricultural Commodity Responsible Sourcing (ACRES)² approach, which outlines the importance of understanding and addressing issues within and beyond the supply chains by creating scale and efficiency to address issues effectively and achieve positive impact. The ACRES approach has been developed by Proforest in collaboration with the companies and partners they work with in responsible sourcing and reflects lessons learnt and experiences gained.

A highly efficient crop (Oil world 2016)

Highest Yield

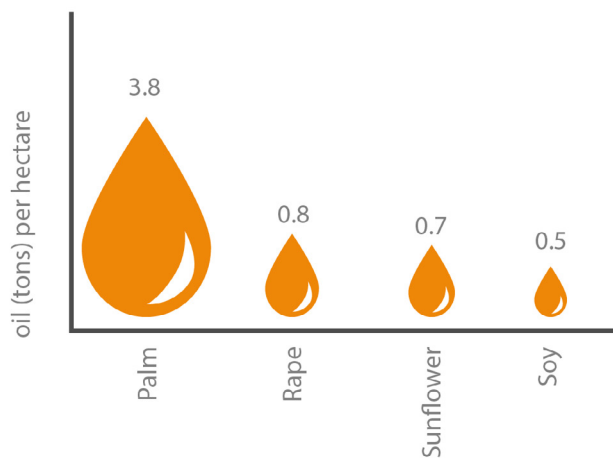


Figure 2:
Yield per vegetable oils

01 Developing responsible sourcing commitments

Companies should have a comprehensive policy or set of policies that cover environmental and social aspects of palm oil production and sourcing, such as a Forest Policy, NDPE policy (No Deforestation, no development on Peat and no Exploitation of people) and Human Rights policy.

Proforest has developed an information note on “Understanding commitments to No Deforestation, No Peat and No Exploitation (NDPE)”³, which provides a reference point for the development of the policy commitments. Companies can also refer to the Accountability Framework Initiative (AFi)⁴ to get further references on “How to write strong ethical supply chain policy”⁵.

This policy should be applied at company or group level and should cover the company’s whole palm oil supply chain: its own operations including joint ventures, all direct and indirect suppliers, and all sourcing origins⁶.

Finally, transparency and accountability are key to the success of a policy. Any policy should be public and signed off by senior management representatives.

What is a policy?

The Accountability Framework Initiative defines a policy as a public statement made by a company that specifies the actions that it intends to take or the goals, criteria, or targets that it intends to meet with regards to its management of or performance on environmental, social, and/or governance topics.

It is worth noting that many companies’ goals, criteria and targets are captured separately in a timebound action plan, leaving the policy as a public statement of practices and actions that the company will take and expects of its suppliers, and the positive outcomes to be delivered.

What is AFi?

The Accountability Framework Initiative (AFi)⁴ is a set of common definitions, norms, and guidelines for delivering on companies’ ethical supply chain commitments. It supports important global initiatives and targets, including the Paris Climate Agreement, the New York Declaration on Forests, UN Sustainable Development Goals, and the Bonn Challenge for landscape restoration.

1.1 No Deforestation, No Peat and No Exploitation (NDPE) in brief

Most of the sustainability policies developed by the palm oil sector are commonly referred to as NDPE policy and aim to address environmental and social issues in the production of palm oil. These policies came as a result of the New York Declaration on Forests⁷, a voluntary and non-binding international declaration to take action to halt deforestation. It was first endorsed at the United Nations Climate Summit in September 2014 by company leaders, governments, and civil society organisations across the world.

NDPE policy should collectively encompass the following:

- **Commitments on the environment**, including protection and no conversion of High Carbon Stock (HCS)⁸ forests, areas with High Conservation Values (HCV)⁹, peat areas, no burning, best management practices for existing plantations on peat, and reduction of greenhouse gas emissions.
- **Commitments on human rights**, such as labour rights, the right of free, prior and informed consent (FPIC) for indigenous peoples and local communities, gender equality, and safeguarding of environmental and human rights defenders. The policy(ies) should also include commitments on the inclusion of smallholders in the palm oil supply chain and support for livelihood improvement. The human rights commitment should align with the International Bill of Human Rights and the United Nations Guiding Principles (UNGPs) on Business and Human Rights¹⁰.

Companies are also expected to include a cut-off date related to their No Deforestation commitments the date after which deforestation renders a given area or production unit non-compliant with no-deforestation commitments¹¹. As an example, a company adopting December 2015 would commit to not source any palm oil that was produced on land deforested or converted after December 2015, unless the suppliers commit to remediate, restore or compensate for areas that had been lost.

It is recommended that the policy includes definitions of the key terms that are being used. Where they exist, these should align with accepted palm oil industry standards and definitions (e.g. from the Roundtable of Sustainable Palm Oil (RSPO)¹² or Consumer Goods Forum (CGF)¹³ documents), otherwise the Accountability Framework could be used for cross-cutting definitions¹⁴.

Table 1: Positive Impact of NDPE Commitments

Issues	Context	Negative Effects	Positive Impact of NDPE Commitments
Deforestation	Tropical forests sequester carbon and hold vast amounts of biodiversity. Tropical forests are greatly impacted by forest risk commodities ¹⁵ : cattle, soy, palm oil or timber and their derivatives and products. These cause more than 60% of forest loss in Latin America and Southeast Asia.	Conversion of tropical forests leads to: <ul style="list-style-type: none"> • loss of trees, vegetation, biodiversity • climate change through increased greenhouse gases in the atmosphere • soil erosion, desertification, flooding leading to fewer crops • displacement of indigenous people 	No Deforestation ensures: <ul style="list-style-type: none"> • biodiversity conservation • carbon storage • watershed protection • forest-dependent people’s livelihood protection
Development on peatlands	Peat is soil with cumulative organic layers. Peatlands cover 400 million ha or 3% of the world’s land area and store 30% of global soil carbon. Development on peatland leads to the release of carbon captured in the soil, accelerating climate change.	Conversion of peatlands to agriculture leads to: <ul style="list-style-type: none"> • greenhouse gas emissions • land subsidence and flooding • water shortages • loss of biodiversity • loss of income or welfare of local communities • fires and associated smoke haze 	No conversion of uncultivated peat areas ensures ecosystem provisions on: <ol style="list-style-type: none"> 1. water quality 2. carbon storage 3. flood prevention 4. river habitat, i.e., fish 5. other resources to local communities
Exploitation of the rights of workers, local communities and indigenous people	Millions of workers, local communities and indigenous people are impacted each year by the production of palm oil, which often leads to abuses and the non-respects of fundamental human rights.	Not respecting these rights lead to: <ul style="list-style-type: none"> • Forced displacement • Violation of land rights • Loss of livelihood • Forced labor • Child labor • Discrimination and harassment • Unfair living wages 	No Exploitation ensures: <ul style="list-style-type: none"> • Free, Prior, Informed Consent decision-making power to indigenous peoples and local communities to grant or withhold their consent to proposed projects that impact their rights, lands, resources, territories, livelihoods, or food security. • The protection of fundamental human rights in the workplace, to prevent occurrences of forced labor, child labor, discrimination and many other human rights violations. • The inclusion of smallholders in the supply chain and better livelihood

1.2 Reporting & transparency

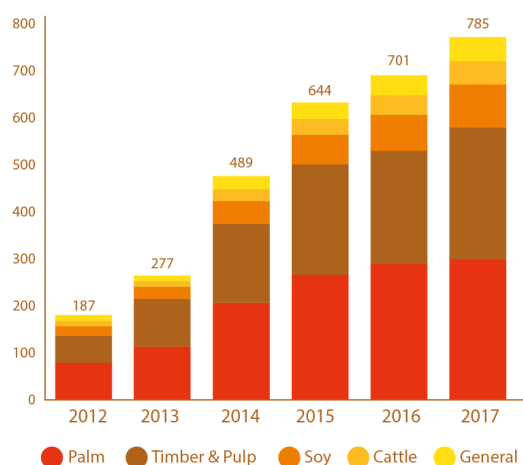
The various NDPE commitments drive both palm oil producing and sourcing companies to implement responsible and sustainable practices. The commitments require transparency and accountability to be disclosed publicly. Reporting platforms such as Environment, Social, and Governance (ESG) reporting framework, GRI¹⁶ (The Global Reporting Initiative), CDP¹⁷ (Carbon Disclosure Project), Task Force on Climate-related Financial Disclosure (TCFD), and NDPE-IRF¹⁸ (NDPE Implementation Reporting Framework) as well as self-reporting mechanisms help companies to report progress towards compliances to commitments.

The RSPO requires all its members, regardless of certification or member category, to submit Annual Communication of Progress (ACOP) to gauge progress towards producing, sourcing and supporting uptake of sustainable palm oil.

1.3 Trends in market and corporate sector

Adoption of NDPE commitments is becoming the market norm for agricultural commodities especially in the palm oil sector. As reported by the Tropical Forest Alliance in its 2018 Annual Report¹⁹, the total number of corporate commitments to address deforestation increased to 785 in 2017 (see Figure 3), while NDPE commitments cover about 65% of global palm oil and kernel production (see Figure 4). The commitments to deforestation-free palm have reached a scale so as to send strong signals to the international markets.

Number of commitments



Share of global palm oil market covered by commitments

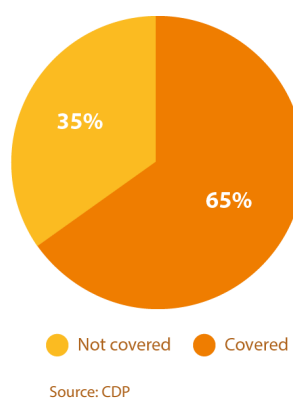


Figure 3: Number of commitments in the different sectors from 2012 - 2017

Figure 4: Share of global palm oil market covered by commitments

1.4 Global company policy

Global manufacturers, including well-known brands like Nestlé and Pepsico, as well as multinational growers including Wilmar and Cargill have developed NDPE commitments. Some examples of the policy developed by the companies shown as follow:

Table 2: NDPE policy of production and sourcing companies

Company/ Group	Responsible Production/Responsible Sourcing Policy
Nestlé²⁰	<p>Nestlé is committed to using 100% responsibly sourced palm oil by 2020. Our category-specific requirements for palm oil require our suppliers to source oil from origins that:</p> <ul style="list-style-type: none"> • Comply with local laws and regulations. • Are not areas cleared of natural forest after December 31, 2015. • Respect local and indigenous communities’ right to free, prior, and informed consent. • Protect HCS land. • Protect peatlands. • Comply with the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO), the industry-wide certification body that promotes the growth and use of sustainable palm oil products.
PepsiCo²¹	<ul style="list-style-type: none"> • PepsiCo Global Policy on Sustainable Palm Oil includes our commitments to no deforestation, no development on peat, and no exploitation of the rights of indigenous peoples, workers, and local communities (“NDPE commitments”). • It applies to all palm and palm kernel oil that we use globally and covers our entire supply chain, from direct suppliers to production sources at the group level, meaning NDPE should be applied across their entire operations and third-party supply chain and not limited solely to the palm oil sold to PepsiCo.
Wilmar International Ltd²²	<ul style="list-style-type: none"> • Company’s NDPE policy incorporates HCV-HCSA approach, updated Grievance Procedure (including new re-entry criteria), Human Rights Framework and Women’s Charter • Environmental custodianship: managing climate change risks, fire monitoring and management, managing waste, increasing water efficiency, protecting waterways, and optimizing chemical use. • Championing people: human rights, responsible employment, working with communities. • Supplier monitoring and engagement: Supplier Group Compliance Programme and on-the-ground support to 3rd party suppliers
Cargill Pte Ltd²³	<ul style="list-style-type: none"> • Cargill’s commitment to producing and sourcing palm oil in an economical, environmentally sustainable and socially responsible manner is embodied in the philosophy of “No Deforestation, No Peat and No Exploitation. • Cargill commits to a traceable, transparent and sustainable palm oil supply chain. • Protects high conservation value (HCV) areas, high carbon stock (HCS) forests and peatlands regardless of depth. • Respects and upholds the rights of workers, indigenous peoples and local communities. • Enables smallholders to become successful businesspeople, improving their livelihoods through responsible production, maximizing yields and improving quality. • Upholds high standards of transparency through reporting of traceability, time-bound implementation plans, resolving grievances and achieving third-party verified policy compliance.

Despite the disclosures, commitments and actions by the palm oil sector, many companies did not meet their 2020 zero-deforestation commitment. While the sector continues to be more advanced than other forest-risk commodities, policies and commitments have not been fully implemented throughout supply chains. Moreover, most initiatives are taken up by large-scale agribusiness and integrated companies or consumer goods manufacturers, while mid-size and smaller upstream companies lack the capacity or capability to do the same.

This means that downstream companies will need to engage with the upstream production companies for socialising and implementing their responsible sourcing policies, to support and encourage sustainable production to achieve scale in uptake of commitments.

The 2019 CDP Global Forests Report 'The Money Trees' put a figure of US\$30.4 billion on potential commercial losses due to the impacts of deforestation, according to companies that understand and analysed the deforestation risks. Losses included operational and reputational risks, and failure to meet headquarters', market and customers' demands and investment requirements.

Conversely, commercial opportunities from addressing deforestation include:

- Increased brand value (worth US\$13.8 billion)
- Growing demand for sustainable materials (US\$2.6 billion)
- R&D and innovation opportunities (US\$2.5 billion)

1.5 Palm oil initiatives and certification schemes

With the growing market demands and trends, various sustainable palm oil initiatives and certification schemes have been developed. These have been adopted at all stages of the supply chain, from growers to manufacturers, to provide assurance that their operations are compliant to the standards and requirements. Many of these initiatives also include stakeholders, such as governments, non-government organizations (NGOs) and civil society organizations (CSO), addressing environmental and social issues that affect them as participating members. These commitments drive better production practices and long-term improvements.

Table 3 gives a non-exhaustive overview on existing palm oil initiatives and certification schemes.

The Roundtable on Sustainable Palm Oil (RSPO) is the most widely recognised and accepted certification scheme that requires demonstrable compliance to a set of standards, requirements and criteria. Additionally, there are nationally developed schemes such as MSPO (Malaysia Sustainable Palm Oil) and ISPO (Indonesia Sustainable Palm Oil). In addition, sector initiatives such as China Sustainable Palm Oil Alliance (CSPOA) exemplifies a joint effort to promote sourcing sustainable palm oil in China with the aim to increase uptake of commitments and buying of certified sustainable palm oil products by Chinese companies.

Table 3: Palm Oil Initiatives and Certification Schemes

Initiatives and Certification Schemes	Details
Roundtable on Sustainable Palm Oil (RSPO)	<ul style="list-style-type: none"> • Global, multi-stakeholder initiative on sustainable palm oil with diverse members such as plantation companies, processors and traders, consumer goods manufacturers and retailers of palm oil products, financial institutions, environmental NGOs and social NGOs, from many countries that produce or use palm oil. • RSPO Principles and Criteria 2018 is the latest set of requirements for which companies must comply with to produce and buy RSPO Certified Sustainable Palm Oil (CSPO). • When properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions. • In China, RSPO helped co-sponsor and establish the RSPO China Sustainable Palm Oil Supply Chain Forum in 2016. In these forums, topics such as future perspectives of sustainable palm oil and the importance of purchasing palm oil from certified sustainable sources are highlighted, and efforts made by Chinese and international enterprises and organizations to promote certified sustainable palm oil are showcased. • RSPO has collaborated with The Better India to launch the very first consumer campaign in the market - #KnowYourPalm in 2020 with the aims to raise awareness among Indian consumers about the importance of the production and consumption of sustainable palm oil in India. Besides that, RSPO hosted the first edition of the Sustainable Palm Oil Dialogue (SPOD) at the India and Sustainability Standards 2019 event which organised by Centre for Responsible Business (CRB). This provided some opportunities to exchange of diverse multi-stakeholder perspectives and ideas from thought leaders, experts, practitioners and policy makers on business sustainability.
China Sustainable Palm Oil Alliance (CSPOA)	<ul style="list-style-type: none"> • RSPO, China Chamber of Commerce of Foodstuffs and Native Produce (CFNA), and WWF jointly established the China Sustainable Palm Oil Alliance (CSPOA) in 2018. • Aims to promote greater adoption of sustainable palm oil in the Chinese palm oil market through joint commitment and progressive action through key players in the palm oil value chain (i.e AAK, Mingfai Group, Mars, and L’Oreal).

Africa Palm Oil Initiative (APOI)

- Africa Palm Oil Initiative (APOI) is a collaboration between African governments, African NGOs and the private sector where stakeholders from governments, companies, civil society and indigenous and community groups work at both national and regional levels to promote an environmentally and socially sustainable palm oil industry.
- To achieve this, APOI aims to develop and implement national and regional principles for responsible palm oil development that encompass environmental indicators such as reduced deforestation, land use and greenhouse gases; and social indicators such as land tenure and indigenous peoples' rights.
- Africa is a partner in the "One Road One Belt" initiative by the Chinese government.

Malaysia Sustainable Palm Oil (MSPO)

- MSPO is a national scheme in Malaysia for oil palm plantations, independent and organized smallholdings, and palm oil processing facilities. The MSPO is a significant certification scheme as Malaysia is the 2nd largest palm oil producer country in the world.
- MSPO certification is mandatory for all palm oil producers in Malaysia.
- In 2019, the Malaysian Palm Oil Certification Council (MPOCC) signed a Memorandum of Understanding (MoU) with the China Green Food Development Centre for mutual recognition of the 'China Green Food' and MSPO certifications. It is hoped that this collaboration will enhance the palm oil industry's sustainability commitment in the eyes of Chinese consumers and make sustainable Malaysian palm oil the preferred choice.

Indonesian Sustainable Palm Oil (ISPO)

- ISPO is a policy adopted by the Indonesian government with the aim to improve the competitiveness of Indonesian palm oil in the global market, with objectives to reduce greenhouse gas emissions and environmental issues.
- The ISPO is mandatory for palm oil producers in Indonesia.

02 Developing implementation strategy

Supply chains are often extraordinarily complex, involving multiple intermediaries and ultimately millions of producers. There are different types of companies operating at different stages of the supply chain with different levels of relevance and engagement. Hence, companies need a variety of approaches to implement their commitments.

Companies should develop a strategy to address environmental and social issues **within their own supply chain and beyond their supply chain**, which then informs the level of engagement required with suppliers (**Briefing Note 03: Engage within and beyond supply chains**), in landscape and/or sector initiatives. This strategy should consider and prioritize actions based on social and environmental risks in the company’s supply base, the level of traceability, and proportionality (meaning the company’s size, place in the supply chain, leverage, volumes sourced, forest footprint, and available resources). There should be a clear and appropriate methodology used to develop this strategy, thereby adequately justifying the company’s chosen level of engagement. Figure 5 visualizes the different actions companies can take to implement its commitments effectively.

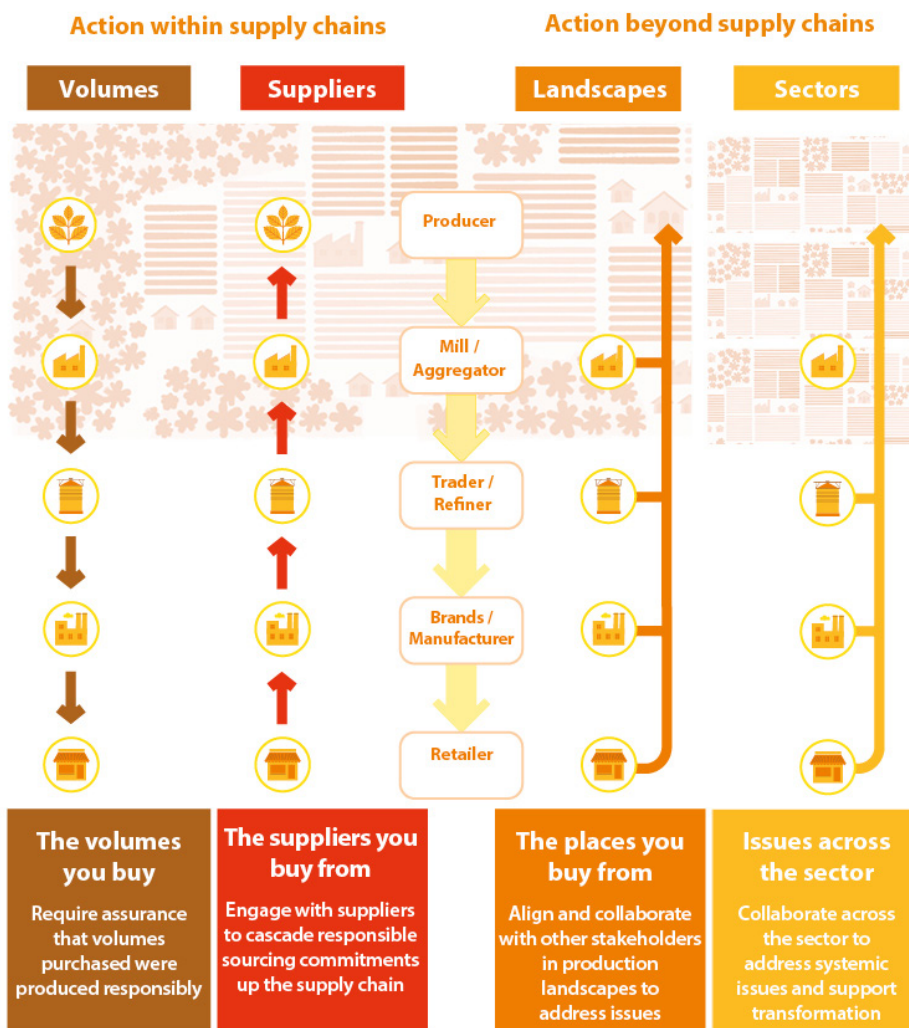


Figure 5: A visualization of the action can take within and beyond the supply chain to effectively implement responsible sourcing commitments and maximize positive impact (Source: “Agricultural Commodity Responsible Sourcing (ACRES)”²)

Companies can begin work **within their own supply chains** by prioritizing actions taking into consideration the following elements:

Supply chain risks - Companies can start implementing their policy in high-risk countries or regions and then expand to other sourcing areas. Identifying high-risk areas can be done through the mapping and assessing the risks of the supply chain covered in **(Briefing Note 02: Understand the supply chain)**.

- Leverage - Companies can work with their direct suppliers to begin implementation and then gradually increase the scope to include indirect suppliers.
- Palm oil footprint - Downstream companies can also decide to implement their commitment in business units with larger palm footprint, where more palm products are used and then move to other business units.

Many issues have complex underlying causes and can only be addressed through collaboration between different stakeholders including supply chain companies. Therefore, it is recommended that companies also work **beyond their supply chain by committing to sectoral and/or landscape initiatives**. Companies can decide on the combination of these approaches based on their commitments, resources, and influence. Engaging suppliers is further detailed in **Briefing Note 03**.

Table 4: Landscape and sectoral initiatives for implementing commitments beyond companies' supply chains

Initiatives	Details
Landscape	The need to align interventions and actively collaborate in the places where commodities are produced has led to a growing focus on landscape or jurisdictional initiatives. Jurisdictional initiatives will involve multiple stakeholders, including the jurisdictional government, also civil society, company coalitions or individual players. In these initiatives, companies can collaborate with other stakeholders to identify and address issues in a particular place, such as deforestation or inclusion of smallholder farmers. The hope is that this will strengthen landscape governance leading to production landscapes that produce commodities that deliver on commitments at scale, without displacing issues elsewhere, while also creating positive impacts by sharing value locally, strengthening rural livelihoods and protecting natural capital.
Sector	As well as working within specific landscapes, it is important for companies to collaborate across the sector, both to address systemic issues and to support long-term transformation by changing the perception of 'business as usual' within the sector as a whole. While this is not the explicit aim of certification, the institutions that run certification schemes have often provided a platform for sectoral discussions between supply chain actors and other stakeholders over the last decade. Other sectoral initiatives – for example, RSPO, POCG, CGF, Tropical Forest Alliance (TFA), World Business Council on Sustainable Development (WBCSD) – have also emerged to bring companies together to work on specific issues.

03 Developing implementation plan

The implementation strategy should be formalized into a plan that sets out the key actions a company will take over a given timeframe to ensure that the palm they are sourcing and/or processing is 100% compliant with the requirements and commitments made in the policy. Developing and implementing this plan is important for a company for two key reasons:

1. Identify and focus on the actions that need to be taken to achieve desired goals and impacts within timeframe.
2. Demonstrate to buyers and other stakeholders that the company is serious about delivering sustainable palm oil and provide an indication on when they will achieve this.

A good implementation plan needs to include:

- Robust targets, which are SMART (Specific, Measurable, Attainable, Relevant, and Time-bound), that can be used as the basic structure of a monitoring and reporting framework. Targets should have clear Key Performance Indicators (KPIs) to allow reporting and monitoring.
- Clear definition of **what** actions must be carried out (Activities), **who** is responsible for the delivery (Resources) and **when** deliverables are due (Timelines).

3.1 Define main activities (What)

The timebound implementation plan should include actions both within and beyond the supply chain to address and mitigate negative impacts of palm oil production and deliver positive outcomes. Actions should be prioritised based on the level of risk identified through initial assessments of the supply base.

- **Actions within the supply chain** – relating to volumes directly purchased by the company and the performance of its suppliers. Actions can include the following²⁴:
 - Buying certified sustainable palm oil, such as RSPO-certified palm oil. Note that under the [RSPO Shared Responsibility](#) requirements, RSPO members with activities in retail, consumer goods manufacture, processing and trading have an obligation to increase the volumes of certified product that they source with prescribed annual % uptake targets.
 - Setting minimum standards for purchased palm oil and suppliers (e.g. NDPE requirements through contract clauses and supplier code of conduct).
 - Developing a due diligence system and screening criteria for the selection and onboarding of new suppliers.
 - Assessing direct suppliers' performance and the risk they are exposing the company to – for example, does the supplier have a policy? Are they working on sustainability? Do they source from areas with a high risk of deforestation or human rights abuses? Do they have their own supplier monitoring or Due Diligence systems?
 - Developing a process for supplier engagement and monitoring, which outlines the scope and issues the company wants to address, and clear criteria that suppliers must comply with.
 - Supporting suppliers and providing incentives for improvement through capacity building, sharing responsibilities and co-financing activities, including working with smallholders.
 - Developing mechanisms for capturing and monitoring all non-compliances with the policy and human rights abuses in the supply chain and having processes for addressing

these – this is usually done through a grievance mechanism.

- Developing monitoring and reporting systems for measuring progress.

• **Actions beyond the supply chain** - relating to the places where palm oil is produced and systemic issues within the sector. Actions can include:

- Engaging with and/or supporting initiatives and projects tackling sustainability issues (e.g. deforestation, stopping child labour, improving land rights) in the landscapes, jurisdictions and areas where the company’s palm oil sourcing originates from. For example, the Siak and Pelalawan Landscape Programme (SPLP)²⁵ in Riau province, Indonesia, is led by a coalition of companies aiming to achieve forest and people positive palm oil production through collaboration with the local government and stakeholders.
- Engage in sector discussions and initiatives in the palm oil sector to challenge systemic issues linked to the production of palm oil, such as deforestation; this involves collaborating with peer companies, certification schemes and suppliers (for example, through the Palm Oil Collaboration Group²⁶).
- For more guidance on landscape and sectoral collaboration, see the AFI’s Operational Guidance on Achieving Commitment Through Collaboration²⁷.

The company should regularly review how the plan is being implemented and assess if the set actions and timelines are working and delivering the desired outcomes. If it is found that some actions are not effective, the timebound implementation plan should be revised and updated. The plan should align with industry standards (e.g., AFI, UN Guiding Principle on Business and Human Rights, CDP, CGF) and emerging sustainability issues.

Table 5 shows example of objectives, targets and activities that a company can include in an implementation plan.

Table 5: Examples of defining company’s main activity objectives, targets and activities.

Objectives	Examples of Targets	Example of activities
Palm oil sourced is free from deforestation, peat conversion and exploitation	By 2022, 100% of palm oil sourced is from areas free of deforestation and peat conversion	<ul style="list-style-type: none"> • Define what “no deforestation and no peat conversion” means • Define what “exploitation” means • Develop responsible sourcing policy with these requirements • Internal training on Responsible Sourcing Policy to key personnel in company • Publish policy with milestones
	By 2025, 100% of palm oil sourced is free from exploitation	
Palm oil suppliers comply to NDPE requirements and responsible sourcing policy commitments	By 2020, responsible sourcing policy is published	• Develop process for policy deployment to suppliers: Code of Conduct, purchase contracts etc
	By 2020, supplier engagement plan with prioritisation is developed	• Supply chain mapping to identify key suppliers – volumes, risks
	By 2022, policy is implemented with 100% of direct suppliers	• Assess suppliers’ performance against these indicators
	By 2025, policy is implemented with 100% of all indirect suppliers.	<ul style="list-style-type: none"> • Define priority suppliers to engage for implementation and evaluation • Develop supplier engagement plan

3.2 Assign resources (Who)

The timebound implementation plan should clarify which individuals in the company will be responsible for delivering on the different activities of the plan. This ensures accountability within the company and should be made publicly. Implementation is not the sole responsibility of the sustainability team; all relevant departments including procurement, sales and communication need to take responsibility. For example, it is crucial to involve procurement teams that are responsible for managing supplier relations and selecting new suppliers.

To develop the resource plan to support the implementation of policy commitments, the company should:

- Identify a leader or a lead-team to be responsible for the implementation of the plan, coordination of the teams, monitoring and reporting. This can be the sustainability department.
- Ensure integration of responsible sourcing objectives into wider business procurement strategy. In some cases, it can be worth incorporating the targets set in the plan as part of the personal performance targets for relevant staff members, to ensure they take ownership.
- Involve teams responsible for the implementation from the start, asking for their support to define milestones and actions.
- Empower the different teams on the company sustainability commitments and plans through awareness raising and capacity building activities to ensure common understanding and alignment for external communication.

3.3 Timeframe for implementation (When)

Each activity of the action plan should be given a timeline for completion to measure and report effectively the progress made against the commitments. It is important to set realistic timelines that align with the company strategy.

Separately, when it comes to set timebound targets (such as a commitment to end deforestation), The Accountability Framework Initiative (AFI) provides the following guidance:

- Targets related to halting deforestation and conversion specify achievement of commitments as quickly as is feasible, while also recognizing differing capacities for implementation and the importance of emphasizing inclusion (especially of smallholders) to achieve scale and ensure lasting change. Company targets reference and align with applicable broader goals or targets, such as the New York Declaration on Forests or existing sector-wide commitments, whichever are earlier.
- Company commitments related to human rights specify time-bound milestones for implementation, monitoring and verification, recognizing companies' obligation to fully and always respect human rights.
- If implementation will be phased across different product groups, business segments, or levels of suppliers (e.g., direct and indirect), a time-bound implementation schedule is specified per segment. This sequencing prioritizes areas for which adverse environmental and social impacts are likely to be the most significant.

3.4 Reporting and communicating

It is recommended that companies publish their palm oil timebound implementation plans to show transparency. A company may wish to have two versions of the plan: one for sharing publicly, and one for internal use with more details on resources and responsibilities. Regardless of whether the timebound implementation plan is publicly available or not, all companies should regularly report on their progress towards implementing the plan and delivering on their policy commitments. This should include reporting on the KPIs set in the plan. Communications in the public sphere can be done through a combination of progress reports, annual sustainability reporting and company strategy. These processes will be further elaborated in **Briefing Note 04: Monitor, verify and report.**

Learn more and help us improve

More information is provided in the references below and at www.palmoiltoolkit.net

Please also share with us information that will improve this Briefing Note (via palmoiltoolkit@proforest.net).

Acknowledgements

Proforest would like to thank the following people and organisations for their input and comments on earlier drafts of this document:

Caroline Xu, Annie Li, Bob Norman, and Caroline Westerik-Sikking (**AAK**)

Charlene Lin (**Mars**)

Wei Peng (**COFCO International**)

Wenjie Zeng (**WWF China**)

LiFeng Fang (**CDP China**)

References

- 1** European Palm Oil Alliance website. Link: <https://palmoilalliance.eu/facts-on-palm-oil/>
- 2** Proforest, 2019. Responsible Sourcing and Production Briefings: Agricultural Commodity Responsible Sourcing (ACRES). Link: https://www.proforest.net/fileadmin/uploads/proforest/Documents/Publications/bn13_rsbm_may30.pdf
- 3** Proforest, 2020. InfoNote 04: Understanding commitments to No Deforestation, No Peat and No Exploitation (NDPE). Link: <https://www.proforest.net/resources/publications/04-understanding-commitments-to-no-deforestation-no-peat-and-no-exploitation-ndpe-13417/>
- 4** Accountability Framework Initiative website. Link: <https://accountability-framework.org/>
- 5** Accountability Framework Initiative, 2020. How to write a strong ethical supply chain policy. Link: <https://accountability-framework.org/how-to-use-it/resources-library/how-to-write-a-strong-ethical-supply-chain-policy/>
- 6** Accountability Framework Initiative, 2019. Core Principles. Link: https://accountability-framework.org/wp-content/uploads/2019/06/Accountability_Framework_Core_Principles.pdf
- 7** New York Declaration on Forests website. Link: [https://forestdeclaration.org/about#:~:text=The%20New%20York%20Declaration%20on%20Forests%20\(NYDF\)%20is%20a%20voluntary,Climate%20Summit%20in%20September%202014.](https://forestdeclaration.org/about#:~:text=The%20New%20York%20Declaration%20on%20Forests%20(NYDF)%20is%20a%20voluntary,Climate%20Summit%20in%20September%202014.)
- 8** High Carbon Stock Approach website. Link: <http://high-carbonstock.org/the-high-carbon-stock-approach/>
- 9** HCV Resource Network, 2017. Common Guidance for the identification of HCV. Link: <https://www.hcvnetwork.org/library/common-guidance-for-the-identification-of-hcv-english-indonesian-french-portuguese>
- 10** United Nations, 2011. Guiding Principles on Business and Human Rights. Link: https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
- 11** Definition derived from Accountability Framework. Link: <https://accountability-framework.org/the-framework/contents/definitions/>
- 12** Roundtable on Sustainable Palm Oil website. Link: <https://rspo.org/>
- 13** Consumer Goods Forum website. Link: <https://www.theconsumergoodsforum.com/what-we-do/establish-coalitions-of-action/>
- 14** Accountability Framework Initiative, 2019. Terms and Definitions. Link: <https://accountability-framework.org/the-framework/contents/definitions/>
- 15** The Global Canopy Programme (GCP) defines Forest Risk Commodity (FRC) as “globally traded goods and raw materials that originate from tropical forest ecosystems, either directly from within forest areas, or from areas previously under forest cover, whose extraction or production contributes significantly to global tropical deforestation and degradation”.

- 16** Global Reporting Initiative website. Link: <https://www.globalreporting.org/standards/>
- 17** Carbon Disclosure Project website. Link: <https://www.cdp.net/en/>
- 18** NDPE Implementation Reporting Framework website. Link: <https://ndpe-irf.net/>
- 19** Tropical Forest Alliance, 2018. The Sprint to 2020: TFA 2020 Annual Report 2018. Link: https://www.tropicalforestalliance.org/assets/Uploads/Sprint_to_2020_Annual-Report-2018.pdf
- 20** Nestlé (Responsible Sourcing – Palm Oil) website. Link: <https://www.nestle.com/csv/raw-materials/palm-oil>
- 21** Pepsico, 2020. Global Policy on Sustainable Palm Oil. Link: https://www.pepsico.com/docs/default-source/policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=57aba3ae_2
- 22** Wilmar International Limited, 2019. No Deforestation, No Peat, No Exploitation Policy. Link: https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/policies/wilmar-ndpe-policy---2019.pdf?sfvrsn=7870af13_2
- 23** Cargill, 2019. Cargill Policy on Sustainable Palm Oil. Link: <https://www.cargill.com/doc/1432076149492/palm-oil-policy-statement-pdf.pdf>
- 24** See the AFI's Operational Guidance on Supply Chain Management for more details and guidance on all these supply chain actions. Link: <https://accountability-framework.org/the-framework/contents/operational-guidance/>
- 25** Siak & Pelalawan Landscape Programme website. Link: <https://www.siakpelalawan.net/>
- 26** Palm Oil Collaboration Group website. Link: <https://palmoilcollaborationgroup.net/>
- 27** Accountability Framework Initiative, 2020. Operational Guidance on Achieving Commitments Through Collaboration. Link: <https://accountability-framework.org/the-framework/contents/operational-guidance/>

Photo Credits

All (C) Proforest



proforest



This work was created by Proforest and is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License. To view a copy of this license, visit <https://creativecommons.org/licenses/by-nc-sa/4.0/>