Implementing Supplier Engagement Programmes to Provide Assurance for Uncertified Origins

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Outline

• Understanding legality
  • Key part of sustainability policy commitments
• Proforest’s approach to providing assurance on uncertified volumes
Supporting people to transform natural resource production for greater sustainability.
**Definition:** What do we mean by legal FFB

**Scope:** Production of FFB by all types of producers

- Plantations
- Small, medium sized planters
- Associated and independent smallholders

- Production of FFB in a manner which meets relevant **sustainable** legal requirements
  - **Environmental:** buffer zone management, water permits, etc.
  - **Social:** health and safety requirements met, no child labour, etc.

- Production of FFB which has not resulted in **theft**
- Production of FFB on land which does not conflict with other **land-uses/ rights**
Potential risk: How do risks enter our supply chains

In the context of certification:

- RSPO certification is one mechanism for providing assurance that FFB is produced sustainability and comes from legal sources (principle 2) however
- Uncertified & illegal FFB could still potentially be entering certified supply chains if certified materials are traded through mass balance system

- The management of environment, social & legal risks entering certified supply chains is critical for companies
- It is therefore important to first know what sustainability risks there are within your supply chains
Management of risks

Proforest’s responsible sourcing approach
Key elements for providing assurance for uncertified origins

- Traceability & Supply Chain Mapping
- Understanding Risks
- Prioritising Efforts for Impact
- Engaging Suppliers & Producers
- Monitoring Progress
Traceability and supply chain mapping

• Primary way for knowing whether risks (eg. illegal FFB) are entering your supply chains
  • Map the supply chains of direct suppliers to mill and plantation/ farm level
  • Validate the geo-coordinates
  • Engage with actors along the supply chain to raise awareness and understanding of the responsible sourcing approach.

Reality:
• Tracing back to plantation/ farm not always feasible to achieve in a short period of time
• Implementation of alternative mechanisms needed in parallel in order to safeguard against these risks
2. Understanding risks: potential

- Identification of potential risks of uncertified production practices
  - Risk assessments based on location, existing supplier programmes
  - Bio-physical risk assessments
  - Qualitative in-depth research
2. Understanding risks: What are you looking for?

**Desktop**
- Deforestation/forest loss
  - Proximity to protected areas and national parks
- Fire hotspots
- Overlaps with other land-classifications
- Efficacy of regulatory systems
- Specific indices on child labour, forced labour, etc.

**Site-level**
- Does the mill know who their suppliers are?
- How is the FFB supplied to the mill (multiple traders, independent transport companies, collection centres, etc.)?
- How stable is the supply?
- Are there any national parks close by? Are there other mills in the landscape sourcing from the same smallholder setting?

**Reality:**
- Producers/millers cannot generally resolve all issues, such as illegal sources of FFB, on their own.
- The scale of interventions required depends on multiple external factors (e.g., number of stakeholders involved in the supply of FFB, and scale of issue).
3. Prioritising efforts to have impact

- Identifying priorities that deliver meaningful impact: Working with:
  - Suppliers who can **leverage transformation**
    - Large volumes
    - Commercial relationships
    - Collaboration with suppliers with existing responsible sourcing programmes
    - Suppliers with no direct linkages to traders
  - **Willing/ committed** suppliers and/or local stakeholders
  - Groups of suppliers in a **geographical cluster** where there are landscape wide issues that needs addressing
  - Suppliers who can be **linked** to existing **landscape-level** initiatives
Engaging with suppliers & producers

- Build their **awareness** of responsible sourcing commitments & **specific risks**
  - Supplier workshops
- **Build capacity** among **local partners** to provide long-term support for responsible production practices
- **Prepare for ground-truthing** visits or other interventions
- **Monitoring** progress
Supplier workshops

- Effective way for **building relationships** and **getting buy-in**
  - Across supply chain actors
  - Amongst company group-level management
  - Mill + plantation teams
  - Agents & smallholders
- **Discussion platform for understanding**
  - Implications of responsible sourcing policies
  - Issues considered critical
  - **Systems** that need to be developed and put in place
  - Where more capacity/ training is required

**Reality:**
- **Long-term process**: Role of mills/ suppliers key for the effective implementation of policy requirements
- Supplier buy-in even more critical to allow for long-term implementation
Ground-truthing (mill, supply base or aggregators)

- An opportunity to continue building relationships with suppliers.
- Identify specific and actual areas of risk and capacity building opportunities
- Develop action plans for continuous improvement

- Supporting with solutions where needed
- Monitoring progress over time and providing continual support
Linkages to existing initiatives

- **Landscape and jurisdictional initiatives**
  - Landscape-level approaches considered to be an effective way to help deliver legal sources of FFB (amongst others)

- **Legal compliance** may not deliver as high a standard of practices as **certification** or **company requirements**.
- If it is **enforced** across a whole sector, however, the impact can be very **significant**.
- An entire landscape under legal management may be more sustainable in the long term than small ‘islands’ of responsible production in a ‘sea’ of illegal and destructive practice.
Summary

- Management of uncertified volumes within certified supply chains remains critical
  - For reducing/eliminating risks in your supply chains
- Traceability efforts are important for identifying risks entering your supply base
- Traceability alone cannot solve the often systematic and landscape wide issues (eg. potential illegal sources of FFB)
- A combination of interventions is required to tackle sustainability issues
  - Producer engagement
  - Training and capacity building
  - Ground-truthing/site visit opportunities
- Effective **supplier engagement & collaboration** between various stakeholders is key for resolving issues
Thank you