



Monitoring Progress with NDPE Volumes for Palm Oil

Update 06, August 2019

1 Managing growing engagement

There are now more than 30 companies from every stage in the supply chain engaged with the development and use of the NDPE Implementation Reporting Framework. This is very exciting because a reporting tool can only work for mid and downstream companies if all of their upstream suppliers are using it – so critical mass is essential. There is also a growing number of other stakeholders who are engaging, both to provide input and support for development and to monitor the credibility and effectiveness of the approach as it is developed.

Therefore, we need to scale up and formalise the development process to make sure that information is shared with all those involved, communication is clear and participation is facilitated effectively. Some of actions underway to achieve this are summarised below.

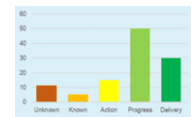
Technical document series: The amount of technical information associated with the NDPE IRF is growing. So far, technical information has been shared through these Updates, but now a separate technical document series is being developed, while the Updates will continue to provide an overview of activities and progress with development. More on this in Ongoing Activities below.

Accessing documents: A web page has been set up, hosted on the Proforest website but accessible directly through www.ndpe-irf.net, where technical documents and Updates can be accessed in one place. We will continue to send updates directly to everyone involved, but it will allow you to find things more easily in one place.

Revising the name to the NDPE Implementation Reporting Framework (NDPE IRF): As the approach is referenced more widely by individuals or organisations who are less familiar with what it does, it is important to be clear about the purpose and scope. Based on discussions with various stakeholders, ‘reporting’ has been added to the name to make the purpose and scope more explicit.

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**.



Working groups: There are now two working groups. The Active Working Group (AWG) of companies that are involved in the practical development and testing of the tool are currently focusing on testing and deploying the refinery template for no deforestation and no peat. The companies have already met physically during RT, and will now also have regular calls in between physical meetings to discuss progress. The Stakeholder Working Group (SWG) is being formalised to allow more systematic and regular discussion and sharing of information with stakeholders who are supporting and monitoring the development of the tool. A meeting has already been proposed for RT in November. Finally, there has also been discussion about a more formal governance mechanism for the IRF, but the general view of companies and stakeholders is that this is not yet necessary.

2 Ongoing activities

2.1 Phase 2 'DP' Allocation Testing in Refineries

A revised excel template has been developed, building on the results of Phase 1, for refineries to use to capture information on progress with 'no deforestation' and 'no peat' (DP) for all the mills in their supply base. The new template uses the information input to allocate the mills to categories and then to produce a profile for the whole supply base so that refineries can produce reports independently. Between now and November, the template will be tested in a growing number of refineries to build understanding of how it works and the outputs it produces.

2.2 Building profiles for supply chains

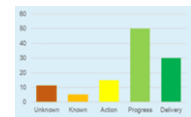
We are also working with several companies to pass information through a supply chain with multiple refineries and actors to provide downstream profiles.

2.3 Progress with 'E' allocation criteria

Developing the 'no exploitation' (E) allocation criteria is even more challenging than for deforestation and peat because there is not such a clear understanding about what 'no exploitation' means. Therefore, the development process has two parts: agreeing what issues should be included as aspects of 'no exploitation'; and developing allocation criteria for the identified issues. Currently under development are the land and labour criteria which will be turned into a template, following the no peat and no deforestation template format. Both sets of criteria have been developed internally and sent out for external feedback to organizations holding expertise in the two specific areas. There is also an internal working group engaged specifically on the development of the labour 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.

2.4 Independent verification

A key driver of credibility is independent verification of outcomes, so independent verification is an important issue for the NDPE IRF. Therefore, a workstream on independent verification is being established and will be discussed during meetings at RT in November. During Phase 2, the main activity is supporting refineries (and increasingly mills) to understand, collect and summarise information on progress with delivering responsible sourcing commitments in order to produce NDPE IRF Profiles. Because this is already a lot of work, the focus is on self-reporting, encouraging



and supporting companies and the individual staff responsible to put time and energy into collating the necessary information. However, it is crucial to develop approaches to independent verification of the results in parallel so that as reporting becomes more routine and widely adopted, independent verification of the results can be included.

2.5 Technical document series

As noted above, 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.

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| 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 |

2.6 Guidance on action

The purpose of the NDPE IRF is to help companies throughout the supply chain to understand and monitor progress with implementing NDPE commitments. By breaking down progress into a series of categories, it becomes much clearer what has already been done, and also what gaps remain. A priority for the coming months is to provide guidance on how to address these gaps in order to drive progress towards full delivery. Although there is a lot of guidance already available, it is not framed in a way which is easily accessible for refineries and mills. The guidance on action will be aimed specifically at refineries and mills and will reference and build on all the information already available to make it more accessible.