

RB's next steps on responsible palm oil - 2018 and beyond

Our existing commitments

Our [Natural Raw Material Sourcing Policy](#) outlines our minimum sourcing requirements. All our suppliers are expected to meet these requirements.

We are committed to:

- zero deforestation
- zero development on peatlands (of any depth)
- zero exploitation of workers or communities
- being transparent on our requirements and progress with implementation

Supplier compliance with our No Deforestation, Peatland development or Exploitation (NDPE) policy, relating to their operations inside and outside of our direct supply chains, is a contractual obligation of utmost importance. We take supplier (direct and third party) non-compliance which includes environment, safety, human rights and labour standards, very seriously.

We recognise that our responsible palm oil programme is a journey and, as we learn more about the challenges and complexities the industry faces, our programme continues to evolve and grow. As part of our commitment to being transparent on our progress and requirements, we have set out what our focus and intended actions will be during 2018 and beyond.

Responsible palm sourcing programme

1. Supply chain traceability

Palm oil is a globally traded commodity, characterised by poor visibility over the different stages of its production, from growing through to processing and refining. A first key step in achieving a responsible palm supply chain is identifying where our physical supplies of palm oil derivatives come from so that we can then assess compliance of these sources against our NDPE policy.

In 2018, we will build on the progress we have made in improving supply chain traceability for the palm oil we use. Achieving full traceability to mills for our palm supply chain remains a top priority for us. In 2017, we achieved traceability to mills for 88% of our supply chain outside of India; we aim to increase this to over 95% in 2018.

We recognise that openness and transparency in palm sourcing is especially critical to identifying and resolving issues in these complex supply chains and across the industry as a whole. In 2017 our direct suppliers of palm oil-derived soap noodles were: IOI Oleo, Jocil, Musim Mas, Nimir Raj Industries, Unilever, VVF and Wilmar International (includes Wilmar China and Adani Wilmar). Additionally, a full list of all the palm oil processing mills that we are aware of being in our physical supply chains in 2017 can be found [here](#). Where possible, we have included the locations of these mills.

We are working to ensure that the same levels of transparency can be applied to our regional suppliers and will post this on line as soon as possible.

The mills supplying specific refineries can change over time. This list reflects our awareness of mills in our supply chain, based on third-party checks of supplier declarations. As such, this list represents a moment in time, may not be exhaustive and may contain inaccuracies. In 2018, we will continue to refine and update this list as necessary.

The additional complexity of the palm oil supply chains in India, involving intermediaries and traders, presents additional challenges in achieving our ambitions for supply chain transparency. In 2017 we increased the proportion of palm oil purchased in India that could be traced to ports of origin, up from 57% in 2016 to 90% in 2017. We will work to improve this in 2018 and concentrate on achieving

traceability to mills for over 50% of our supply in India. We will work to share details of these mills as soon as possible.

2. Compliance assessment and support for transformation

We are working with TFT and other partners to roll out initiatives to assess and remediate non-compliance with our NDPE commitments and tackle the root causes deforestation, environmental degradation and exploitation:

- **Risk mapping:** Once we've mapped our supply chain, the next step is to assess the risk of non-compliance with our NDPE policy. We complete this through TFT's 'Mill Prioritisation Process' (MPP). This process analyses the proximity of forests and peat lands and other social and economic data to identify the mills that are at highest risk of non-compliance and/or that could benefit from or contribute to further capacity building and training.

In 2018, we will further expand the coverage of the MPP process and are currently working to set targets for this.

- **Assessment and action:** After identifying priority mills, detailed field-level assessments of compliance with our policy and standards at mill and plantation level are then carried out. These produce mill / plantation specific and industry-wide actions to address issues identified.

These assessments represent the first stage of TFT's Aggregator Refinery Transformation (ART) programmes and are used to guide the next stage: Training and workshops that engage a broader number of refineries, mills and plantations on how to address the common issues identified through the assessments. Our aim is to accelerate transformation of the supply chain through broader stakeholder participation. We also discuss actions to address specific mill issues identified through the assessments with the applicable direct suppliers.

Under the ART programmes we have supported, over 450 mills have been reviewed against compliance and we supported broad engagement trainings for 30 attendees from 13 mills in Indonesia.

In 2018, we will continue our assessment programme to increase the coverage across our supply chain and are currently working to set targets for this.

- **Transformation:** In 2018 we will also maintain our investments in 'Support for Transformation' (SFT) projects, working key suppliers and specific high priority mills. This will enable us to support targeted action, focused on specific social and environmental issues that are common in the industry and to find and implement solutions that are scalable.

Further details on the elements of the ART process described above can be found [here](#).

- **Human Rights:** We will maintain a focus on raising standards of human rights in our palm oil supply chain. In 2017 we supported a programme to improve labour management policy and practice at the PT Abdi Budi Mulia (ABM), which was highlighted in a 2016 Amnesty International report on labour rights violations in Wilmar's supply chains. In 2018, we will work with TFT and Wilmar to understand how we can best support the wider adoption of better practices by more mills in relevant refinery supply sheds.

We will also continue to roll-out a self-assessment process on human rights with mills in our supply chain, working with our suppliers and Impactt Consulting.

- **High Impact Suppliers:** Our preferred approach continues to be engaging with our suppliers to remedy non-compliances and promote industry transformation in the first instance. Our inclination is to do the right thing, even when it is hard, whenever there is potential to achieve positive outcomes for the long term.

With this in mind we want to support efforts to engage companies with large land banks that have been accused of forest clearance or community displacement outside of our direct, physical

supply chains. We will support TFT's efforts to set these companies on a journey to meeting our NDPE commitments through direct engagement.

- **Landscapes-level approaches:** Building on work we supported in 2017, in the Indonesian districts of Aceh Tamiang, Aceh Singkil and East Riau, we will continue our support of a 'jurisdictional approach' to NDPE compliance in 2018. This approach drives engagement between government, other commodities, civil society, smallholders and others to develop comprehensive and sustainable land use plans. This reflects our belief that wider partnerships need to be developed to tackle serious and complex environmental and social issues associated with the palm supply chain. Further details on TFT's landscape programme are [here](#).
- **Smallholder Farmers:** We will continue to support 'Rurality' programmes, which were started in 2016 and are focused on improving livelihoods of smallholders, one of most vulnerable groups in palm oil supply chains. Working in Indonesia and Malaysia, the Rurality programmes we support will be centred on enabling smallholders in our supply chains to overcome pressing social, economic and environmental challenges, enabling them to both benefit from and contribute to an NDPE approach. We will assess the results of Rurality in 2018 and review how this work can be further progressed in the future. Further details on Rurality can be found [here](#).
- **Verification and Independent monitoring:** We will continue to support TFT's 'Kumacaya' initiative by contributing to a 'blind fund' that enables independent, local NGOs, civil societies, and others, to conduct an independent monitoring and verification assessment of palm oil suppliers' commitments and delivery of actions without influence or interference from funders.

Further long-term assurance will be provided in 2018, through our participation in 'Starling', a partnership between Airbus and TFT, that utilises radar and satellite imagery to analyse land cover in palm oil growing regions in our supply chain. This will enable detailed monitoring of important conservation areas and help to guide future planning of NDPE policy implementation.

This independent monitoring and verification will provide assurance on the effectiveness of the above programme and highlight gaps that require our attention.

Further details on our responsible palm sourcing programme can be found [here](#).

3. Supplier engagement

We will continue a process of regular, constructive engagement with our suppliers. We will work with them and others, such as TFT or other NGOs carrying out external investigations, to identify specific instances of NDPE non-compliance and follow up on specific issues to ensure these are remediated. We also plan to engage our suppliers on their broader land holdings (beyond our direct supply chain) to understand their approach to ensuring NDPE commitments are met.

We have a zero-tolerance approach to suppliers that do not remedy non-compliance in their operations in an appropriate manner and will suspend purchases from those unable to demonstrate suitable and sufficient progress. We have a supplier delist procedure which enables RB to formally delist suppliers should this be necessary. In 2017, we suspended two suppliers.

4. Advocacy

We will continue to engage with external organisations, including NGOs, to identify opportunities for further improvements to our responsible palm oil programme. In 2018, we will support industry efforts to focus on improving traceability of palm oil in India. We will continue our membership of the RSPO and to contribute to its efforts to improve sustainability across the palm oil industry.

5. Continual Review

We will continue to review our plans, policies and standards throughout 2018 and update these as necessary with a view to maintaining transparency and continuous improvement in our responsible palm sourcing programme.

