



Assessing and planning the implementation of palm oil sourcing commitments

The Palm Oil Toolkit supports companies in the responsible sourcing of palm oil, highlighting a wide range of tools and initiatives which aim to decouple palm oil production and trading from deforestation, development on peat and human rights violations. This document summarises the key points on timebound implementation plans.

What is a timebound implementation plan and why is it important in palm oil sourcing?

A timebound implementation plan sets out the actions a company will take over a given time period to ensure that their palm oil sourcing delivers on their responsible sourcing commitments. Having this plan is important for a company to:

1. Have a clear understanding of what it must do to meet its commitments
2. Show buyers and other stakeholders that it is serious about delivering sustainable palm oil and indicate when it will achieve this.

01 Developing Responsible Sourcing Commitments

To implement a timebound responsible sourcing plan, 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/or a Human Rights policy.

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) 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.

No Deforestation, no Development on Peat and no Exploitation of People (NDPE)

Most of the sustainability policies developed by the palm oil sector are commonly referred to as NDPE policies, and aim to address environmental and social issues in the production of palm oil. This policy should be applied at company or group level and should cover the company's whole palm oil supply chain, including: its own operations, joint ventures, all direct and indirect suppliers, and all sourcing origins.

A NDPE policy should collectively encompass the following:

- Commitments on the environment, including protection and no conversion of High Carbon Stock (HCS) forests, areas with High Conservation Values (HCV), 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, safeguarding of environmental and human rights defenders, and the inclusion of smallholders in the palm oil supply chain. The human rights commitment should align with the International Bill of Human Rights and the United Nations Guiding Principles (UNGP) on Business and Human Rights.

Proforest has developed an information note on "[Understanding commitments to No Deforestation, No Peat and No Exploitation \(NDPE\)](#)", which provides a reference point for the development of the policy commitments. Companies can also refer to the [Accountability Framework Initiative \(AFI\)](#) to get further references on "How to write strong ethical supply chain policy".

Key Palm Oil Initiatives and Certification Schemes

With the growing market demands and trends, various sustainable palm oil initiatives and certification schemes have been developed, such as:

Sustainable palm oil initiatives	Summary
Roundtable on Sustainable Palm Oil (RSPO)	A global, multi-stakeholder initiative, the RSPO is the most widely recognised and accepted certification scheme that requires demonstrable compliance to a set of standards, requirements and criteria.
China Sustainable Palm Oil Alliance (CSPOA)	RSPO, China Chamber of Commerce of Foodstuffs and Native Produce (CFNA), and WWF jointly established the China Sustainable Palm Oil Alliance (CSPOA) in 2018. It aims to promote greater adoption of sustainable palm oil in the Chinese market through joint commitment and progressive action.
Africa Palm Oil Initiative (APOI)	APOI is a collaboration between African governments, African NGOs and the private sector to promote an environmentally and socially sustainable palm oil industry. APOI has now evolved to become the Africa Sustainable Commodities Initiative, expanding beyond palm oil alone and learning from the experiences with palm so far.
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. MSPO certification is mandatory for all palm oil producers in Malaysia (the 2nd largest palm oil producer country in the world).
Indonesia Sustainable Palm Oil (ISPO)	ISPO is a policy adopted by the Indonesian government with the aim of improving competitiveness of Indonesian palm oil in the global market, while reducing greenhouse gas emissions and environmental issues. The ISPO is mandatory for palm oil producers in Indonesia.
Palm Oil Collaboration Group (POCG)	POCG brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of NDPE commitments. It allows the companies to align thinking on key issues and identifies areas for collaborative action. Currently there are four working groups: IRF, Social Issues, Production and Protection Beyond Concessions (PPBC), and Independent Verification.
Consumer Goods Forum Coalition of Action (CGF CoA)	A group of manufacturing and retail companies committed to moving efficiently and quickly towards a forest positive future, working collaboratively to drive positive impact. The companies are required to establish a roadmap with actions and KPIs to deliver on their commitments. It works collaboratively in landscapes with TFA (Tropical Forest Alliance).

Reporting and 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 frameworks, GRI (The Global Reporting Initiative), CDP (Carbon Disclosure Project), Task Force on Climate-related Financial Disclosure (TCFD), and NDPE IRF (NDPE Implementation Reporting Framework), as well as self-reporting mechanisms, help companies to report progress towards compliances to commitments. For example, 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.

02 Develop implementation strategy

Supply chains are extraordinarily complex, involving multiple intermediaries and ultimately millions of producers. Companies need to develop a strategy to address environmental and social issues at different scales.

Within their own supply chain, companies must consider the following elements:

- **Supply chain risks** - Identifying high-risk areas can be done through mapping and assessing the risks of the supply chain ([Briefing Note 02A](#)).
- **Leverage** - Companies can work with direct suppliers to begin implementation, gradually increasing the scope to include indirect suppliers.
- **Palm oil footprint** - Downstream companies can also decide to implement their commitment in business units with larger palm footprints, where more palm products are used, and then move to other business units.

Beyond their supply chain, companies can address systemic complex issues through collaboration and engagement with suppliers ([Briefing Note 03](#)), often through landscape and/or sector initiatives.

03 Develop implementation plan

In order to develop a coherent and systematic implementation plan, companies sourcing palm oil products should decide:

- What actions must be carried out (Activities),
- Who is responsible for the delivery (Resources)
- When deliverables are due (Timelines).

The company should set robust targets, which are **SMART** (**S**pecific, **M**easurable, **A**ttainable, **R**elevant, and **T**ime-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.

Define main activities (what)

Actions within the supply chain – relating to volumes directly purchased by the company and the performance of its suppliers. These actions might include:

- Setting minimum standards for purchased palm oil and suppliers (e.g. NDPE requirements);
- Developing a due diligence system and a process for supplier engagement and monitoring;
- Assessing direct suppliers' performance and the risk they are exposing the company to;
- Support suppliers in making progress by providing capacity building, sharing responsibilities and co-financing projects in production base;
- Developing clear grievance processes and mechanisms for managing and remediating social and environmental non-compliances;
- Developing monitoring and reporting systems for measuring progress.

Actions beyond the supply chain – relating to the places palm oil is produced and systemic issues within the sector. These actions might include:

- Engaging and/or supporting initiatives and projects tackling sustainability issues in the landscapes, jurisdictions, and areas where the company sources palm oil;
- Engaging in sector discussions and initiatives in the palm oil sector to challenge systemic issues linked to the production of palm oil.

Assign Resources (who)

The timebound implementation plan should cover who in the company will take responsibility for delivering on different actions and how resources will be allocated. A company must:

- Identify a leader or a lead-team to coordinate;
- Ensure integration of responsible palm oil sourcing objectives into the wider business sourcing strategy;
- Identify teams that will be involved in the implementation and involve them from the beginning;
- Empower the teams involved through awareness raising and capacity building activities;
- Determine if an external partner is needed to support the implementation and when actions are expected to be taken by suppliers.

Timeframe for implementation (when)

The implementation plan should include clear targets with robust milestones. The milestones need to be SMART and have clear actions or KPIs associated with them.

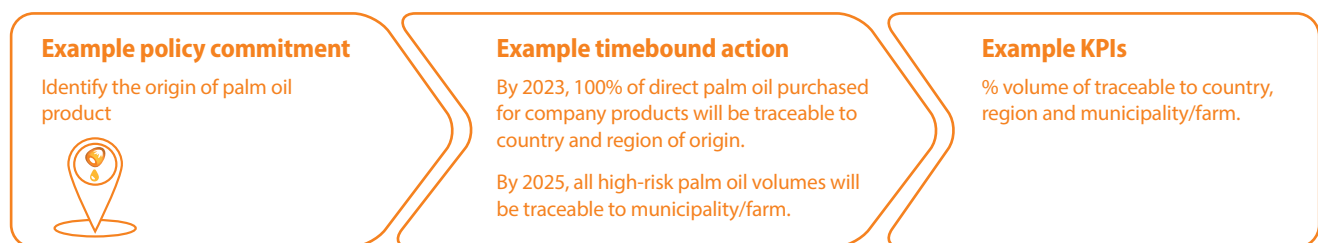


Figure 1: Example of targets with timebound actions and associated KPIs

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. 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](#).

Learn more and help us improve

For more information, see the full briefing note, available at www.palmoiltoolkit.net

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

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