
Engage Within and Beyond Supply Chains

Working with actors within and beyond the supply chain to implement responsible sourcing commitments for palm oil.

Palm Oil Toolkit
Briefing Note 03



Version 1.0



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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

This Briefing Note provides guidance for companies on how to implement responsible sourcing commitments throughout the supply chain by taking actions within and beyond their supply chain. It follows the Agricultural Commodity Responsible Sourcing (ACRES)¹ approach which is introduced in **Briefing Note 01: Assess and plan implementation** and illustrated in Figure 2.

The ACRES approach describes the importance of understanding and addressing issues within and beyond the supply chain to increase the scale and efficiency of delivering commitments. This approach enables companies to maximise their leverage throughout the supply chain and be more effective in addressing issues and achieving positive impacts. Collaboration is the most important underlying factor in achieving these outcomes.

The main points addressed throughout the Briefing Note are as follows:

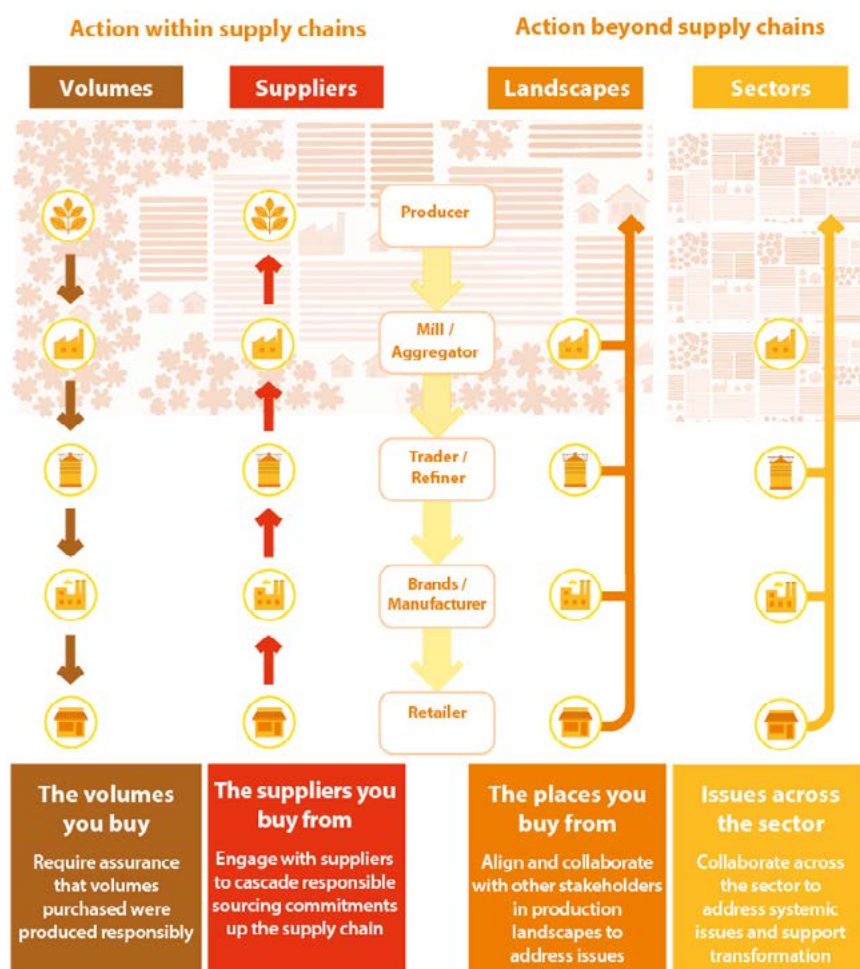


Figure 2:

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)"¹)

- **Within** supply chains, companies need to deliver compliant volumes and engage suppliers.
- **Beyond** supply chains, companies need to engage in the places they buy from and work across the sector.
- Collaborating with other actors is essential to address complex issues that require action from multiple stakeholders.

This briefing note will address each of these key aspects with a focus on engaging suppliers.

01 Working within supply chains

Most companies begin the process of engaging suppliers by focusing on their own supply chain and starting with their direct suppliers to leverage existing business relationships. Supply chains increase in scale and complexity the further downstream a company is positioned. Therefore, it may not be feasible for a downstream company to reach out to all its indirect suppliers within a realistic timeframe, as per the implementation plan outlined in **Briefing Note 01**. To improve the efficiency and effectiveness of the process, companies are strongly recommended to develop pre-competitive collaborations with industry peers including buyers, competitors and most importantly suppliers, to address the key issues.

As indicated in Figure 2, there are two main approaches for engaging within the supply chain – volumes and suppliers – which are explored in turn in the following section.

1.1 Volumes

In this context, ‘volumes’ refers to the volumes of crude and/or refined palm oil, palm kernel oil, and palm derivatives that a company buys from its suppliers.

Companies can use volumes as a starting point to ensure that the volumes they source are produced in line with their commitments.

- Volumes covered by specific certification standards, such as the Roundtable on Sustainable Palm Oil (RSPO)², provide an environmental and social safeguard, guaranteeing that the oil is responsibly produced.
- Additional assurance tools can be used such as:
 - Evidence of operational compliance with laws and regulations
 - Inclusion of clauses containing social and environmental requirements in purchasing contracts
 - Implementing purchase control systems for upstream suppliers to confirm implementation of responsible practices by producers. Suppliers can then provide supporting information on assurance in the required format and frequency, for example with each shipment or delivery.
- The Implementation Reporting Framework (IRF)³ is a reporting tool designed to help companies to systematically understand and track progress in delivering NDPE commitments in their entire palm supply chain. Companies should develop an IRF profile for all their sourced and processed volumes. Volumes allocated to the “Delivering” category would be viewed as compliant. The IRF will be covered in more detail under **Briefing Note 04: Monitor, Verify and Report**.

1.2 Supplier engagement

Most downstream companies do not buy directly from producers, apart from a few large companies with integrated operations from the production of fresh fruit bunches (FFB) to the refining and processing of palm products. Instead, the majority of downstream actors buy from intermediaries such as mills, traders, refiners, aggregators or manufacturers. Therefore, suppliers need to be part of the solution in achieving responsibly sourced palm oil, with their own commitments and implementation activities to cascade environmental and social requirements on oil palm production up the supply chain.⁴

1.2.1 Key steps, tools and approaches to engaging oil palm suppliers

Companies should engage with all of their direct suppliers to communicate their requirements on responsibly sourced palm oil, and support suppliers in implementing responsible sourcing in their own operations and supply chain. The main objective for supplier engagement is to ensure that all direct suppliers are committed to responsibly sourcing palm oil and are implementing the ACRES approach or similar approaches in their own operations and supply chain.

Overall, there are four main points of contact a company will have with its suppliers when engaging on sustainability issues:

1. **Pre-sourcing:** Engaging a potential new supplier on the company's responsible sourcing requirements.
2. **During sourcing:** Engaging a current supplier on regular basis to work towards compliance with the company's responsible sourcing requirements.
3. **Addressing grievances:** Engaging a current supplier who has a grievance raised against them or is linked to a grievance through their supply chain.
4. **Collaboration:** Engaging a current or potential direct or indirect supplier to work on addressing barriers to progress and systemic issues.

Focusing on pre-sourcing and during sourcing, a range of engagement steps are recommended. These are summarised in the table below and will be discussed in further detail throughout the following chapters.



Table 1: Supplier Engagement Steps: summary

Engagement Steps	Types of actions
Supplier sustainability requirements	<p>Develop a list of requirements for suppliers, based on the company’s responsible sourcing policy. Requirements must cover both environmental and social issues.</p> <ul style="list-style-type: none"> • Translate these supplier requirements into key performance indicators (KPIs) to enable tracking of progress • Develop requirements and scoring criteria to include in supplier scorecards for evaluating suppliers’ performance and engaging them on progress and compliance.
Supplier screening and onboarding process (for new suppliers)	<ul style="list-style-type: none"> • Set up procedures or systems to cross-check purchased volumes against a set of legal, environmental and social criteria. • Assess potential new suppliers’ record and performance on palm oil sustainability and engage them on requirements they must fulfil. • Continue buying from low-performing suppliers as long as there is a credible commitment from them to improve and meet the sustainability requirements over an agreed timeframe. • Include contract clauses requiring suppliers to demonstrate NDPE progress and compliance to formalise the expectation of suppliers to ensure compliance.
Measure and assess suppliers’ performance	<ul style="list-style-type: none"> • Determine how supplier performance data will be gathered, e.g. through self-assessment questionnaires, public reporting, reporting platforms – examples include SPOTT⁵, Forest 500⁶, Palm Oil Transparency Coalition.⁷ • Evaluate suppliers’ performance on the sustainability requirements set out above using scorecards. This should be done initially to establish a baseline and then continued on a regular basis as needed.
Taking action with suppliers	<ul style="list-style-type: none"> • Use scorecards to engage suppliers and develop timebound action plans to address any gaps identified through initial performance evaluation, and prioritise interventions. Action plans must have clear timelines and responsibilities and must be regularly reviewed for progress. • Perform targeted site visits on prioritised suppliers for assessments of specific, systemic and/or prevalent issues. • Develop initiatives with direct and indirect suppliers and other stakeholders to address systemic issues and challenges.
Support suppliers in making progress	<ul style="list-style-type: none"> • Provide guidance and capacity building to suppliers such as workshops and webinars to introduce key concepts such as NDPE policy, timebound implementation plans, and how to implement responsible sourcing more widely. • Fund supplier projects and workstreams such as HCV-HCS assessments, provision of personal protective equipment (PPE), and support for smaller suppliers who have limited resources. • Develop and implement clear incentives and consequences for suppliers who do not meet the requirements (e.g. reduced volumes, preferential sourcing).
Monitor supplier performance and progress against agreed improvement action plans.	<ul style="list-style-type: none"> • Regularly check in with suppliers to see how they are progressing in implementing agreed actions, and whether they will meet agreed deadlines. • Update action plans as necessary (e.g if supplier has met agreed requirements, move on to next set of requirements). • Further monitoring and verification approaches are described in Briefing Note 04.

It is important to note that the activities described above do not have to be carried out in the order listed, and some can be conducted simultaneously. It is ultimately the company's responsibility to determine the best combination of steps and practices for delivering an effective and efficient supplier engagement strategy. Engaging suppliers is an ongoing process and the scope of engagement will evolve over time based on previous engagements and supplier performance.

1.2.2 Develop supplier requirements and corresponding Key Performance Indicators (KPIs)

To support the implementation of NDPE commitments (**Briefing Note 01**), companies should set clear sustainability requirements for suppliers to fulfill and monitor their performance.

Requirements must include criteria which cover both environmental and social/human rights concerns and must also apply at the supplier company group level. They may vary by type of supplier – for example, requirements will differ between mills and refiners/traders, and between large, high-capacity suppliers and smaller suppliers with limited capacity.⁸

Companies should ensure their requirements align with the CGF Forest Positive Roadmap⁹, which outlines a minimum 'Forest Positive Coalition Ask' for suppliers. Table 2 depicts some general examples of supplier requirements and demonstrates how policy commitments can be cascaded up the supply chain through supplier requirements and KPIs.

Table 2: Examples of supplier requirements

Supplier requirement	Description	Supplier requirement
Commitment to environmental protection and respect for human rights	Supplier has NDPE or responsible sourcing policy with commitments to environmental protection and respect for human rights which cover the company's whole palm oil supply chain: own operations including joint ventures (if the supplier produces oil palm), all direct and indirect suppliers, and all sourcing origins. Policies should have been signed off by senior management.	<ul style="list-style-type: none"> • Policies in place covering environmental and social concerns
Traceability (to mill and production)	Supplier has a system to map out its supply chain to mill and production level and reports on traceability percentage for each level (e.g. above 90% traceability to mill). Supplier also publishes mill lists.	<ul style="list-style-type: none"> • % Traceability to Mill • % Traceability to Production • Mill list
Assessing environmental and human rights risks	Supplier has a process for identifying and assessing environmental and social/human rights risks in its operations and supply chain, including methods, assessor qualifications and frequency. Results of assessments are available.	<ul style="list-style-type: none"> • Environmental risk assessment • Social and Human Rights risk assessment
Timebound implementation plan	Supplier has a timebound implementation plan which lists and explains all activities it will take to deliver on the commitments made in its NDPE/RS policies. Activities should cover actions within supply chain (volume & suppliers) and beyond supply chain (in production landscapes and at sector level) to address and mitigate negative impacts and deliver positive outcomes. The plan should include timelines and KPIs.	<ul style="list-style-type: none"> • Timebound implementation plan

Element 3: Engage within and beyond Supply Chains

RSPO membership	Supplier is a member of the RSPO and can provide certified volumes.	<ul style="list-style-type: none"> • Number of certified suppliers • % of certified volumes
Due diligence and process for supplier onboarding	Supplier has one or more mechanisms for supplier onboarding including activities listed in Table 1.	<ul style="list-style-type: none"> • Process or procedure for onboarding new suppliers
Process for supplier engagement	Supplier has one or more mechanisms for its regular supplier engagement including activities listed in Table 1.	<ul style="list-style-type: none"> • Due diligence procedure • Public grievance log
Engaging/supporting beyond supply chain initiatives (landscape/sector)	Supplier is actively engaging with and/or funding landscape and/or sectoral initiatives delivering on sustainability commitments in the sector and/or key sourcing areas. This should be based on a clear methodology and justification (e.g. through risk assessments, prioritisation, capacity and leverage) and proportional to their size and responsibility (e.g. forest footprint, volume, sector coverage).	<ul style="list-style-type: none"> • Number of initiatives with active and regular participation
Monitoring	Supplier has systems for monitoring outcomes and impacts of sustainability work, including KPIs (e.g. Implementation Reporting Framework)	<ul style="list-style-type: none"> • Monitoring system • IRF profile
Public reporting	Supplier regularly reports publicly on the progress they are making in delivering on their commitments (e.g. through annual report)	<ul style="list-style-type: none"> • Public progress reporting
Grievance management	Supplier has one or more procedure to identify, monitor and respond to grievances. Supplier also reports on grievances and actions through a grievance list or log.	<ul style="list-style-type: none"> • Accessible grievance mechanism • Publicly available log



1.2.3 Supplier screening and onboarding process (for new suppliers)

Assess supplier's performance

Downstream companies should carry out an initial evaluation of the current performance of their direct suppliers to understand:

- Their awareness of current industry requirements on sustainability;
- Any current practices in place to address NDPE risks;
- Any existing processes within the suppliers' management systems that could be leveraged for integrating sustainability requirements.

For example, if a supplier has a robust supplier monitoring process which covers financial, commercial, and quality risks, this process can be updated to include environmental and social risks. If the procurement team carries out regular engagement with suppliers covering commercial and quality issues, the scope can be expanded to include NDPE commitments and responsible sourcing requirements.

NDPE compliance in supplier contracts

Integrating responsible sourcing requirements into the commercial decision-making process will further encourage suppliers to implement and comply with companies' requirements. Companies can consider including NDPE compliance clauses in purchase contracts to contractually oblige suppliers to deliver on requirements. By understanding suppliers' concerns on the commercial side, companies can include further clauses to protect any commercial interests while implementing requirements for NDPE compliance in the contracts as well as guided by Suppliers Code of Conduct.

Onboarding of new suppliers

Companies should carry out a check on new suppliers to understand their current level of compliance with NDPE commitments and identify potential gaps. Further onboarding processes can include specific assessments and due diligence checks against public reporting platforms such as NGO reports. Companies should aim to be as inclusive as possible, for example by pledging support to suppliers which have initially low performance but have committed to improve.

1.2.4 Measure and assess suppliers' performance

There are several methods and tools that can be used to evaluate suppliers' performance against defined KPIs and against NDPE commitments. It is important to note that some of these methods can serve multiple purposes of engaging with suppliers, conveying the requirements to them, and recording information that can measure their performance and highlight gaps.

Understand current practices and gaps through data collection

Companies can use tools such as questionnaires, publicly available information and direct engagement with suppliers to gather information on the actions taken by suppliers to identify and mitigate environmental and social risk in their supply chains, and comply with requirements set by the company.

Performance evaluation: Scorecards

Supplier scorecards provide a tool for defining requirements and evaluating each direct supplier's performance against these requirements. Scorecards are used by companies to initially assess their suppliers' performance, and then provide a basis for shared discussion between buyers and suppliers on how to meet these requirements. The requirements in Table 3 can be used as a basis to develop supplier scorecards.

Scorecards can subsequently be used as a monitoring tool to track and encourage each supplier's progress towards implementing the policies and actions needed to meet key requirements. The performance of each supplier can be presented in a visual display as demonstrated in Figure 3.



Figure 3: Examples of individual supplier scorecards showing evaluation of performance

1.2.5 Taking action with suppliers

An integral part of supplier engagement is supporting suppliers to take action towards meeting NDPE commitments and achieving compliance with policy requirements. This reinforces supplier buy-in with participating in the compliance process and assures them that they are not isolated in implementing the required actions and tasks.

The level of engagement may differ between suppliers for various reasons such as concerns about sensitivity of commercial data, lack of resources, no clear value for the supplier, etc.

The supplier engagement process is therefore critical to understand each supplier's situation and develop customised action to support them appropriately. The process of prioritising suppliers may help to identify lead suppliers who can become champions through highlighting their demonstrable progress and encouraging others to follow.

Developing supplier action plans

The supplier assessment process helps to understand suppliers' current practices and potential gaps in meeting requirements. It is recommended that companies then develop and agree on an action plan with each supplier to address any gaps. Actions can be developed collaboratively and assigned to actors throughout the relevant supply chain, including the company themselves.

Actions to support change are varied, and depend on factors such as:

- Nature and extent of any issues identified
- Supplier type, size, and resources available
- Production locations
- Leverage of supply chain actor
- Presence or absence of potential support and incentives
- Local factors such as cultures and norms

Other actions need the support or leadership of third parties, so the planning process should identify existing initiatives that are already addressing the issues. Where there are no existing initiatives, the action plan needs to consider how to develop the necessary partnerships.

It is also important for companies to be clear about the extent of their engagement in any activity. Companies should be realistic about how much they can do, but also robust and credible in taking responsibility and contributing resources that are commensurate with the scale of their buying. Their role may not remain static as they may play a greater or lesser role at different times in the development and implementation of an initiative.

Ultimately, the process should lead to the supplier having a robust action plan for implementing its policy commitments, over an acceptable timeline, including an appropriate combination of certification, legality, and supplier engagement mechanisms.

Targeted site visits

Site visits to production areas may be carried out by downstream supply chain actors after carrying out supplier engagement and risk assessments and prioritising specific upstream suppliers. Carrying out visits to individual upstream suppliers can be highly valuable as it enables companies to build relationships with them, gain firsthand awareness of production operations and issues, and clarify which issues can be resolved within operations.

However, as with individual engagement with direct suppliers, site visits have proven costly, time-consuming and inefficient as it is often unfeasible to reach all upstream suppliers. Furthermore, many sustainability issues are systemic and cannot be tackled by individual producers alone; instead, they require wider interventions by external parties such as local and national governments. Therefore, site assessments should be considered by companies as an activity for supporting individual suppliers. The outputs of these site assessments usually form the basis of actions plans for the individual suppliers to address any identified gaps.

Companies which are newly implementing sustainability requirements and NDPE policies would probably not benefit from carrying out site assessments with their immediate suppliers. Instead, they are advised to foster pre-competitive collaborations with industry peers as well as suppliers who may have already carried out these activities. In this way, these companies are not starting from the beginning, but rather contributing to and supporting activities that are already progressing or supporting interventions for systemic problems that need wider involvement from the supply chain and stakeholders.

Companies can develop targeted site visits involving groups of upstream suppliers and producers by building on the results of the risk assessments carried out as per **Briefing Note 02B: Understand the supply chain**, which can identify high-risk geographies where producers are located as well as other inherent risks such as violations to human rights. The scope of the visits can be specific for certain issues that are prevalent within different groups of producers, such as deforestation, conversion of uncultivated peat, land rights issues or labour issues.

The site visits can be focused to go beyond risk assessments and include more in-depth training and capacity building to cultivate solutions. Companies can work with their collaboration partners to draw on their expertise as well as engage expert organisations to participate in these site visits and provide recommendations.

Site visits should be approached with the goal of efficiently addressing larger issues with increased scale and targeted scope. They should enable companies to move from individual supplier action plans towards developing a collective action plan involving key stakeholders and multiple supply chain actors. This process can also support increased engagement with more upstream suppliers. The plan should contain specific actions which can be monitored for progress, each with clear responsibility assigned to one of the parties involved in the site visits. Some of these actions can lead to developing long term initiatives as described below.

Developing Initiatives within the supply chain

While targeted engagement with specific suppliers is strongly encouraged, companies can also take action on a larger collective scale with their suppliers or on an individual supplier basis.

Table 3: Examples of collaborative initiatives by companies within their supply chain

Companies Involved	Risk addressed	Initiative
Nestlé Sime Darby	Labour rights	Nestlé is working with their upstream supplier Sime Darby on piloting a worker voice systemx co-developed by the Responsible Business Alliance and solution developer Elevate, to create a helpline for palm oil workers in Malaysia to report human and labour rights abuses.
L'Oréal Clairiant Global Amines Wilmar ¹¹	Smallholders inclusion	In 2015, L'Oréal launched the SPOT Project, a first pilot project targeted to support 500 smallholders by end of 2020, in the Beluran district in Malaysia. The aim of the project is to: <ul style="list-style-type: none"> • ensure traceability of suppliers • promote RSPO certification • support the adoption of sustainable production practices • improve the living conditions of small-scale producers

1.2.6 Support suppliers in making progress

While targeted engagement with specific suppliers is strongly encouraged, companies can also take action on a larger collective scale with their suppliers.

Training, awareness and capacity building of suppliers

Companies can support suppliers to gain more knowledge and improve their performance through training courses, workshops, or other capacity building tools. Training events and workshops can be effective ways to communicate policy commitments to suppliers, and to provide space to discuss the practical implications and mechanisms for implementation.

The topics and subject matter covered can initially begin with the company's responsible sourcing commitments and supplier requirements, an introduction to the scorecard, and support for suppliers on how to meet these requirements.

Subsequent capacity building activities can be built on the results of supplier performance evaluation, and may involve understanding current processes and gaps, monitoring activities and prioritising interventions. Through these exercises, companies and suppliers can work together to build understanding of the elements which are lacking and require improvement.

Workshops and trainings can be divided into:

- **Regular supplier workshops:** These workshops are typically designed to socialise a company's commitments, requirements and expectations. Ideally, both procurement and sustainability departments from the company would be present during the workshop, to give a strong message to suppliers that sustainability requirements are strongly embedded within all commercial relations. The workshops are opportunities to invite suppliers to share any issues and challenges they are facing. The workshops are also spaces for capacity building on specific topics and can involve external parties such as industry experts and NGOs working on targeted issues.
- **One-to-one training:** One-to-one trainings aim to build supplier capacity on specific issues. Example of topics that may be covered include deforestation monitoring, HCV/HCS assessment, communities' livelihoods, and social issues such as labour and community rights.

- **Targeted workshops for groups of suppliers:** The previous exercises may reveal that several suppliers share the same risks or source from the same production region. In these cases, organising training on specific topics for these groups can help them to address these risks more efficiently. Site visits should also be carried out to investigate mutual upstream suppliers such as producers, focusing on certain specific topics.

It is important to find the most effective strategies for engaging mills or aggregators and producers. Table 4 highlights examples of how downstream companies have engaged their suppliers, including regular support, performance evaluation, and monitoring and prioritisation for further interventions. Some companies also manage supplier engagement through bespoke platforms such as portals with exclusive access for suppliers.

Incentives

Companies can develop incentive programmes to support and encourage suppliers to implement NDPE requirements. Incentives such as the payment of premiums for NDPE-compliant volumes can motivate suppliers to implement best practices in responsible sourcing and production.

Other forms of incentives such as workshops, trainings, and personalised coaching can support suppliers to close gaps in their implementation. These incentives can be developed over time after initial engagement and based on individual suppliers' performance.



Table 4: Examples of activities companies are undertaking to implement their commitments

Company	Supply chain position	Details
Wilmar ¹²	Grower, Processor & Trader	<ul style="list-style-type: none"> Aggregator Refinery Transformation (ART) is an integrated approach to mill engagement, addressing both environmental and social issues. It is a risk-based approach which involves identifying their own refineries in areas of commercial importance and high risk. <ul style="list-style-type: none"> Mill Prioritisation Process (MPP) – uses spatial (e.g. GIS data, GLAD alerts) and non-spatial (e.g. mills’ sustainability policies and performance) information to prioritise and target high-risk mills for engagement. Assessments and field visits on a percentage of high-risk mills are carried out by internal team in stages to build trust and engagement. Based on assessment results, broad-level engagement workshops and trainings will be held with all suppliers
Neste ¹³	Manufacturer	<ul style="list-style-type: none"> Annual Supplier Workshops for all palm oil suppliers since 2015: To foster dialogue (i.e. supplier concerns, Neste’s requirements and expectations) on topics such as human rights, deforestation and supply chain traceability. Organisation of Sustainability webinars, to cover topics such as traceability to plantation (TTP), risk-calibrated approach (RCA), greenhouse gas and methane reduction solutions, labour rights in the workplace, and NDPE tools. Supporting Suppliers on development of sustainability policies, management systems, transparency, traceability, due diligence and continuous improvement. Supplier Sustainability Portal (SSP) since 2017: SSP is a digital sustainability platform for raw material suppliers. It aims to evaluate both potential and existing renewable raw material suppliers and enable performance monitoring and active engagement with their suppliers. Launched in 2018 for new suppliers who are brought on board with the portal and is being expanded across Neste’s existing supply base.

02 Working beyond the supply chain

Many issues have complex underlying causes and can only be addressed through collaboration between different stakeholders, including supply chain companies. It is strongly recommended that companies should work **beyond the supply chain** through one or more of the following approaches:

- **Landscapes or jurisdictions** – the places where the commodities are produced.¹⁴
- **Sector** – systemic issues that occur within the sector.¹⁵
- **Broader multi-stakeholder initiatives** – the global, regional, national places where standards and legislative frameworks are developed.

Companies can embark on pre-competitive collaborations with industry peers, especially those with overlapping supply chains and/or production regions. Collaborations can be sectoral, often taking place between supply chain actors in similar tiers in the supply chain, or at landscape level where collaboration partners are all sourcing from a common production region. These collaborative actions provide opportunities to implement improvements at scale, engage upstream suppliers more efficiently, and address inherent risks collectively.

2.1 Landscapes or jurisdictions

Landscape approaches enable scaling-up of impact by focusing on wider supplier engagement. This is done through pre-competitive collaborations between industry peers sourcing in the same regions, landscapes or jurisdictions, thereby increasing leverage and reaching more suppliers.

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. In these initiatives, companies can collaborate with other stakeholders to identify and address issues specific to the region such as deforestation, peat or inclusion of smallholder farmers. The intention is to strengthen landscape governance that leads to production landscapes which deliver on commitments at scale. Delivering of commitments can result in positive impacts by sharing value locally, strengthening rural livelihoods and protecting natural capital.

Companies should identify, engage with, and provide support in priority landscapes, jurisdictions and/or supply shed areas, to support forest conservation and/or restoration, and/or protection of human rights with positive outcomes for local people.¹⁶ Priorities should be identified based on clear criteria including the company's sourcing priorities, an analysis of risks, and intervention pathways that explain why landscape interventions are appropriate (e.g. there is a high percentage of smallholder production, or the area is a known deforestation frontier with significant remaining forest or peat).

Usually, downstream companies are more likely to provide financial support, while upstream companies act as implementation partners through contributions on the ground. The following table provides an examples of a landscape programme initiated by companies in the palm oil industry at different levels of the supply chain.

Table 5: Examples of landscape initiatives taken by companies

Companies Involved	Risk addressed	Initiative
Musim Mas GAR Cargill Pepsico Danone Unilever Neste	NDPE	<p>Siak Pelalawan Landscape Initiative^{17,18,19}</p> <ul style="list-style-type: none"> • Formed in 2018 • Targeted action on the ground to combat deforestation through a new landscape initiative in Riau, Indonesia • Aims to develop scalable solutions to address environmental and social issues • Aims to empower local organisations, improve farmer livelihoods and ultimately transition large parts of both districts to sustainable landscapes that protect forests and those working in agriculture

2.2 Sectors

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.

While this is not the explicit aim of certification, the institutions which run certification schemes such as the RSPO have often provided a platform for sectoral discussions between supply chain actors and other stakeholders over the last decade. Other sectoral initiatives – for example, the Palm Oil Collaboration Group (POCG), Consumer Goods Forum (CGF), Tropical Forest Alliance (TFA), Action for Sustainable Derivatives (ASD) or the World Business Council on Sustainable Development (WBCSD) – have also emerged to bring companies together to work on particular issues. Table 6 details some key examples of sectoral initiatives.



Table 6: Examples of sectoral initiatives

Companies Involved	Risk addressed	Initiative
Wilmar Sime Darby GAR Musim Mas Cargill	Labour and Human Rights	Decent Rural Living Initiative ^{20, 21} <ul style="list-style-type: none"> • Formed in 2018 • Seeks to protect human and labour rights for workers in the agriculture sector, specifically producers • Empower rural communities by establishing cross-industry and stakeholder partnerships to address barriers, going beyond compliance • Practical and realistic recommendations to help rural workers in the agricultural sector secure their long-term ability to thrive
Various companies in the palm oil industry, facilitated by Cargill and PepsiCo	NDPE	Palm Oil Collaboration Group (POCG) ²² <ul style="list-style-type: none"> • Brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of NDPE commitments • Help to align thinking on key issues • Identifies areas for collaborative action • Currently four working groups: IRF, Social Issues, Production and Protection Beyond Concessions (PPBC), and Independent Verification
Various companies in consumer goods manufacturing	NDPE	Consumer Goods Forum Coalition of Action (CGF CoA) ²³ <ul style="list-style-type: none"> • A group of manufacturing and retail companies committed to moving efficiently and quickly towards a forest positive future, working collaboratively to drive positive impact. • Established a roadmap with actions and KPIs to deliver on their commitments • Works collaboratively in landscapes with TFA (Tropical Forest Alliance)
Various companies in the derivatives and oleochemical sector	NDPE	Action for Sustainable Derivatives (ASD) <ul style="list-style-type: none"> • Formed in 2019 • A collaborative initiative that brings together companies in the cosmetics, home and personal care, and oleochemicals industries to collectively tackle supply chain issues around palm oil and palm kernel oil derivatives. • Transforming supply chains by increasing transparency, monitoring risks, engaging the sector, and generating on-the-ground impacts.

2.3 Broader Multi-Stakeholder Initiatives

Multi-Stakeholder Initiatives (MSIs) are collaborations between businesses, civil society and other stakeholders that seek to address issues of mutual concern, including human rights and sustainability. To do so, initiatives may work to facilitate dialogue across stakeholder groups, foster cross-sector engagement, or develop and apply standards for corporate or government conduct. These are described in detail along with examples in [Briefing Note 01](#).

03 Next steps

Engaging within and beyond the supply chain is crucial to delivering on NDPE commitments, through various mechanisms including relationships with suppliers, pre-competitive collaborations, multi-stakeholder initiatives, and capacity building and interventions. These should be implemented as a long-term commitment to continuous engagement and integrated into companies' policies and action plans.

Once engagement activities are taking place, companies should monitor the effectiveness of their actions and progress towards meeting commitments. The outcomes of these actions should be verified and reported on a public platform to ensure that the company's progress is transparent. These activities and processes are detailed in **Briefing Note 04**.

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).

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- 2** Roundtable on Sustainable Palm Oil (RSPO) website. Link: <https://rspo.org/>
- 3** NDPE Implementation Reporting Framework website — Technical Documents. Link: <https://ndpe-irf.net/technical-documents/>
- 4** Supplier engagement to support compliance is recommended by the AFI in **Core Principle 6**, and elaborated further in its **Operational Guidance on Supply Chain Management**. This is also a major requirement in the CGF Roadmap, covered by four KPIs in Section 2 – Suppliers and Traders.
- 5** Sustainability Policy Transparency Toolkit (SPOTT) website. Link: <https://www.spott.org/>
- 6** Forest 500 website. Link: <https://forest500.org/>
- 7** Palm Oil Transparency Coalition (POTC) website. Link: <https://www.palmoiltransparency.org/>
- 8** **The AFI defines** ‘corporate group’ as ‘the totality of legal entities to which the company is affiliated in a relationship in which either party controls the actions or performance of the other’.
- 9** CGF Forest Positive Coalition of Action, 2021. Palm Oil Roadmap: Version 1.2. Link: <https://www.theconsumergoodsforum.com/wp-content/uploads/202009-CGF-Forest-Positive-Palm-Oil-Roadmap-v1.pdf>
- 10** Nestle website — Palm Oil. Link: <https://www.nestle.com/csv/raw-materials/palm-oil>
- 11** Wilmar website — Smallholder empowerment initiatives. Link: <https://www.wilmar-international.com/sustainability/smallholder-programmes/smallholder-empowerment-initiatives>
- 12** Wilmar website — Supply Chain Transformation. Link: <https://www.wilmar-international.com/sustainability/supply-chain-transformation>
- 13** Neste website — Engaging with the palm oil supply chain. Link: <https://www.neste.com/sustainability/sustainable-supply-chain/traceability-dashboard/engaging-palm-oil-supply-chain>
- 14** AFI **Core Principle 10.1**. See **Operational Guidance on Achieving Compliance through Collaboration** for more information.
- 15** AFI **Core Principle 10.3**. See **Operational Guidance on Achieving Compliance through Collaboration** for more information.
- 16** **Commitment 4.1** in the CGF Roadmap (Section 4 - Landscape Engagement: Commitments & Actions).
- 17** Cargill website — Tackling deforestation through landscape approaches. Link: <https://www.cargill.com/story/tackling-deforestation-through-landscape-approaches>
- 18** Neste website — Sustainable landscape. Link: <https://www.neste.com/sustainability/sustainable-supply-chain/traceability-dashboard/sustainable-landscape>
- 19** Proforest, 2020. Production Landscape Programme: Siak Pelalawan Landscape Programme — How Companies Collaborate and Engage. Link: <https://www.proforest.net/fileadmin/uploads/proforest/Documents/Publications/plp-briefing-note-3.pdf>
- 20** Musim Mas website — Partnerships and Collaboration. Link: <https://www.musimmas.com/sustainability/partnerships-collaboration/>
- 21** Cargill website — Labor and Human Rights. Link: <https://www.cargill.com/sustainability/palm-oil/palm-labor-land-rights>
- 22** Palm Oil Collaboration Group (POCG) website. Link: <https://palmoilcollaborationgroup.net/>
- 23** Consumer Goods Forum website — Establish Coalitions of Action. Link: <https://www.theconsumergoodsforum.com/what-we-do/establish-coalitions-of-action/>
- 24** CDP Forest website. Link: <https://www.cdp.net/en/forests>

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