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In 2019, we continued our partnership work on palm oil and rubber focused on increasing supply chain traceability and transparency, building smallholder resilience programmes, improving monitoring systems and strengthening engagement relationships.

**PALM OIL**
Origin in 2 countries

**RUBBER**
Origin in 1 country

Staff engaged
Staff engaged & Field work
Supply chain engaged
2019 activities through our partnership approach

- Starling satellite monitoring of RB’s palm oil supply chain
- Gained greater insight into NDPE status by extended supplier reach to new suppliers with new supply chain engagement system
- Developed Responsible Sourcing Standard for natural raw materials
- Collaboration on Landscape programme in Indonesia resulting in reduction in deforestation rate
- Growth of Rurality programme with scale up across Indonesia, Malaysia and Thailand
- Supplier outreach, engagement, assessment and action continued, expanded reach to direct and indirect suppliers, refineries, mills and plantations
- Supplier insights for priority engagement
- Traceability programme continued
- Ethical Recruitment Initiative, Malaysia
- Kumacaya ground projects
2019 Key partnership results and impact

Values, Transparency & Transformation

**Responsible Sourcing Standard**
Advised on revision of RB standard aligned with relevant policies and supply chain industry insight

**Supply Chain Assessment System: Engagement for Policy Implementation**
5 RB surfactant suppliers completed EPI questionnaires providing visibility of their NDPE performance for the first time

**1,524 global mills**
Updated public global mill list with 1,524 unique pathways of mills coming into RB’s palm oil supply chain. See this link for the global mill list.

90% traceability to mill for year end 2019, up from 88% in 2018
Target going forward > 95%

**Rurality work in Indonesia, Malaysia & Thailand**
Since the start of the projects:
- 2,681 farmers have participated in Rurality activities
- 555 farmers are implementing better farming practices through support and guidance provided by Rurality
- 499 farmers have diversified their on-farm activities to increase income and resilience

In 2019 1,193 individual and group training exercises were completed with farmers, mills, intermediaries, schools, farmers’ associations, partner institutions and government agencies.
2019 Key partnership results and impact

Transformation work in Indonesia

Aceh Tamiang
- 100% of plantations and mills trained on NDPE and best practices
- 66% decrease in deforestation since beginning of programme

Southern Aceh
- 82% of plantations and mills trained on NDPE and best practices
- 67% decrease in deforestation since onset of programme

- 2095 households directly impacted by Participatory Conservation Plans in 5 forest frontier villages
- 3 agricultural demonstration plots providing continuous rural training opportunities
- 245 people directly trained through Livelihood Programme
- 56 palm oil plantations and mills provided with NDPE policy & implementation trainings across 4 thematic workshops
- 3,000+ workers newly covered by No Exploitation agreements
- 87% of target companies (26 of 30) provided with labour trainings
- Collective Action Plan developed and agreed upon with government, covering 36 plantations & 10 mills
- Technical guidance credited with inspiring district-wide licensing moratorium and review
- 1,400 hectares HCV/HCS forest mapped and protected
- 12 concessions and 2 mills newly covered under Forest Protection agreements
2019 Key partnership results and impact

Transformation work in Malaysia and Indonesia

Risk profiling

Risk profile & deep-dive follow up on high-risk suppliers in Indonesia and Malaysia

Analysed forest ownership and forest cover change to identify priority areas most at risk of conversion to oil palm and likely drivers of deforestation.

led to:

- public-private integrated deforestation strategies
- resources to allow mills in sensitive areas to advance No Deforestation policies and address deforestation alerts and risks

Tools 4 Transformation

T4T mill level monitoring system adopted by RB supplier representing c10% RB volume

2 fair recruitment case studies in IOI’s mill and estate in Malaysia

Ethical Recruitment

120 participants from business, government, civil society and NGOs at Ethical Recruitment Forum

Video on worker retention strategies in Malaysia’s palm oil industry

Good practice tool in Migrant Worker Retention Management in the Plantations Sector

Insights into Malaysian Palm Oil SME’s recruitment practices
2019 Key partnership results and impact

**Verification**

- **100% of RB’s palm oil supply chain monitored through Starling satellite service**

- **3 Kumacaya monitoring projects provided on-the-ground insights from local CSOs**
Challenges & Learning

**Challenges**

- RB’s large global palm oil and rubber supply chain requires **consistent, tailored engagement of a high number of suppliers** and stakeholders to generate impact.
- **Obtaining more detailed mill to plantation data** has been slow, due to the nature and degree of connections at smallholder farmer level.
- Tackling **human rights** issues in palm oil supply chains have roots beyond RB’s supply chain and involve engagement with stakeholders in other countries and with governments.
- **Balancing forest conservation** goals with promotion of resilient smallholders and thriving communities is a fundamental challenge.
- RB’s unwavering commitment to implementation of their **Responsible Sourcing Standard** will need dedicated and targeted actions and changes at the origins of their supply chains.
- Ensuring the **social, biodiversity and environmental impacts** and progress of the suite of projects, can be measured and consistently reported against.
- **Covid-19** restrictions on ground work in 2020.

**Learning**

- The **strength and trust** in the RB-EF partnership allows for close, frank and fruitful dialogues. This is key to addressing the complex social and environmental issues associated with Responsible Sourcing.
- In 2019 we increasingly saw the importance of **alignment and collaboration among supply chain actors** – up and downstream - to address shared challenges which has continued in 2020. It is clear that RB cannot reach their targets alone.
- **Innovation is key** for sustainable supply chains and is prioritised in our work together. It requires taking risks and trying new approaches, which can be uncomfortable but is essential to meeting our shared goals.
Where we are going

Goals for 2020

- Improving supply chain visibility and coverage
- Scaling up & accelerating deforestation verification
- Supplier engagement and action planning follow up including further alignment of Responsible Sourcing Standard
- Building smallholder resilience and labour rights promotion in palm oil and rubber
- Stakeholder engagement at local, district and national scale in palm oil and rubber