

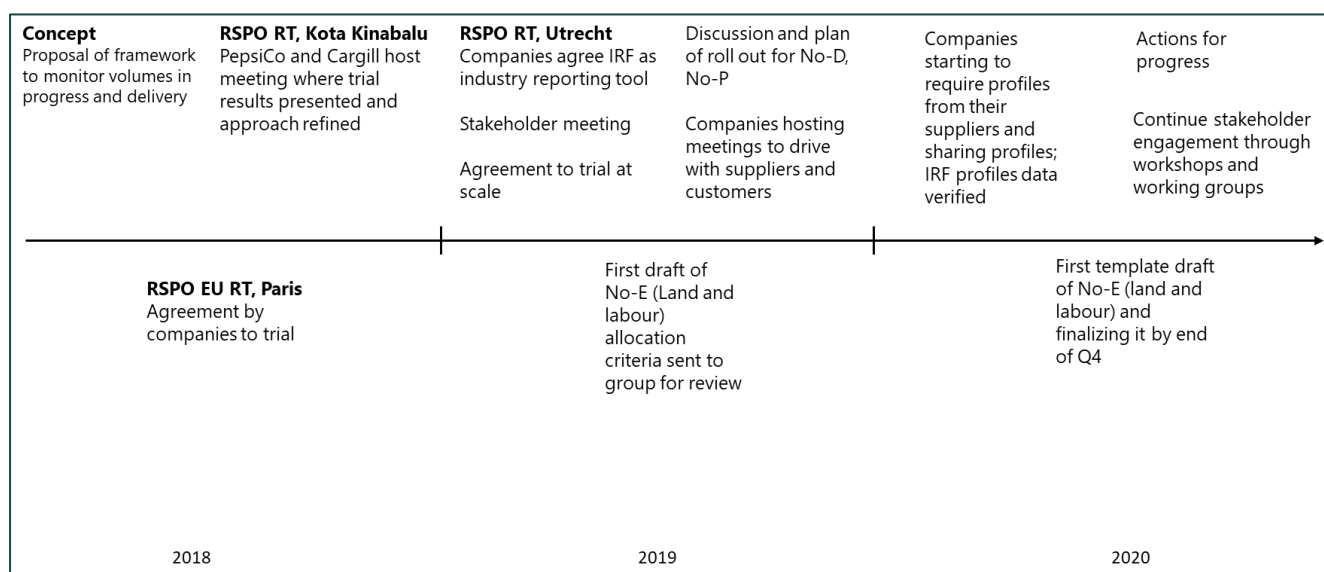


## Monitoring Progress with NDPE Volumes for Palm Oil

Update 07, February 2020

It's 2020 and we've come a long way in the last two years in developing a tool to systematically understand and report on progress with implementing NDPE commitments in palm oil. This year, companies and other stakeholders will need to work together to roll out the reporting and use the reports to drive progress. This Update will review what we've achieved since the inception of the IRF, work underway, and where we need to go collectively in 2020.

### 1 Timeline



### 2 IRF collaboration and communication

#### 2.1 The NDPE IRF and the Palm Oil Collaboration Group

Development of the NDPE IRF has been one of the major areas of work undertaken under the umbrella of the Palm Oil Collaboration Group. Over the last few years, companies have been meeting to discuss and resolve pre-competitive issues in delivering NDPE commitments in the fringes of the RSPO RT, convened by PepsiCo and Cargill. These meetings have become a regular occurrence, and the group is referred to as the 'Palm oil collaboration group'.

At November's RSPO RT in Bangkok there were three collaboration group sessions: further work on the NDPE IRF (update on No-Deforestation, No-Peat and No-Exploitation methodologies and discussion of roll out of the IRF more widely), an initial discussion on Independent Verification, and discussions on Deforestation Outside Concessions. For more information on the collaboration group, email [POCollaborationGroup@proforest.net](mailto:POCollaborationGroup@proforest.net).

#### 2.2 Creating an AWG workplan

As the NDPE IRF activities accelerate in 2020, the AWG agreed that it would be useful to have a basic workplan and budget for the year so that there can be agreement on priority activities and so



members of the AWG can contribute collectively to core development costs. This includes the ongoing development, maintenance, coordination and roll out of the IRF. To provide further structure there is also a coordinator to provide a focal point for organisation and alignment of all working groups and work streams.

The three working groups under IRF (in box below) will continue to the function as before, and in response to the needs of the tool's development.

## IRF Working Groups

- **Active Working Group (AWG):** the collaborative group of companies which creates a platform for regular updates and discussion on strategic topic of the IRF. Members of the AWG are: AAK, BASF, Bunge, Cargill, COFCO, GAR, General Mills, IKEA, ISF, Kellogg, Mars, McDonalds, Mewah, MM, Mondelez, Neste, Nestle, PepsiCo, Sime Darby, Unilever, Wilmar
- **Practitioners Working Group (PWG):** the collaborative group of practitioners who are directly working with clients. Members of the Practitioners Working Group are: Daemeter, Earthworm, Transitions and Proforest
- **Stakeholders Working Group (StWG):** the collaborative group aiming to keep updates representatives of the NGO sector
- **IRF coordinator** – to create and maintain technical materials; to follow the development and progress of IRF profiles and to support when necessary; to work as a support entity for companies, practitioners and stakeholders

## 2.3 Working together to scale-up IRF roll out

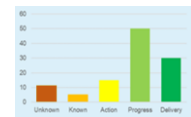
An important next step for the IRF is for companies to start requesting profiles from their suppliers. A coordinated and collaborative approach will be needed to ensure:

- Communication and language used by companies in order to request IRF profiles for No-D and No-P, to clarify the purpose and intent of the IRF
- As many refineries as possible have completed a No-D and No-P profile by the end of the year, and are ready to share these with customers

This is a key discussion point for the upcoming AWG calls and element of the workplan for the Active Working Group.

## 2.4 Using profiles to drive progress

The NDPE IRF helps companies understand performance across their whole supply base in order to drive further progress. Once profiles are complete, companies need to know what action they can take to improve performance and 'move volumes into the green categories'. Actions may differ based on the position in the supply chain, and the company's relationship to the supply base, but needs to translate to progress on the ground. What comes next in the technical document series is



guidance on the type of actions to be taken on the ground in order to progress through the categories of the IRF.

## 3 IRF materials

### 3.1 New template

Building on comments received in the last quarter of 2019, Proforest has revised the Excel template for refineries to use for capturing ‘no deforestation’ (No-D) and ‘no peat’ (No-P) (DP) progress information for mills in their supply base. The main changes are as follows:

- Improvements on wording and guidance on terms and content is more easily accessible as comments on the input columns
- Bugs in adding mills have been addressed
- A tab for volumes that refineries purchase from traders or other refineries has been added. This tab can also be used by downstream companies to create a profile from the profiles of their suppliers

### 3.2 Technical document series

As noted in Update 06, there are a growing number of technical documents including allocation criteria, templates for profile development, guidance documents and methodology summaries. Therefore, a technical document series is being established to allow clear and easy access to all the documents.

IRF_01 Overview of the tool
IRF_02 Refinery profile template
IRF_03 Refinery profile guidance
IRF_04 Downstream profile guidance
IRF_05 Action to support progress guidance
IRF_06 Allocation criteria methodology
IRF_07 Transparency and claims
IRF_08 IRF profiles data verification protocol

#### The NDPE Implementation Reporting Framework (IRF)

The NDPE IRF is a 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 NDPE IRF 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**, while also highlighting **where gaps still remain**. 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 **monitor progress, identify gaps and drive improvement**.



### 3.3 Progress with 'E' allocation criteria

The process of developing the 'no exploitation' (E) allocation criteria is quite complex because there has been much less work on developing a commonly agreed understanding of what 'no exploitation' encompasses.

Therefore, the development process has three parts: agreeing what issues should be included as aspects of 'no exploitation' (current scope being land and labour); developing allocation criteria for the identified issues; turning the allocation criteria into templates which will be sense-checked with refineries before fully rolled out for creating profiles.

Sets of allocation criteria for land and labour have been developed internally and sent out for external feedback to organizations with expertise in these areas. The land allocation criteria have been developed in partnership with Landesa. The labour allocation criteria have been based on and aligned with Accountability Framework initiative (AFi) criteria. The next step will be pilot testing the 'no exploitation' criteria for land and labour with refineries in order to receive feedback on content and functionality. In parallel with collecting feedback for the No-D and No-P template Proforest also collected feedback from companies and experts working in the realms of land and labour in order to get direct feedback on the content of the draft allocation criteria.

During the workshops in Bangkok there were opportunities to discuss both labour and land draft allocation criteria in the companies and stakeholders' meetings and the overall approach to exploitation in NDPE.

## 4 IRF profile data verification protocol for auditors

The initial development of the IRF has relied on refineries self-reporting their Profiles, using a common template developed so each participant can analyse their own data sets. This is very similar to the initial phase of providing traceability to mill where each actor in the supply chain created a mill list with little independent scrutiny.

The next step in building credibility and assurance is to have independent scrutiny of the data used to allocate mills to categories and to build Profiles which is being called **Profile Data Verification**. This will provide independent review of the data used to populate the template and thereby to assign mills to categories and thus to build the Profile. The protocol for Profile Data Verification is being developed in the first quarter of 2020, based on input from different stakeholders and led by Control Union.

In parallel with this work, there is also ongoing discussion about verification of actual performance for mills and FFB production. Currently, the allocation criteria require approaches with 'built in' verification such as RSPO segregated certified or independent concession monitoring to allocate mills to the delivering category but there is more work to do building on existing mechanisms and creating collaboration with groups working on new approaches which can all potentially contribute to the creation of an effective assurance system for the IRF