



Forest
Positive

Guidance for Forest Positive Palm Oil Suppliers

(Own Brand Manufacturers)

Version 1.0 Developed
by The Consumer Goods
Forum's **Forest Positive**
Coalition of Action

www.tcgfforestpositive.com

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About the Forest Positive Coalition of Action

The Consumer Goods Forum (CGF) Forest Positive Coalition of Action is a CEO-led initiative representing 20 CGF member companies who are committed to leveraging collective action and accelerating systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains. Launched in 2020, the Coalition represents a dynamic shift in the industry's approach to stopping deforestation: by mobilising the leading position of member companies to build multi-stakeholder partnerships and develop effective implementation and engagement strategies, the Coalition brings together diverse stakeholders for sustainable impact. These efforts support the development of forest-positive businesses that drive transformational change in key landscapes and commodity supply chains, strengthening the resilience of communities and ecosystems worldwide. To learn more about the Forest Positive Coalition, visit www.tcgfforestpositive.com.

The Coalition is being supported by the Tropical Forest Alliance and Proforest as strategic and technical partners.

Guidance on Forest Positive Palm Oil Suppliers (Own Brand Manufacturers)

The Consumer Goods Forum's (CGF) Forest Positive Coalition recognises that to support sector-wide progress, it is important to work within and beyond individual supply chains. Therefore, the Coalition, consisting of 20 manufacturers and retailers, is committed to doing business with upstream suppliers who in turn are committed to forest positive implementation across their entire businesses and supply chains.

The Supplier and Trader Engagement Element of the Coalition's Palm Oil Roadmap (Element 2) defines the Coalition's commitments, actions, and publicly reported Key Performance Indicators (KPIs) to demonstrate suppliers' and traders' progress towards compliance with the forest positive commitments.

A critical first action in the Roadmap is developing a 'Guidance for Forest Positive Palm Oil Suppliers', which helps to define what it means for suppliers and traders to implement a forest positive commitment for forest positive deforestation-free palm oil, building on the Coalition's Palm Oil Roadmap.¹ This Guidance was developed in consultation with suppliers, NGOs, and palm oil initiatives aiming at setting the foundations for a shared vision of a forest positive palm oil supply chain.

In parallel, the Coalition is planning to collaborate with suppliers through the Palm Oil Collaboration Group and with other key platforms to align on a standard supplier questionnaire (proposed core requirements and questions), a step towards more efficiency in pursuing forest positive goals across the supply chain. Additionally, the Coalition is working on directly supporting producers through landscape initiatives (existing individual initiatives and collective work under Element 4 of the Coalition's Palm Oil Roadmap).

This document details clear proposed requirements for implementing a forest positive commitment for deforestation-free palm oil across companies' entire palm oil business. Known as the Coalition's "Forest Positive Approach", these are proposed requirements that Coalition members may set themselves and report against to achieve the Coalition's commitments. They may also communicate these proposed requirements to their suppliers with a view to encourage suppliers to adopt the same approach along their supply chain. This Guidance has been developed initially for Coalition members' engagement with their large own-brand manufacturers.^{2 3}

The five basic requirements of the Coalition's "Forest Positive Approach" are for businesses to have:

1. Public commitment to 'deforestation and conversion-free' across entire palm oil commodity business including a public time-bound action plan with clear milestones
2. Process for regular supplier engagement
3. Mechanism to identify and to respond to grievances
4. Support initiatives delivering forest positive development at landscape/jurisdictional and/or sectoral level
5. Regular public reporting against key KPIs

Coalition members can use this document to inform what they will ask of their suppliers and to assess their performance. Additionally, Coalition members can use the 'Guidance for Forest Positive Coalition Members for Implementing Supplier and Trader Engagement' to inform how members will implement and report on their individual company's progress.

1. The Forest Positive Coalition Commodity Roadmaps currently focus mainly on deforestation and already include some requirements on human rights. The FPC is currently working on further integrating Indigenous Peoples and Local Communities' rights into the Coalition's Palm Oil Roadmap.

2. The definition of large own-brand manufacturers will be refined considering financial metrics and turnover and palm oil footprint. Until a definition is agreed, Coalition members can decide individually what is a large own-brand manufacturer and need to disclose their methodology.

3. Guidance for Small and Medium own-brand manufacturers will be included as more progress is made with implementation. This guidance is also useful for manufacturers engaging their direct suppliers to implement equivalent requirements (the proposed forest positive requirements still need to be developed in collaboration with key stakeholders), as it builds on what many companies across the supply chain are already doing and/or working towards.

The “Guidance for Forest Positive Palm Oil Suppliers (Own-Brand Manufacturers)” will be regularly updated to reflect the progress made by the Coalition in developing guidance for implementing the five elements of the Palm Oil Roadmap:

1. Own Supply Chain
2. Suppliers and Traders
3. Monitoring and Response
4. Production Landscape Engagement
5. Transparency and Accountability

Implementation of This Guidance

Forest Positive Coalition members and their suppliers (large own-brand manufacturers) are encouraged to make public commitments to forest positive or NDPE goals. Coalition members and their suppliers are also encouraged to have a public timebound implementation plan outlining the actions they will take to meet these commitments. (See the CGF FPC Annual Report for links to FPC members’ public commitments and individual time-bound action plans).

As part of the supplier engagement process, Coalition members are encouraged to measure and assess their suppliers’ performance using the proposed requirements in this document, including the quality of suppliers’ time-bound implementation plans. If gaps are identified, Coalition members can engage their suppliers to discuss their performance level and agree on a time-bound improvement plan for addressing gaps in meeting the proposed requirements. Recognising the importance of continuous improvement, priorities for progress can be defined at the Coalition level, while timelines for implementation will be defined at an individual supplier level. These will take into account Coalition members’ individual targets and suppliers’ size, as well as the maturity level of their commitments and implementation.

A crucial step in supplier engagement is providing support to suppliers in meeting the proposed requirements. Coalition members can provide support and capacity building as needed to their suppliers in taking the required actions agreed in the improvement plans. This is usually needed for small/medium suppliers with limited resources and capabilities, as well as suppliers who are just starting their journey of responsible sourcing and have limited knowledge. Coalition members are encouraged to also implement, on an individual basis, mechanisms to respond to suppliers’ performance, which may include commercial and non-commercial incentives and penalties. Finally, Coalition members are encouraged to regularly report on their progress engaging suppliers using common Key Performance Indicators (KPIs), which will also be reported against by their suppliers. All reporting will be in accordance with the relevant competition laws, with the necessary precautions taken regarding commercially sensitive information.

Proposed Requirements of the “Forest Positive Approach” for Palm Oil Suppliers (Own Brand Manufacturers)

1. Public commitment to ‘deforestation and conversion-free’ across entire palm oil commodity business including a public time-bound action plan with clear milestones

NB. Suppliers should not include any confidential/competitively sensitive information in these documents.

Supplier has public No Deforestation, No Peat, No Exploitation (NDPE) or responsible sourcing (RS) policy/policies covering palm oil

- The policy(ies) is published on the company’s website and linked to other relevant corporate policies.
- The policy(ies) covers the company’s whole palm oil supply chain, including own production

operations if applicable,⁴ all sourcing areas, as well as all direct and indirect volumes, and all direct and indirect suppliers.

- The policy(ies) includes deforestation cut-off dates and targets consistent with existing sectoral cut-off dates (and therefore with Accountability Framework Initiative guidance), such as December 2015 or other recognised certification cut-off dates.
- The policy(ies) includes at a minimum, commitments to source volumes produced by palm oil producers which meet the following:
 - Operate legally;
 - Comply with existing RSPO Principles & Criteria,⁵ or equivalent standards;
 - Have no deforestation or conversion after the specified cut-off date and protection of high conservation value (HCV) areas and high carbon stock (HCS) forests;
 - Do not establish new developments on peatlands regardless of depth after the specified cut-off date and implement best management practices on existing plantations on peat;
 - Involve no burning in the preparation of new plantings, re-plantings or any other developments, including the management of existing plantations;
 - Respect for internationally recognised human rights with reference to the International Bill of Human Rights (i.e. UDHR, ICCPR, ICESCR) and ILO Declaration of Principles and Rights at work (which is codified in the 8 ILO Core Conventions);
 - Secure free prior and informed consent (FPIC) of indigenous and local communities prior to any activity that may affect their rights (statutory and customary), land, resources, territories, livelihoods, or food security;
 - Include and support smallholder production where possible as well as mitigate any negative impacts on small scale farmers; and
 - Operate an open, transparent and consultative process to resolve complaints and conflicts.

Supplier has public time-bound action plan for delivering on palm oil commitments

- The plan is published on the company's website and linked to other relevant corporate documents.
- The plan covers the company's whole palm oil supply chain (as described for the policy, above)
- The plan lists and explains all activities the supplier is taking and will take to deliver on all the commitments made in their NDPE/RS policy(ies) – e.g. source RSPO certified volumes, map the palm oil supply chain and conduct risk assessments, engage own suppliers and monitor supplier performance, invest in landscape initiatives, etc.
 - Activities cover actions within supply chain (volume and suppliers) and beyond supply chain (in production landscapes and at sector level) to address and mitigate negative impacts and deliver positive outcomes.
- The plan includes tracing the supply chain to a sufficient extent to ascertain whether production volumes sourced complies with commitments set in policy(ies) (e.g., mill level and production level).
- The plan has clear timebound actions, targets and milestones by which activities will be completed as well as proposed KPIs for measuring progress, which are accountable at the senior level.
- The plan has been consulted with relevant stakeholders – e.g. internal staff and procurement

4. In the case of a corporate group, policy covers all legal entities under group's total or partial control, and company engages their partners in Joint Ventures to ensure same commitments are adopted.

5. Own brand manufacturers should have their own policies and sustainability processes as well as being committed to sourcing RSPO or equivalent certified volumes. Buying RSPO certified palm oil is one of the main actions own brand manufacturers can take to ensure compliance of the palm oil volumes they source with their policy commitments, but they should also implement other actions with their suppliers and at landscape/sector level.

team, buyers and suppliers, NGOs, rights-holders, etc.

- The plan is properly resourced, has staff (from sustainability and procurement teams, including senior level executives) dedicated to managing the process, and embedded in staff performance KPIs.
- The plan is reviewed and updated, as necessary, on a regular basis.

2. Process for regular supplier engagement

The Supplier has one or more mechanisms for regular engagement with their suppliers. The proposed mechanism or mechanisms:

- Cover their whole supply chain (company may have different mechanisms for different parts of their supply chain and different types of suppliers);
- Include a public list of expectations for suppliers covering, at minimum, all the expectations proposed in this document;
- Include a system to monitor suppliers' progress in meeting the requirements;
- Have procedures and requirements for on-boarding new suppliers (e.g. due diligence on supplier's sustainability record and capacity to meet NDPE policy commitments and deliver compliant volumes);
- Include procedures for engaging with and supporting suppliers to progress over time and preventing environmental harms or human rights abuses from happening in the supply chain (e.g. continuous improvement programmes with suppliers, performance scorecards);⁶
- Have a procedure to individually respond (positively and negatively) to suppliers' progress and performance, focusing on positive action to solve issues but which also describes clear consequences at procurement level such as suspension and re-entry criteria; and
- Be properly resourced and have staff (from sustainability and procurement teams) dedicated to managing the process.

3. Mechanism to identify and to respond to grievances

The Supplier has one or more mechanisms to identify, monitor, and respond to grievances (e.g. deforestation, forced labour, land grabbing, etc.) in their palm oil supply chain. The proposed mechanism or mechanisms:

- Are published on the Supplier's website and linked to other relevant corporate documents;
- Cover their whole supply chain;
- Apply to supplier group level;
- Include a grievance mechanism that is aligned with the UNGP effectiveness criteria and that provides accessible and confidential means for stakeholders to raise issues;
- Cover environmental and human rights issues, including all issues covered in the NDPE/RS policies.
- Include other suitable methods to detect grievances, such as monitoring and alert systems for deforestation and conversion based on remote sensing;
- Outline how grievances will be identified (including mechanisms used e.g. grievance mechanism, satellite monitoring alerts), recorded, addressed, resolved and remediated;
 - For deforestation grievances linked to palm oil should align with the CGF FPC Deforestation Monitoring & Response Framework
- Have a publicly disclosed procedure with clear consequences (such as suspension and re-entry criteria) for suppliers not complying in the grievance resolution process;⁷

6. Smallholders are at production level and therefore support for smallholders will be addressed through sectoral and landscape engagement (see section 1 for commitment to support smallholder production).

7. In compliance with competition laws, FPC members should not collectively agree to discontinue sourcing from specified suppliers.

- Include a public grievance log which is updated regularly and provides a summary of grievances recorded and their status of resolution;
- For deforestation grievances linked to palm oil this should align with the CGF FPC Deforestation Monitoring & Response Framework and any associated reporting templates [TBD]
- Be properly resourced and have staff dedicated to managing the process.

4. Support initiatives delivering forest positive development at landscape/jurisdictional and/or sectoral level

Supplier is actively engaging with and/or financially or in-kind supporting landscape/jurisdictional and/or sectoral initiatives delivering forest positive development in their palm oil sourcing areas (i.e. at production level).

- The Supplier's involvement and support in landscape (e.g., landscape initiatives promoted by Coalition members individually or collectively) and sectoral initiatives is proportional to their footprint in the palm oil sector (volume sourced, supply chain position, and exposure in high-risk origins).
- Landscape initiatives are selected through prioritisation assessment on where supplier is exposed to highest risk and can have biggest impact.
- Landscape initiatives promote solutions that are developed in collaboration with local stakeholders, fit farmer needs and capabilities and include social safeguards and have a clear plan and timeline to reduce conversion and deforestation through locally effective means such as compensation mechanisms, land use planning and policy, law enforcement, increasing yields on existing production areas, focusing expansion onto degraded lands, preferential sourcing, regenerative agriculture, and restoration.
- The Supplier participates in relevant palm oil sector initiatives (e.g., RSPO, Palm Oil Collaboration Group, UKRT) for the geographies from which they source.⁸ The Supplier influences and contributes to these initiatives to drive sector-wide adoption of robust commitments, including definitions and cut-off dates (see section 1); facilitate the adoption of common progress metrics and reporting (see section 5); foster transparency; and support multi-stakeholder collaboration with government, civil society, and others.

These requirements will be reviewed and updated as best practice is further developed under Element 4 (Landscape Engagement) of the Coalition's Palm Oil Roadmap.

5. Regular public reporting against key KPIs

The Supplier is encouraged to regularly and publicly report on the progress they are making in delivering on their commitments:⁹

- Reporting covers all Forest Positive requirements (above).
- Reporting is updated on a minimum annual basis.
- Reporting shows progress towards fulfilling timebound action plan (see section 1), using the proposed KPIs specified in the plan.
- The Supplier may report progress through platforms (e.g. CDP), initiatives (e.g. POTC) and/or individual public reports.
- The Supplier informs how their claims in reporting are verified, with the expectation being that third-party verification systems are in place.

8. Guidance to be developed on how sufficiency of involvement in sectoral initiatives will be assessed but participation involves demonstrable action/implementation.

9. Confidential, commercially sensitive information must not be disclosed.

The Supplier's reporting is encouraged to cover all the following at a minimum:

- Production information and KPIs:
 - Mill list using the conventions of the Universal Mill List to make group links
 - Information on traceability, including:
 - Percentage volume traceable to mill
 - Percentage of volume with FFB traceable to known production including both direct and indirect sources
 - Footprint (% area) of company's supply chain in terms of production area covered
 - Fulfilment of forest positive or NDPE goals and progress, including:
 - Percentage volumes or mills in supply base meeting NDPE or equivalent commitments (see commitments in section 1), and progress for those not fully complying using the NDPE IRF or equivalent. If using the NDPE IRF, report % volume or % of mills at each of the IRF categories.
 - Percentage volume physical (Mass Balance or Segregated) RSPO certified or POIG verified. Credits can also be reported if used
 - Grievances and alerts received/identified (e.g. through grievance mechanism, deforestation monitoring alerts) and progress on resolution and remediation
 - For deforestation grievances linked to palm oil this should align with the CGF Forest Positive Coalition's Deforestation Monitoring & Response Framework and any associated reporting templates [TBD])
 - Information on the company's contribution to the mitigation of deforestation/conversion or to forest positive outcomes via support for landscape, jurisdictional, or sectoral initiatives, including:
 - Updates on landscape and sector initiatives including progress and/or impacts made
 - For landscape initiative, outline key metrics such as: number of initiatives, percentage of supply covered, footprint covered, value of investment, etc.
- Supply chain information and KPIs (if not covered in KPIs above):
 - Direct supplier list
 - % direct suppliers (by volume or number) informed, engaged and monitored on NDPE/RS policy commitments and forest positive requirements
 - Direct supplier performance against sustainability requirements (including the elements of the forest positive requirements above) and changes over time including progress on delivery across entire palm oil business
 - Non-compliant suppliers engaged in improvement processes (% , #, volume)
 - Number of suppliers suspended or excluded due to non-compliance

Initially, companies/suppliers can use their own methodology to calculate/report on KPIs but should be transparent on the methodology used. Proposed KPIs will be reviewed and updated as core KPIs under the Palm Oil Roadmap are further defined. All KPIs will be reported on in compliance with competition laws, including on information exchange.



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