

Prioritizing mill visits

1. Objective

The objective of the Mill Prioritisation Process (MPP) is to combine spatial and non-spatial information to identify palm oil mills and their FFB sources within a single aggregator's supply shed.

Globally there are more than 2,000 palm oil mills. Each of these mills supplies one or more refineries that further process the crude oil into food and non-food products. An average sized refinery will purchase crude oil from 30 to 100 palm oil mills, and in some instances beyond 100 mills.

TFT's core focus is on transformation of suppliers to meet robust policies to eliminate deforestation, peat land destruction and exploitation. However, achieving such transformation across hundreds of palm oil mills and their FFB sources is a significant challenge, especially when available resources are limited. TFT therefore uses a prioritisation process to review mills in a supply chain to identify those mills to commence engagement with first.

2. What is assessed

A core environmental issue that a range of stakeholders are concerned about is deforestation. In response a number of businesses have established palm oil sourcing policies that aim to ensure deforestation is eliminated from the supply chain. Such policies also cover a range of other important issues such as appropriate identification and management of High Conservation Values (HCV) and High Carbon Stock (HCS) areas, protection of peat lands and appropriate social practices.

Datasets that represent one or more of these issues are obtained from global, regional and local organisations to include in the desktop analysis. The analysis determines the extent of each mill's predicted catchment area overlap with datasets that provide indications of management issues, such as protection of HCV, and potential forest disturbance, such as forest cover change.

Social issues are also prevalent in the industry, however, these are rarely captured in spatial datasets and therefore are not included in the spatial desktop analysis. Instead a desktop review of publically available information is performed to compliment the spatial results.

2.1. GIS based scoring

The analysis uses a Graphical Information System (GIS) to determine the % of the predicted catchment area that contains each dataset incorporated into the analysis. At a minimum the following global datasets are incorporated into each analysis to indicate potential management issues:

- *Legally Protected Areas*: includes all national and international protected areas such as National Parks, Forest Reserves, protected wetlands, World Heritage, and all of the International Union for the Conservation of Nature (IUCN) Protected

Area categories. The global source for this is the World Database on Protected Areas (WDPA)¹.

- *Key Biodiversity Areas (KBA)*: includes sites identified as a conservation priority for a variety of species based on quantitative criteria pulled from global data sets provided by BirdLife's Important Bird Areas, Plantlife International's Important Plant Areas, Alliance for Zero Extinction sites, IUCN's Important Sites for Freshwater Biodiversity, and the IUCN Red List of Threatened SpeciesTM. These sites are ideally based on manageable land units defined by local experts using global standards. The identification of these sites is an ongoing process and aims to provide defined manageable units for conservation management.²
- *Peat*: Peat soil areas as documented by an international body. For this purpose, TFT uses the Digital Soil Map of the World³ as well as any available peat land datasets developed at a local level.

The following datasets are used to determine potential forest disturbance within a mills predicted catchment area:

- *Global Forest Change (GFC): 2010-2013*: TFT uses forest loss data published by Hansen et al⁴ between 2010 - 2013. Although forest loss is indicated prior to 2010 the purpose of the analysis to determine sites of recent and current forest disturbance. This data indicates annual stand-replacement disturbance or change from a forest to non-forest state within a 30m by 30m area.
- *Forest loss: FORMA alerts*⁵: These alerts are from a higher frequency, but lower resolution data set compared to the Hansen forest loss data. They are intended to provide a more up to date evaluation of potential large scale forest cover loss. This data flags forest loss occurring within 500m by 500m areas. They are reported twice-monthly and are used to indicate forest cover loss starting from the last available Hansen data set.

2.2. Non spatial output

There are various non-spatial elements included in the scoring process:

- No Deforestation, No Peat, No Exploitation (NDPE) policy: Companies that have their own NDPE policy and implementation plan are considered to be of lower priority.
- RSPO certification: Almost all supply sheds will have one or more mills that hold an RSPO certificate. While this certification currently doesn't meet the policies business are establishing, it does provide recognition for some better practices.
- Volume importance: Where volume information is available this can support further prioritisation of the mills in the supply shed. For example a mill that is identified as higher priority from the spatial and non-spatial process and also provides a significant volume to the point of aggregation (e.g. refinery) is considered a mill of highest priority. It may also be important to review the

¹UCN and UNEP. (2014). The World Database on Protected Areas (WDPA). UNEP-WCMC. Cambridge, UK. www.protectedplanet.net

²"Protected Area and Key Biodiversity Area data downloaded from the Integrated Biodiversity Assessment Tool (IBAT) (<http://www.ibatforbusiness.org>). Provided by BirdLife International, Conservation International, IUCN and UNEP-WCMC. Please contact ibat@birdlife.org for further information."

³FAO-UNESCO Digital Soil Map of the World

⁴Hansen, M. C., P. V. Potapov, R. Moore, M. Hancher, S. A. Turubanova, A. Tyukavina, D. Thau, S. V. Stehman, S. J. Goetz, T. R. Loveland, A. Kommareddy, A. Egorov, L. Chini, C. O. Justice, and J. R. G. Townshend. 2013. "High-Resolution Global Maps of 21st-Century Forest Cover Change." *Science* 342 (15 November): 850–53.

⁵Hammer, Dan, Robin Kraft, and David Wheeler. 2013. "FORMA Alerts." World Resources Institute and Center for Global Development. Accessed through Global Forest Watch on [18/07/14]. www.globalforestwatch.org.

importance of the Group as a supplier rather than treating the mill as an individual entity.

- Publicly Reported Information: The MPP includes a review of all mills within a supply shed against TFT's Publicly Reported (PRI) Information. The PRI is a combination of various publically available information sources and includes international NGO campaign reports, local NGO reports in local languages, and cases under the RSPO grievance process among others.
- TFT's assessment register: If a mill has been assessed and the TFT assessment team is confident that the mill and FFB sources are acting on the action plan from the assessment then the mill is considered lower priority for additional engagement

2.3. Suggestions for visits

The mill selection process is informed by the prioritization, but can also accommodate other information available to the member and/or TFT. This may include:

- Knowledge that a mill has been visited recently by another TFT member
- Information on the relationship between the member and the company
- Confidential issues known by the member or TFT

The selections are intended to be a representative sample of the mills supplying in terms of their locations, and to allow engagement with different companies. Hence it is rare to visit two mills owned by the same parent company, or several mills located very close to each other.