

Monitoring Progress with NDPE Volumes for Palm Oil

Update 05, June 2019

In Update 4 we summarised the workplan for Phase 2 of the NDPE Implementation Framework development. One of the main workstreams within this phase is further developing the allocation criteria used to allocate volumes to the different categories of the Framework building on input from the Phase 1 pilot tests and discussions. This update presents the revised no-deforestation and no-peat allocation criteria, updates on the ongoing work on no exploitation criteria and explains how the allocation criteria will be applied in companies' supply bases.

1 Allocation Criteria

1.1 Approach

As summarised in Box 1, the Implementation Framework is a **monitoring and reporting tool** to improve understanding of how the **different activities** which are underway to implement NDPE commitments are supporting progress towards full delivery. Therefore, the allocation criteria focus on actions and activities which support progress through the different stages of the Framework from awareness and commitments/action through progressing to final delivery (see Figure 1).

These actions are taken across a range of scales and timeframes by multiple actors, including supply chain companies, producer groups, mills, plantations, smallholders, landscape programmes and other stakeholders, so the framework needs to capture this complexity, while still aiming for consistency – this is the goal of the allocation criteria.

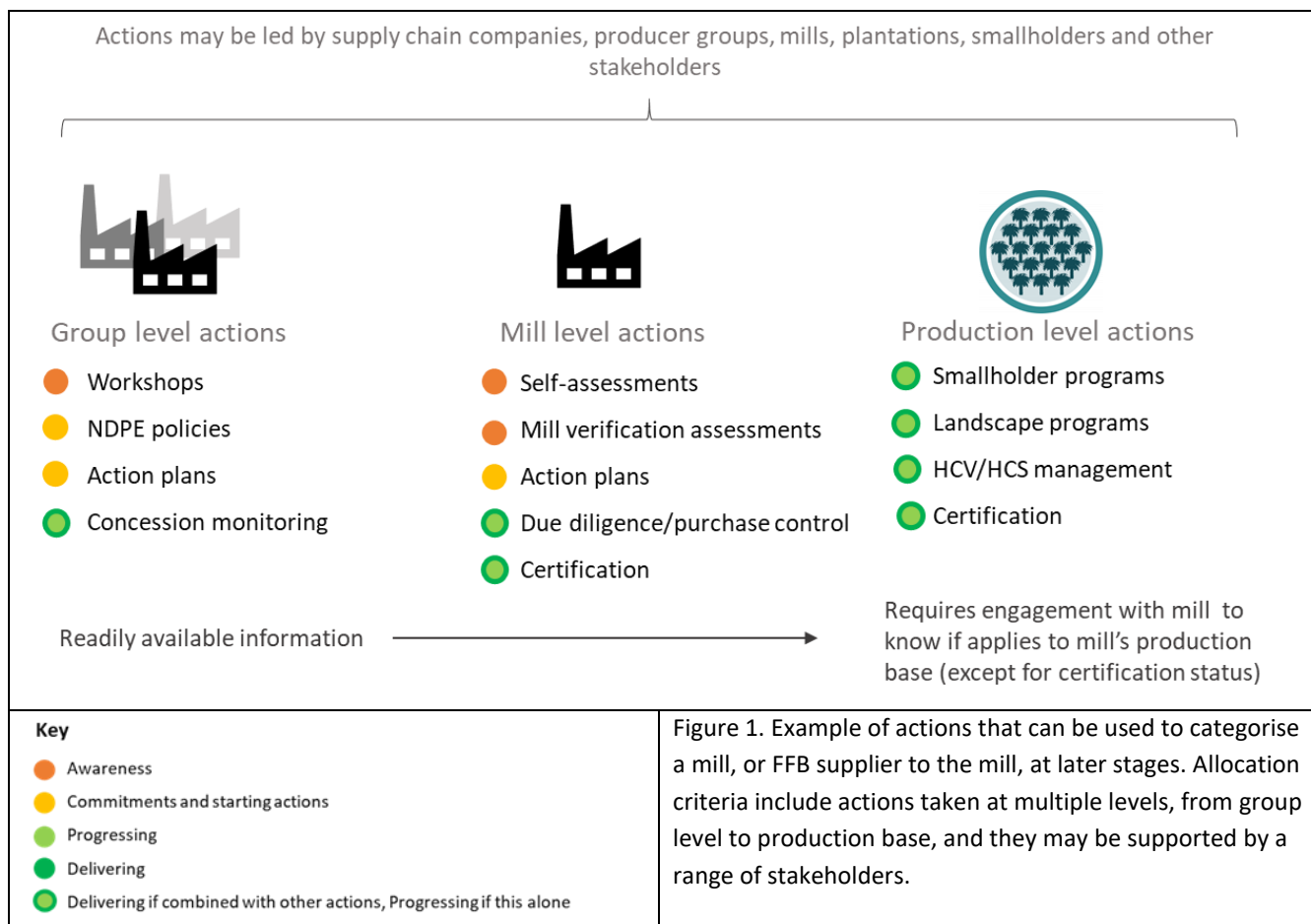
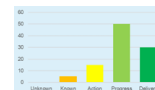
The mill is a key interface between production and the supply chain, and for this reason the starting point for using the Framework in Phase 2 is to allocate each mill to a category. However, NDPE commitments relate to production of FFB, and for most mills FFB comes from different types of

Box 1 The NDPE Implementation Framework

The NDPE Implementation Framework is a **tracking and reporting tool** designed to help supply chain companies to systematically understand and track progress (or lack of progress) in delivering NDPE commitments across all their volumes.

As supply chain companies implement activities ranging from certification to supplier engagement and from landscape initiatives to smallholder support, the Implementation Framework provides a tool to systematically capture all the different **activities which are underway** to deliver these commitments and clarify **how each activity contributes to progress** towards full compliance.

The framework captures progress from early actions that create an enabling environment for sustainability, such as workshops and policy development, all the way through to implementation activities in the production base which deliver full compliance with commitments. Having a consistent framework for reporting on these activities, and particularly on the proportions of the total production base to which they apply, will allow individual companies and the industry collectively to identify gaps, monitor progress and drive improvement.



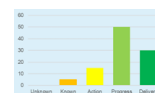
producer (own plantations, third party suppliers, smallholders) at different stages in progress to delivery. Therefore, the initial allocation will then be further refined as information becomes available from mills to allow different sources of FFB coming into a mill to be assigned to different categories – particularly for progressing and delivering categories.

1.2 Content

The allocation criteria aim to capture the wide range of activities by multiple actors which are underway to support delivery of NDPE commitments. Figure 2 provides an overview while the detail is shown in Annex 1.

The allocation criteria for the *Awareness* and *Commitments and Starting Action* categories capture early actions that create a supporting environment for sustainability. They apply as much to the mill or mill group as to producers that supply them, and include awareness raising workshops, policy development, mill self-assessments and action planning. Information on whether these actions are underway is likely to be relatively easily available to refineries and other aggregators.

The allocation criteria for *Progressing* and *Delivering* focus on implementation activities which deliver commitments in the production base such as certification, purchase control systems, concession monitoring, HCV and HCS management, smallholder programmes or implementation of relevant actions within a landscape initiative. Grievance mechanisms to address any identified non-







Category	Awareness	Commitments and starting actions	Progressing	Delivering
Actions	 Workshop or training with mill or mill group	 Policy or commitment that applies to mill	 Action plan that applies to mill and its supply base	 Action plan that applies to mill and its supply base
			PLUS	PLUS
			Progress in implementation for at least one supplier type (own concessions, third party estates, smallholders, and dealers). Action types may include working with certification, monitoring tools, landscape initiatives, smallholder initiatives, among others.	Delivery for all supplier types (own concessions, third party estates, smallholders, and dealers). Action types may include working with certification, monitoring tools, landscape initiatives, smallholder initiatives, among others.
Or grievance pushes you back, depending on progress of grievance	←			
How to get the information	Most information readily available by a refinery or first aggregator		Most information requires engagement with mill (or mill group where relevant) and an understanding of its supply base	

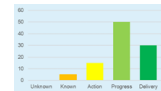
Figure 2. Summary of allocation criteria approach

compliances are also important. The *Progressing* category includes actions that are underway across some or all the supply base, and will contribute to full delivery. The *Delivering* category requires the mill or refinery to have assurance that commitments are being met for each supplier type.

As noted above, Phase 2 will begin by allocating mills to a single category, but as information on different sources of FFB supply to the mill (own plantations, third party suppliers, smallholders etc) becomes available through work on traceability to plantation (TTP), sources of FFB will be categorised, providing greater clarity of progress with different sources of supply. At this stage, mills will create their own profiles across the FFB they purchase. See Box 3 for more information on FFB level reporting and TTP.

2 Using the allocation criteria to produce a refinery profile

In Phase 2, the working group is working mainly with refineries to develop profiles that can then be passed on to customers with the volumes purchased from the refinery. Many refineries already have information on many of the mills supplying them.



Box 2: Independent verification

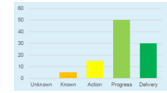
Independent verification that responsible sourcing commitments are being met is very important in driving progress and providing credibility. There is a rapidly accelerating discussion underway about the most effective approaches to delivering independent verification for the different issues included within NDPE. The conventional approach is field audits by credible independent verifiers, and this is likely to remain a central element (and the basis for most certification), but there has also been a lot of progress over the last few years with other approaches. This includes the use of remote sensing for deforestation and peat, while new technologies for allowing workers and other affected stakeholders to submit information securely and anonymously online in real time is also showing promise. The NDPE Implementation Framework is a tool for monitoring and reporting and is not an alternative to independent verification, but it can complement it by providing clarity about progress and remaining issues to help guide where further verification is needed. Therefore, it will be important to link the development of the Framework to the ongoing debate on independent verification.

In practice, profiles are produced by putting all the information available on each mill into a template in the form of an excel spreadsheet (see Figure 3 for an example). The template, populated with the Universal Mill List as well as publicly available information on each mill (e.g. certification status), is provided to the refinery together with guidance on how to use it, with further support being provided by Proforest and Earthworm. Each refinery then adds all additional information it has on the mills supply it. Based on the information, the mill can then be allocated to a category.

For some mills, particularly those which are owned by the same company as the refiner, by other integrated companies with responsible sourcing programmes in place, or which have undergone certification, there is already a lot of information available. However, early results confirm that for a significant proportion of the supply base, much of the available information about mills and mill supply bases is only sufficient to put a mill into the early categories of 'Awareness' or 'Commitments and Starting Action' (see Figure 1). To put the mill into *Progress* or *Delivering*, information across the different supplier types will be required which links to ongoing work on TTP (see Box 3).

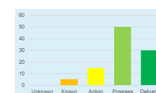
Mills		Information from Proforest mill list					MILL certification			Mill-level systems to understand supply base and respond to demand						
Mill ID	Mill Name	FF Mill Name	URL ID	Latitude	Longitude	Country	Proforest	RPO (COC)	HICO	ISPO	ISPO percent compliance with NDPE	ISPO percent compliance with NDPE	ISPO percent compliance with NDPE	ISPO percent compliance with NDPE	ISPO percent compliance with NDPE	ISPO percent compliance with NDPE
1	Mill 1															
2	Mill 2															
3	Mill 3															
4	Mill 4															
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Figure 3. Part of the excel spreadsheet template for refineries to input information on the mills in their supply base.



Box 3: FFB level reporting and TTP

Allocating volumes to *Delivering* requires assurance that the FFB production meets responsible sourcing commitments. This in turn requires knowing where it was grown, which is provided by Traceability to Plantation (TTP). For larger estates this is relatively straightforward, and a key component of the allocation criteria will be engagement with producer groups that own the concessions and availability of concession maps. However, for FFB provided by third party suppliers, and particularly from independent smallholders, traceability is much more complex. Lots of work is now underway to find effective ways of providing TTP for smallholders, and particularly using risk calibration to combine cost efficiency and effectiveness. The approaches being developed will be crucial for reporting on progress within the Implementation Framework.

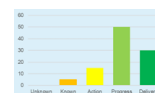


3 Annex: Allocation Criteria

3.1 No-deforestation criteria

Action type	Awareness	Commitments and starting actions	Progressing	Delivering
Internal systems to understand supply base and respond to issues	Self-assessment completed OR Involvement in an NDPE workshop	There is a policy commitment to no-deforestation and planning that applies to mill	There is an action plan for suppliers and purchases	Mill has delivered on action plan and has due diligence system for new suppliers
			AND AT LEAST ONE OF FOLLOWING	AND ALL OF FOLLOWING, WHERE RELEVANT TO MILL'S SUPPLY BASE
Own concessions			Disclosure of concession maps linked to alert system to monitor and respond to deforestation	Disclosure of concession maps linked to alert system to monitor and respond to deforestation
			HCV and HCS assessments are planned or underway, incorporating a remediation plan	HCV and HCS areas are being managed and monitored and the remediation plan is being implemented if relevant
Smallholders			Initiated smallholder support programme to protect forest areas	Smallholders have an active support programme to protect forests
Third party estates			Engaging for disclosure of concessions and monitoring linked to alerts system	Disclosure of concessions and monitoring linked to alerts system
			Engagement for HCV/HCS management and monitoring	HCV and HCS areas are being managed and monitored

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Dealers			Details of FFB suppliers provided to mill (incl. single point coordinates)	Details of FFB suppliers provided to mill (incl. single point coordinates)
		AND/OR	OR	OR
Certification		MSPO/ISPO	MB	IP;POIG
			OR	OR
Landscape			Mill is actively participating in a landscape program	Sources from a verified landscape
			OR	OR
Satellite monitoring system			Production has been shown to be deforestation-free using satellite system and TTP	Production has been shown to be deforestation-free using satellite system and TTP
	OR	OR	OR	AND
Grievances	Grievance with insufficient action	Grievance, and starting to take action	Grievance, and progressing on resolution	No grievance or resolved grievance

Key

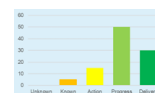
This information is often readily available, meaning refineries can allocate mills based on these criteria from afar

Engagement with the mill may be necessary to understand how these actions relate to mill and its supply base

3.2 No-peat criteria

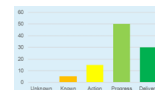
Action type	Awareness	Commitments and starting actions	Progressing	Delivering
Is there peat in the sourcing area?	No			
	If yes, then must complete the following			
Internal systems	Self-assessment completed OR Involvement	There is a commitment to no peat development and planning that applies to	There is a peat action plan including due diligence system for suppliers and purchases and	Mill has delivered on peat action plan that applies to all supplier types (own concessions, third party concessions,

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	in an NDPE workshop	the mill supply base	there is progress in at least one of the below	smallholders and dealers.)
			AND AT LEAST ONE OF FOLLOWING	AND ALL OF FOLLOWING
Own concessions			Disclosure of concession maps linked to alert system to monitor and respond to peat clearance & drainage Peat or soil assessments are planned or underway, incorporating BMPs for existing plantings and a peat remediation plan (if relevant)	Disclosure of concession maps linked to alert system to monitor and respond to peat clearance & drainage Peat areas are being managed and monitored in line with BMPs and the remediation plan is being implemented if relevant
Smallholders			Initiated smallholder support programme to support BMPs on existing plantations and no new peat development	Smallholders have an active support programme to support BMPs on existing plantations and no new peat development
Third party estates			Engaging for disclosure of concessions and peat clearance/drainage monitoring linked to alerts system Engagement for peat BMPs on existing plantations and no new peat development	Disclosure of concessions and peat clearance/drainage monitoring linked to alerts system Peat areas are being managed and monitored in line with BMPs and the remediation plan is being implemented if relevant
Dealers			Details of FFB suppliers provided to mill (incl. single point coordinates)	Details of FFB suppliers provided to mill (incl. single point coordinates)
		AND/OR	OR	OR
Certification		MSPO/ISPO	MB (and action plan?)	IP
		AND/OR	OR	OR

The development of the NDPE Implementation Framework work on palm oil is being coordinated by Proforest and Earthworm Foundation. For further information contact Katie@Proforest.net



Landscape	OR	OR	OR	AND	Mill is actively participating in a landscape program with a peat focus	Sources from a verified landscape
					Production has been shown to not have been grown on cleared peat area	Production has been shown to not have been grown on cleared peat area
Satellite monitoring system						
Grievances	Grievance with insufficient action	Grievance, and starting to take action	Grievance, and progressing on resolution	No grievance or resolved grievance		

Key

This information is often readily available, meaning refineries can allocate mills based on these criteria from afar

Engagement with the mill may be necessary to understand how these actions relate to mill and its supply base

3.3 No exploitation criteria

‘No exploitation’ is less clearly defined than ‘no deforestation’ or ‘no peat’. Therefore, there are two strands of work underway.

Agree the scope of ‘no exploitation’: There is no single clear definition of what is meant by ‘no exploitation’ within NDPE commitments. Most companies have a wide range of commitments and policies on social accountability and human rights, but the NDPE focus is the most critical issues which companies have committed to address in their supply chains in the short term. Therefore, we are consulting with different stakeholders to see what the scope of ‘exploitation’ issues for the NDPE Implementation Framework should be.

Further develop and test allocation criteria for forced labour, child labour and land rights abuses:

While consulting more widely on the overall scope, we are continuing the development of the allocation criteria for forced and child labour and land rights abuses (which will certainly be part of the final scope), which was begun in Phase 1, to make sure that we do not lose momentum on developing the social component of the NDPE Implementation Framework while discussions on scope are ongoing.

We are aiming to trial these allocation criteria in September-October to have initial results to present at the November RSPO RT.