CGF Forest Positive Coalition

Intro to the Palm DCF Methodology
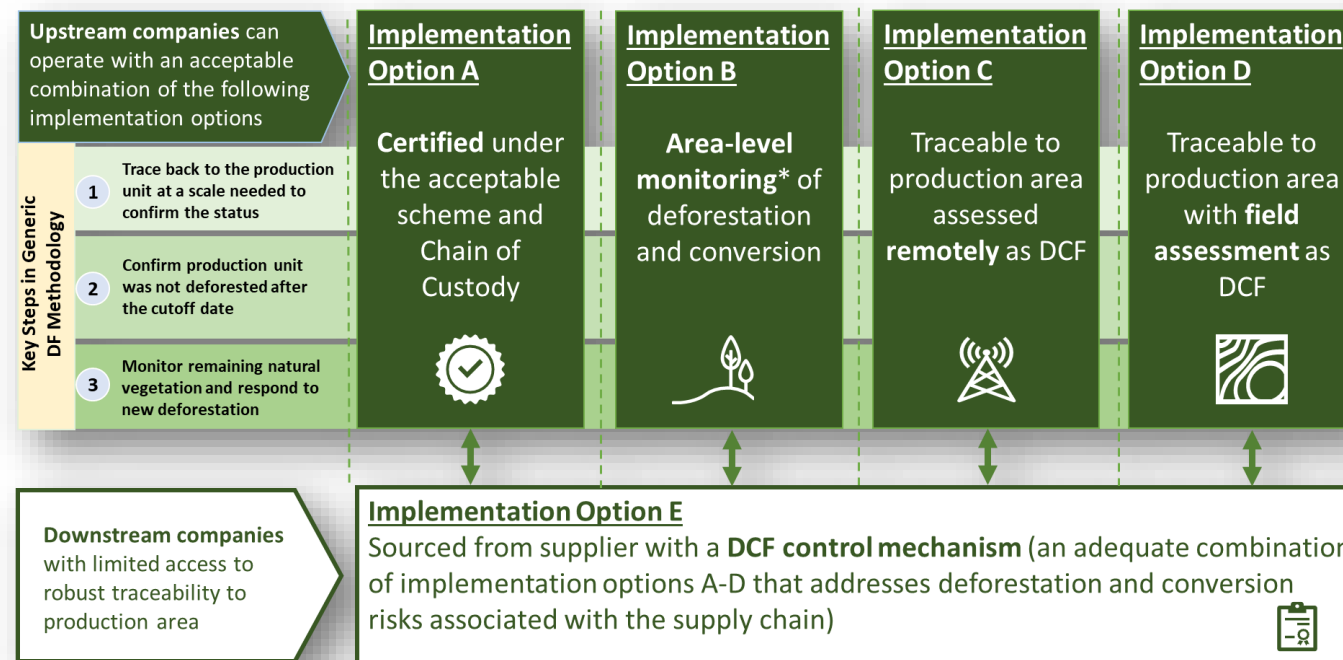
July 2025

Introduction

Introduction

Objective of the webinar

- Key users to understand the CGF Forest Positive Coalition's Deforestation and Conversion Free Sourcing Methodologies
- To improve key users' ability to support CGF-FPC member DCF reporting

*Sectorally aligned language; formerly referred to as "negligible risk"

CGF Forest Positive Coalition & Theory of Change

The Consumer Goods Forum:
Forest Positive Coalition

Members:

Partnerships:

CGF Forest Positive Coalition:
Theory of Change

DCF Supply

Sourcing DCF across all volumes while promoting social inclusion requires integrating a forest and people positive culture

DCF Suppliers

Transforming supply chains requires supplier action

Forest Positive Landscapes

Addressing systemic issues requires collaboration

CGF Forest Positive Coalition: Commodity Roadmaps

The Roadmaps

Palm Oil   Soy   PPP   Beef

Five Elements of the Roadmaps

- Managing own supply chains;
- Working with suppliers, traders and/or meatpackers;
- Monitoring production bases;
- Engaging in production landscapes and regions; and
- Promoting transparency and accountability,

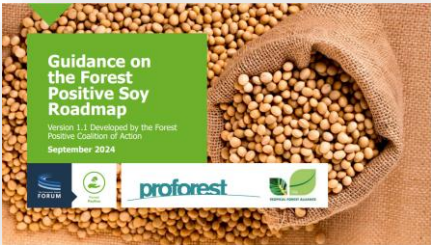*With individual and collective commitments, actions, and KPIs for each element*

CGF Forest Positive Coalition: Resources Available
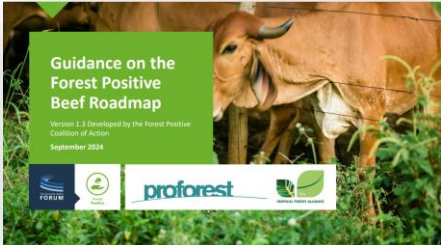

Roadmap Implementation Guidance

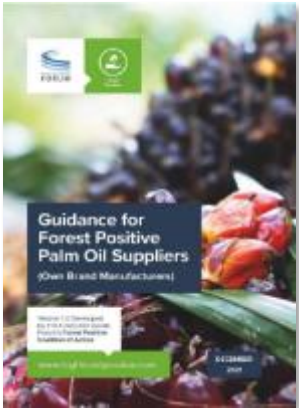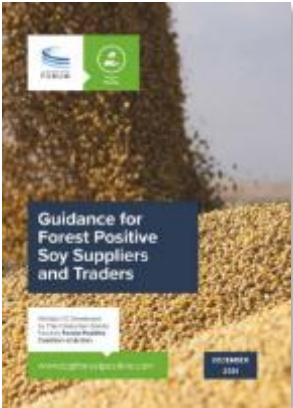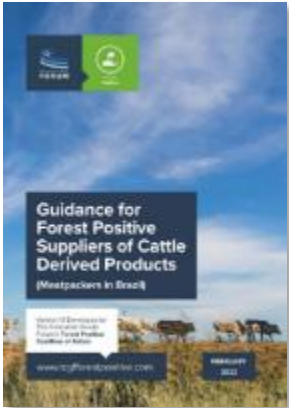- *Palm Oil*
- *Soy*
- *PPP*
- *Beef*

Guidance for Forest Positive Suppliers

- *Palm Oil*
- *Soy*
- *Beef (EN)*
- *Beef (PT)*

Palm Oil Monitoring & Response Framework

Deforestation Monitoring and Response Framework

FPC Roadmaps: Element 1

Element 1 covers members' own supply chains and volume sourcing, including a commitment to be deforestation and conversion free with corresponding KPIs to track progress to DCF.

DCF COMMITMENT

Public commitment to eliminate legal and illegal deforestation and conversion of natural ecosystems in the commodity supply chain

KPI REPORTING

KPI: % DCF for commodity volume using FPC commodity specific DCF Methodology

SCOPE: Report on full commodity scope, and disclose any exclusions

FPC Roadmaps: Element 2

Element 2 covers how members' suppliers can be 'forest positive' across the supplier's commodity business, not just for volumes sourced by FPC members.

COMMITMENT

Members communicate and implement the 'forest positive approach' with suppliers and collaborate with them to address barriers to sector-wide progress.

KPI REPORTING

KPIs: Suppliers engaged on the elements of the Forest Positive Approach as well as supplier performance

SCOPE: Suppliers commit and implement the approach across their commodity business

Generic FPC DCF methodology
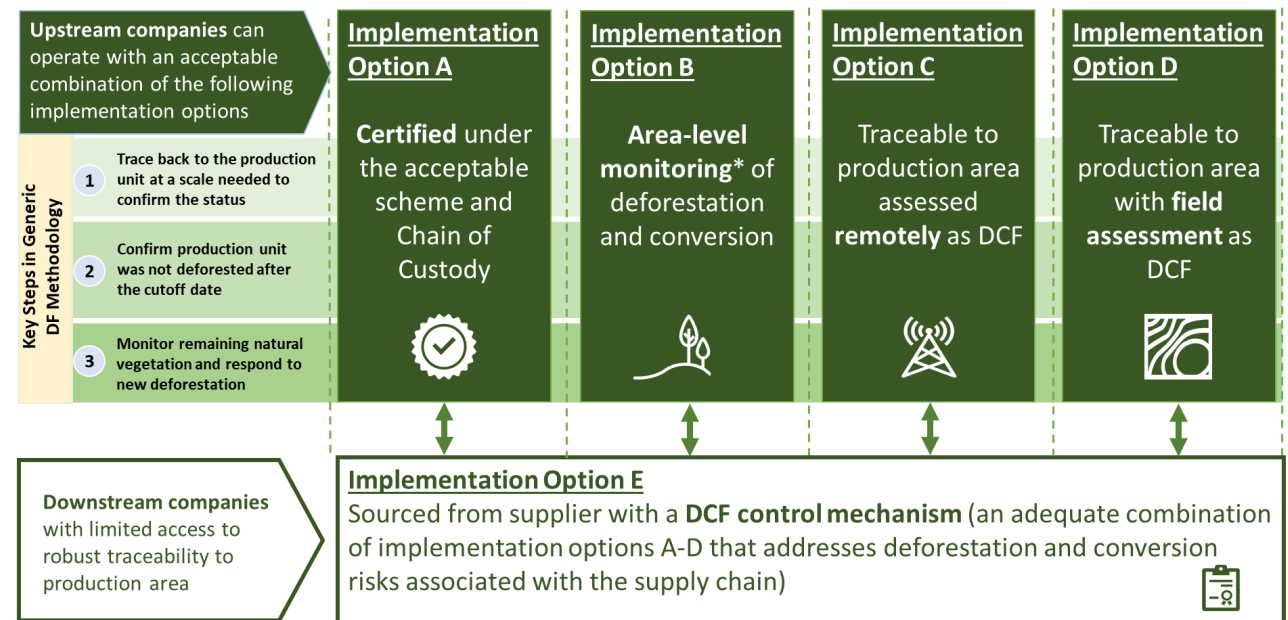
Generic DCF Methodology

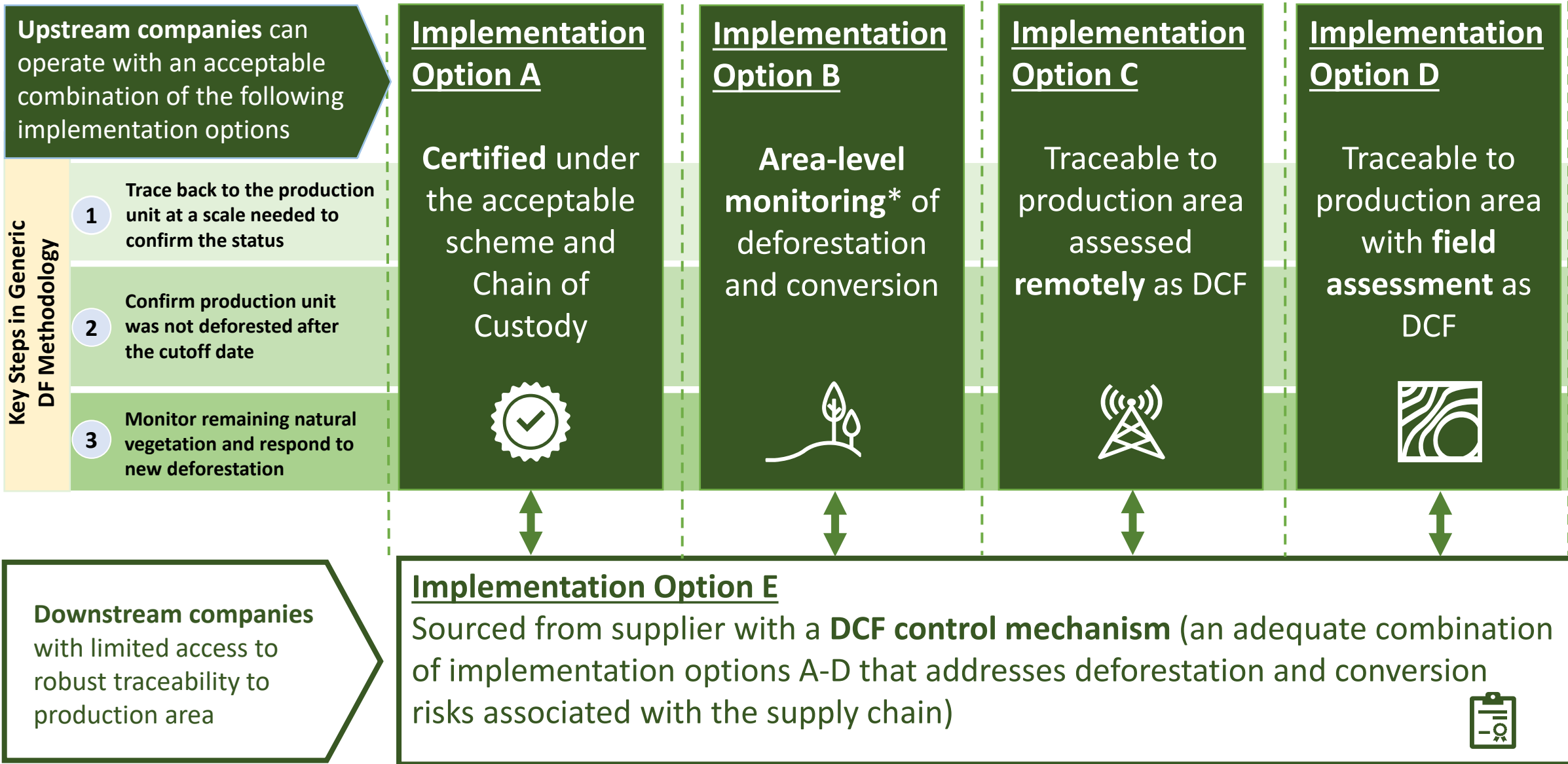**Developed in consultation with key partners, including:**

Alignment: The coalition has worked to achieve an aligned approach to DCF to provide greater consistency and credibility for reporting on %DCF volumes across members and in the sector. By socialising the methodology, the coalition can support wider uptake and alignment across the sector.

Transparency: The coalition has a commitment to report transparently on DCF, with the intention to engage suppliers to uptake these same principles.

		Implementation Option A	Implementation Option B	Implementation Option C	Implementation Option D
Upstream companies can operate with an acceptable combination of the following implementation options		**Certified** under the acceptable scheme and Chain of Custody	**Area-level monitoring*** of deforestation and conversion	Traceable to production area assessed **remotely** as DCF	Traceable to production area with **field assessment** as DCF

Key Steps in Generic DF Methodology

1. Trace back to the production unit at a scale needed to confirm the status
2. Confirm production unit was not deforested after the cutoff date
3. Monitor remaining natural vegetation and respond to new deforestation

Downstream companies with limited access to robust traceability to production area

Implementation Option E
Sourced from supplier with a **DCF control mechanism** (an adequate combination of implementation options A-D that addresses deforestation and conversion risks associated with the supply chain)

Sectorally aligned language; formerly referred to as "negligible risk"

Generic DCF Methodology

Upstream companies can operate with an acceptable combination of the following implementation options

Key Steps in Generic DF Methodology

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Implementation Option A

Certified under the acceptable scheme and Chain of Custody

Implementation Option B

Area-level monitoring* of deforestation and conversion

Implementation Option C

Traceable to production area assessed **remotely** as DCF

Implementation Option D

Traceable to production area with **field assessment** as DCF

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Sectorally aligned language; formerly referred to as "negligible risk"

Generic DCF Methodology

The generic methodology is adapted into commodity specific interpretations for each of the four CGF-FPC commodities
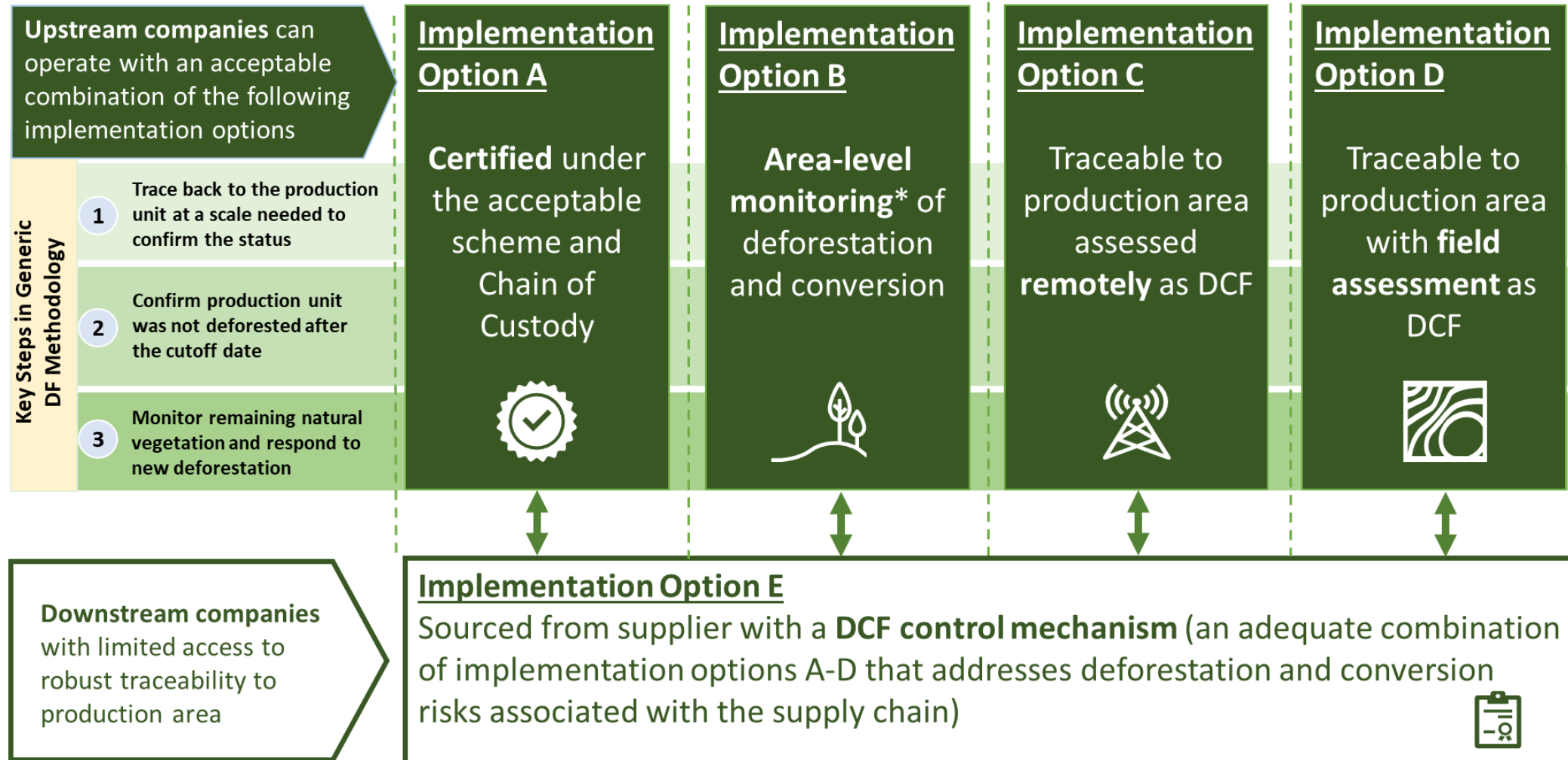
Palm Oil

Soy

Pulp, Paper, and fibre-based packaging

Cattle Derived Products

CGF-FPC Palm Oil DCF Methodology

Palm Oil DCF Methodology

Upstream companies can operate with an acceptable combination of the following implementation options

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Traceability Expectations for Palm Oil

Within the generic DCF methodology, *'tracing back to production area at a scale needed'* is the first step within each DCF implementation options. Traceability data is critical to companies understanding the status of their volumes and where to address risks. However, building traceability systems can be resource intensive, so it is key to gain data at a granularity level suitable to manage and mitigate risks within the supply chain.

In the Palm Oil industry, having Traceability to Mill (TTM) is standard. Traceability to Plantation (TTP)/Fresh Fruit Bunch (FFB) is more challenging, particularly for smallholder volumes as resource access may be limited and intermediaries or dealers add additional complexity before the FFB reaches the mill.
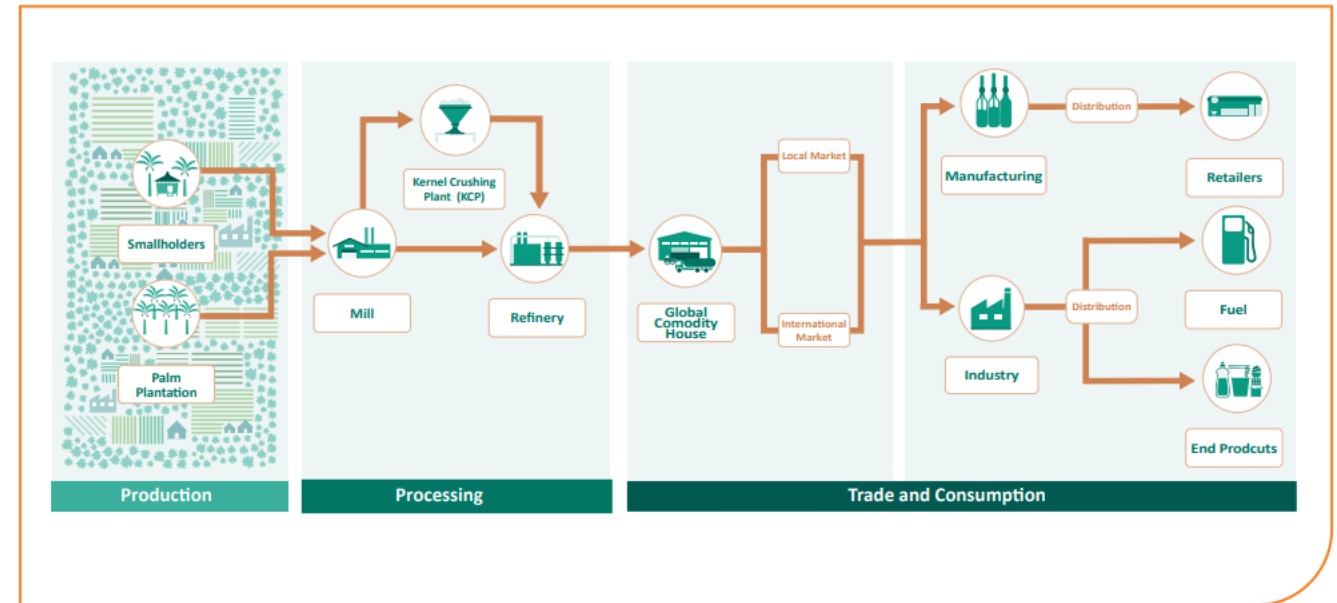
Figure 1: Example of a typical palm oil supply chain and involved actors. (Image source: Proforest).

*See next slide for more information on types of production

Types of Production Areas and Traceability

	Directly managed areas	Independent plantations	Independent smallholders
	Own plantations — Scheme smallholders	Third-party plantations	ISHs
Description	FFB production areas legally connected to a mill, comprising of mill's own plantations and/or scheme smallholders	Don't belong to any mill group and operated independently by different owners. Plantations with plot sizes that are generally bigger than smallholder farms.	**RSPO definition:** Individual farmers with planted oil palm areas of less than 50 hectares *(use national definition where available)*
Traceability	Geolocation information to plot generally available publicly or through private monitoring platforms	Some geolocation available publicly or through private monitoring platforms, however, TTP information needs to be provided by the mill	Limited geolocation data available to plot so traceability to larger areas where risk is known is important to avoid supply chain exclusion. *(eg landscape initiatives, minimal smallholder driven deforestation villages)*

Option A: Certification

Certification is frequently used to support companies to deliver their sustainability commitments. Adequate certification schemes with aligned cut-off dates, deforestation definitions, monitoring and an adequate chain of custody delivers on DCF. For DCF claims, the material must be traceable back to a certified area (segregated or identity preserved), or if there is mixing (mass balance), controls must be in place to ensure that the non-certified material is also deforestation-free.

RSPO	ISCC		MSPO	ISPO
Roundtable on Sustainable Palm Oil	International Sustainability & Carbon Certification			

Segregated (SG) — RSPO and ISCC Segregated and Identity Preserved volumes deliver on DCF.

The MSPO and ISPO national certification schemes do not currently fully address DCF but can support mitigation of deforestation related risks.

Mass Balance (MB) — The certified portion of MB volumes may also be considered as DCF, if controls are in place to manage the uncertified component.
See later slides for an example of an available approach through the NDPE IRF.

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Option A: Certification

What may FPC company buyers request from suppliers?

Confirmation that supplier is RSPO member and certified

- RSPO membership

- ACOP report

Certification claim on invoice:

- Product specification should state: *the Chain of Custody type, scheme & percentage certified*
- Supplier certificate number
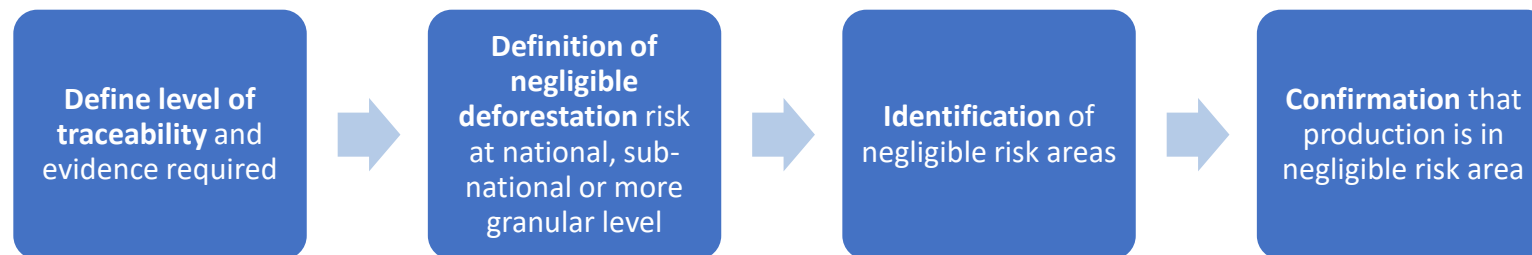
Option B: Area-level monitoring

Geographic Scale: It's not possible to identify large regional areas of minimal to no risk of deforestation for Palm Oil. Instead, area-level monitoring can be used at more granular sub-national scales e.g. Village level.

Smallholder production context: Mapping and monitoring land to prove DCF requires technical resources and capacity that many smallholders lack, leading to limited traceability for downstream companies. There is need for interim area-level approaches that identify landscapes with high smallholder driven deforestation vs landscapes that were converted long before the cut-off date. This supports excluding smallholders from supply chains as a results of lack of proof that they are DCF, which can have unfair negative consequences to livelihoods.

Publicly available resources: The [Minimal Smallholder Deforestation layer](#) *(developed by the Palm Oil Collaboration Group (POCG) Production and Protection beyond Concessions (PPBC) group)* can be used to crosscheck if independent smallholder volumes come from areas identified as minimal deforestation risk, allowing certain questions in IRF v6.0 to be answered. This tool, developed by the sector, currently has assessed villages in Indonesia & Malaysia.

Steps to determine area is DCF

Steps to identify and respond to new deforestation

Define level of traceability and evidence required	**Definition of negligible deforestation** risk at national, sub-national or more granular level	**Identification** of negligible risk areas	**Confirmation** that production is in negligible risk area	Methodology for regular **review of negligible risk** status	Methodology for **responding to change** in risk

Option B: Area-level monitoring

What may FPC company buyers request from suppliers?

Supplier's definition of traceability to production to be equivalent to the buyer's (e.g. align with Palm sectoral definition of Traceability to Plantation / Production area in development by POCG).

- Supplier reports on percentage traceable to production on a minimum annual basis and publicly clearly defines their TTP definition and methodology

- Traceability reporting covers all relevant palm oil products being sourced

Evidence to demonstrate implementation: Public reporting and/or internal document detailing traceability to production definition and methodology to calculate it.

When a supplier sources from independent smallholders (ISH), traceability to production area may be more challenging. Therefore, suppliers and buyers can leverage the MSD layer (or alternative resource*) to identify which volumes can be claimed as DCF.

Buyers may also request independent audit to review internal system and verification traceability data. Where no traceability information is available the buyer may engage supplier to support gaining further visibility.

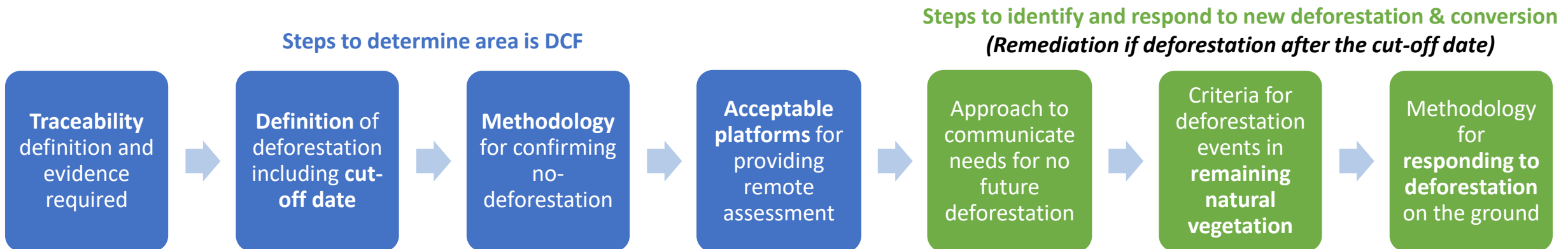*Transparency of methodology and underlying data used to identify DCF areas*
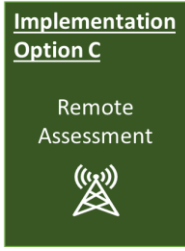
Options C & D: Remote & Field Assessment

Field assessment of production area: Not commonly used as an implementation option, though may form part of through certification or auditing process.

Remote assessment of production area (to determine no conversion after cut-off date): Frequently used tool, building on company traceability data to production *(mill-owned concessions, independent concessions and independent smallholder plantations)* and satellite monitoring of deforestation. Commonly used providers include Satelligence, Earthqualizer and Starling (e.g. Earthworm Foundation's NDV methodology).

CGF-FPC Monitoring and Response Framework (MRF): Includes detail on defining the point at which an alert becomes a grievance, as well as FPC's interim guidance on good practices for remediation.

Steps to determine area is DCF

Steps to identify and respond to new deforestation & conversion
(Remediation if deforestation after the cut-off date)

| **Traceability** definition and evidence required | → | **Definition** of deforestation including **cut-off date** | → | **Methodology** for confirming no-deforestation | → | **Acceptable platforms** for providing remote assessment | → | Approach to communicate needs for no future deforestation | → | Criteria for deforestation events in **remaining natural vegetation** | → | Methodology for **responding to deforestation** on the ground |

Option C: Remote assessment

What may FPC company buyers request from suppliers?

For criteria and evidence related to traceability data, see pp. 25.

Buyers may request transparency of supplier's system & assurance mechanism

- Supplier has a transparent deforestation monitoring system in line with CGF-FPC Palm Oil DCF methodology (ideally publicly but if not, can disclose the following details to buyer):

    1. *Definition of forest and other ecosystems (i.e. conversion of HCV areas, national forest maps, peat)*

    2. *Quantify how much natural vegetation existed within the production areas before the cut-off date*

    3. *Estimate natural vegetation converted (ha of forests & other natural ecosystems)*

    4. *Explain how volumes are linked to DCF assessment*

- Supplier monitors the number of grievances logged and effectiveness of remediation actions addressing identified grievances. For deforestation grievances linked to palm oil this should align with the CGF FPC Deforestation Monitoring & Response Framework.

Evidence to demonstrate system implementation: Deforestation alerts, access to remote sensing deforestation monitoring provider, log for deforestation grievances.

Option D: Field assessment

What may FPC company buyers request from suppliers?

For criteria and evidence related to traceability data, see pp. 25.

Buyers may request transparency of supplier's system & assurance mechanism:

- Site assessments conducted by suppliers
- Land Use Change Analysis by suppliers
- Field based environmental risk assessment that can be based on different data sources collected by the company
- Interviews with experts and affected rights-holders to natural resources *(e.g., water, air)*
- Assessment has been conducted within an adequate timeframe to reflect an accurate representation of the supplier's current supply base *(e.g. if the supplier's business or supply base has changed recently, a new risk assessment would be required)*

Evidence to demonstrate system implementation: Public or internal environment risk assessment reports that include a summary of the methodology followed and results

Option E: Supplier DCF Controls

Most relevant for **downstream supply chain actors** with limited access to robust traceability to production area data.

Described in previous slides

Implementation Option A	Implementation Option B	Implementation Option C	Implementation Option D
Certification	Area-level monitoring	Remote Assessment	Field assessment

Deforestation Free (DF)

OR

Option E

Sourced from a supplier with a **DCF control mechanism** that adequately addresses deforestation risks associated within the supply chain with mechanism in place to monitor and guarantee the elimination of deforestation activities associated with the volume sourced from the respective palm oil producing regions.

1. *Ensure Tier 1 supplier operates an acceptable combination of A/B/C/D to provide assurance*
2. *Define methodology/criteria to individually approve suppliers (directly or through a 3rd party)*

DCF through Option E - Supplier volumes with DCF control mechanism (Options A-D)

Non DCF volumes reported by suppliers *(see later slide for efforts to address non-DCF volumes)*

An available approach: NDPE IRF is a tool to systematically monitor and report progress across the full supply base of companies throughout the supply chain, with volumes in the delivering category of v.60 classified as DCF *(see next slide for more information)*

Option E: Supplier DCF Controls

What may FPC company buyers request from suppliers?

Buyers may request transparency of the DCF pathways implemented by the supplier and the methodology used & the assurance mechanism in place.

If the supplier is using the IRF to track and report on progress, the following requirements apply:

- Supplier is publishing Deforestation and Peat refinery profiles

- Supplier has targets for IRF results for Deforestation and Peat

- The % in the delivering category is considered DCF *(best practice includes verification of IRF results against the data verification protocol)*

- Supplier is committed to transitioning from IRF v5.8 to IRF v6.0

If supplier implements other tools, the buyer can assess methodological alignment based on the criteria outlined in the DCF options A-D.

Evidence to demonstrate system implementation: Public reporting on DCF & assurance statement by third party verifier

Example of available approach for Option E: NDPE IRF (an overarching reporting tool)

Purpose

The D&P IRF is a reporting tool developed by the Palm Oil Collaboration Group (a sectoral collaborative space) to help companies track and report progress in delivering No Deforestation and No Peat (NDP) commitments across the whole production base connected to their volumes. A D&P IRF profile is created by aggregating information on NDP performance across the supply base, which further allocates volumes into 6 categories, with the Delivering category covering the volumes delivering on NDP commitments.

Collecting information from implementation options

The IRF is built on existing tools and approaches towards meeting deforestation-free commitments by allocating volumes into different IRF categories based on certification status, satellite monitoring and response alert, grievance status, and other on-the-ground actions to address deforestation and peatland expansion. For more resources see the NDPE IRF website.

DCF reporting

The NDPE IRF covers both deforestation and peat expansion (D&P). The newest version (IRF v6.0) provides an aggregated profile capturing all the information required for DCF reporting as it includes any deforestation and peatland expansion (previous versions provided two separated profiles). The delivering category of IRF v6.0 is in alignment with the CGF-FPC DCF methodology. While companies are still reporting using IRF v5.8 for reporting on 2024 volumes, from 2026 onwards (i.e., 2025 volumes onwards) only the IRF v6.0 will be available.

Verification

Guidance for reporting

- **Verification is considered good practice** but is not a requirement for reporting on DCF
- Companies to state if reporting data is **self-declared or verified**
- To report as verified data – verification to be completed by a **3rd party**

Resources available

- Development of verification guidance is ongoing by the **Independent Verification working group of the POCG** *(group includes external stakeholders such a Peterson, WWF)* – see protocol once finalized
- For data reported through the IRF tool – a **data verification protocol** is available for trained certification bodies to verify the self-reported information.
- **The Accountability Framework Initiative (AFI)** are currently developing guidance on when to use verification for different reporting contexts

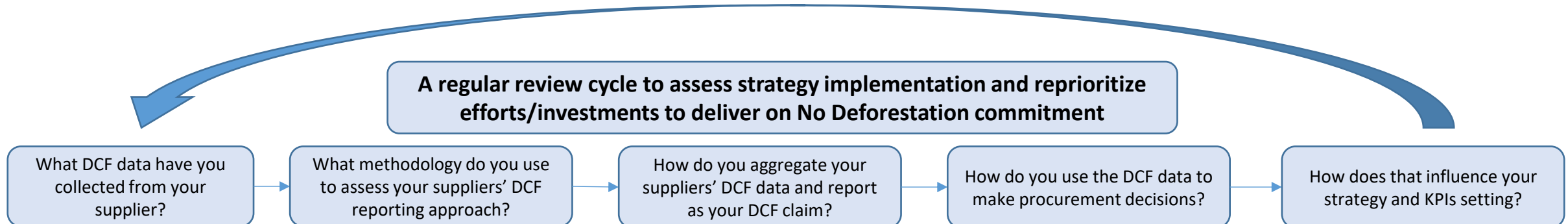# Efforts towards addressing non-DCF Volumes

Working with suppliers within supply chains:

- To effectively manage deforestation risk within supply chains

- Where no DCF approaches can be applied, material cannot be considered as DCF, and engagement is crucial to collaboratively mitigate risks

Working beyond supply chains:

- Engage in production landscapes to collaboratively transform Palm oil production (see Element 4 of the FPC Palm Oil Roadmap and FPC Landscape strategy)

- Support independent smallholders in production landscapes to achieve DCF and avoid exclusion from supply chains

A regular review cycle to assess strategy implementation and reprioritize efforts/investments to deliver on No Deforestation commitment

What DCF data have you collected from your supplier? → What methodology do you use to assess your suppliers' DCF reporting approach? → How do you aggregate your suppliers' DCF data and report as your DCF claim? → How do you use the DCF data to make procurement decisions? → How does that influence your strategy and KPIs setting?

Resources

Resources

For further information on the following topics, visit the links below:

- For the Palm Roadmap follow this link

- The palm roadmap guidance is still under development, but guidance for Forest Positive Suppliers can be found here: 2021-Guidance-for-FP-Palm-Oil-OBM-Suppliers.pdf

- CGF Palm oil Monitoring and Response Framework (MFR): 2022-CGF-FPC-Palm-Oil-MRF.pdf

- For further information on the IRF as a reporting tool: NDPE Implementation Reporting Framework