



Working with brands and suppliers toward

# Responsible palm oil

CASE STUDY

**Earthworm**

 SUPPLYSHIFT

# Responsible palm oil

## Earthworm Foundation bio

Earthworm Foundation (previously The Forest Trust) is a global non-profit organization that works with partners and members to make value chains an engine of prosperity for communities and ecosystems. Earthworm leverages the influence of private sector leaders to transform commodity supply chains, including palm oil, pulp and paper, and cocoa. Earthworm's Engagement for Policy Implementation (EPI), an assessment and engagement tool hosted on SupplyShift's platform, plays an integral role in supporting Earthworm member companies to achieve responsible palm oil supply chains.

**"Supplier engagement is really the critical step to promote change, which is enabled by dialogue and action planning. The power of SupplyShift's platform and Earthworm's analysis help our members pinpoint where they need to focus."**



# Responsible palm oil



One of the challenges companies face in meeting sustainability goals is ensuring responsible supply chains. This requires improving global sourcing and production practices in a way that protects the world's climate, habitats, and people. The global palm oil supply chain is highly scrutinized because of its size and social and environmental impacts. According to some estimates, palm oil is a component of nearly 50% of the products on grocery store shelves. Palm plantations currently cover more than 27 million hectares of the Earth's surface, and increasing global demand is driving more expansion every year. Production of palm oil leads to risks related to deforestation, smallholders, labor, and local communities.

For companies downstream, sourcing responsible palm oil isn't just about meeting sustainability goals—it's about social responsibility, customer loyalty and overall better business. It's been reported that 93% of global consumers expect companies to support social and environmental issues, including responsible palm oil. But achieving these goals is difficult because of the many complexities involved in palm oil production.

# Responsible palm oil

## Creating a responsible palm oil market

Non-profit Earthworm Foundation is working to improve transparency and production practices across the palm oil supply chain. It works to transform social and environmental conditions on the ground and make responsible palm oil the industry norm. Earthworm's approach leverages the buying power of consumer goods companies and palm oil refiners to influence the practices of palm oil growers.

**Oil palm plantations currently cover more than 27 million hectares of the Earth's surface.**

According to Earthworm's member manager Rachel Baker, it's common practice for companies to publish lists of all the mills from which they source palm oil. However, a mill could buy oil palm fruit or fresh fruit bunches from hundreds of different plantations or smallholders. All that palm is mixed in the milling and refining processes, which adds to the difficulty of tracing palm beyond the mill and to the harvest source. This is where many of the challenges are found.



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Traceability data provides companies with visibility into the origins of the palm oil they purchase. This visibility opens the door for meaningful engagement with suppliers, and on-the-ground transformation. Earthworm supports companies to open that data-driven dialogue with their palm suppliers about performance in achieving a responsible supply chain.

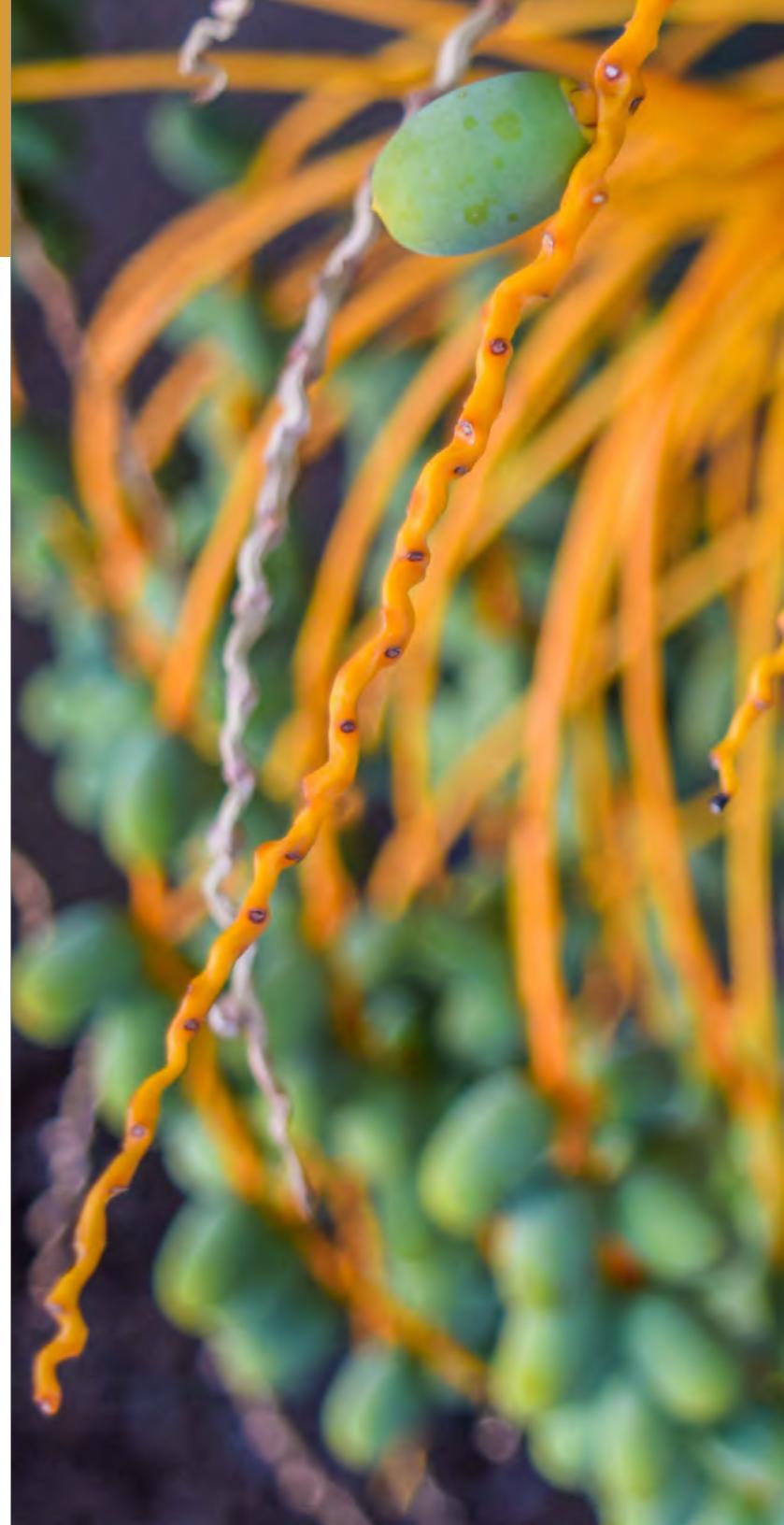
3.5 million people are estimated to be employed in oil palm production across Malaysia and Indonesia.

Earthworm's Engagement for Policy Implementation (EPI) program provides the framework for downstream companies to engage direct suppliers in dialogue on implementation of responsible sourcing policies. EPI is an assessment and engagement process powered by SupplyShift, which helps Earthworm members gain deeper visibility into practices within their palm supply chain. Through SupplyShift, Earthworm can measure supplier progress and support suppliers to meet industry expectations.

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"There's a huge role to play for companies buying palm oil to ensure that sustainability expectations are manageable for smallholders, and that smallholders get the support they need to strengthen their practices and maintain resilience," Baker said. "It's a challenge to include smallholders in the conversation and in the push for responsible sourcing while making sure they aren't pushed out of the supply chain."

EPI gathers information about environmental and social practices in the global supply chains of the direct suppliers of participating companies, including information about refineries, mills, and plantations. The EPI assessment covers a wide range of topics, and helps brands quickly gain visibility, access supplier intelligence, and accelerate improvement in supplier sustainability performance. EPI covers the main themes related to "No Deforestation, No Peat, and No Exploitation" (NDPE) policies and implementation activities.



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"Supplier engagement is really the critical step to promote change, which is enabled by dialogue and action planning. The power of SupplyShift's platform and Earthworm's analysis help our members pinpoint where they need to focus. The one-on-one dialogue helps members and suppliers reach an understanding about expectations," Baker said.

In 2012, 17 million hectares were under palm oil cultivation, up from 10 million in 2000.

## Creating supply chain-wide metrics

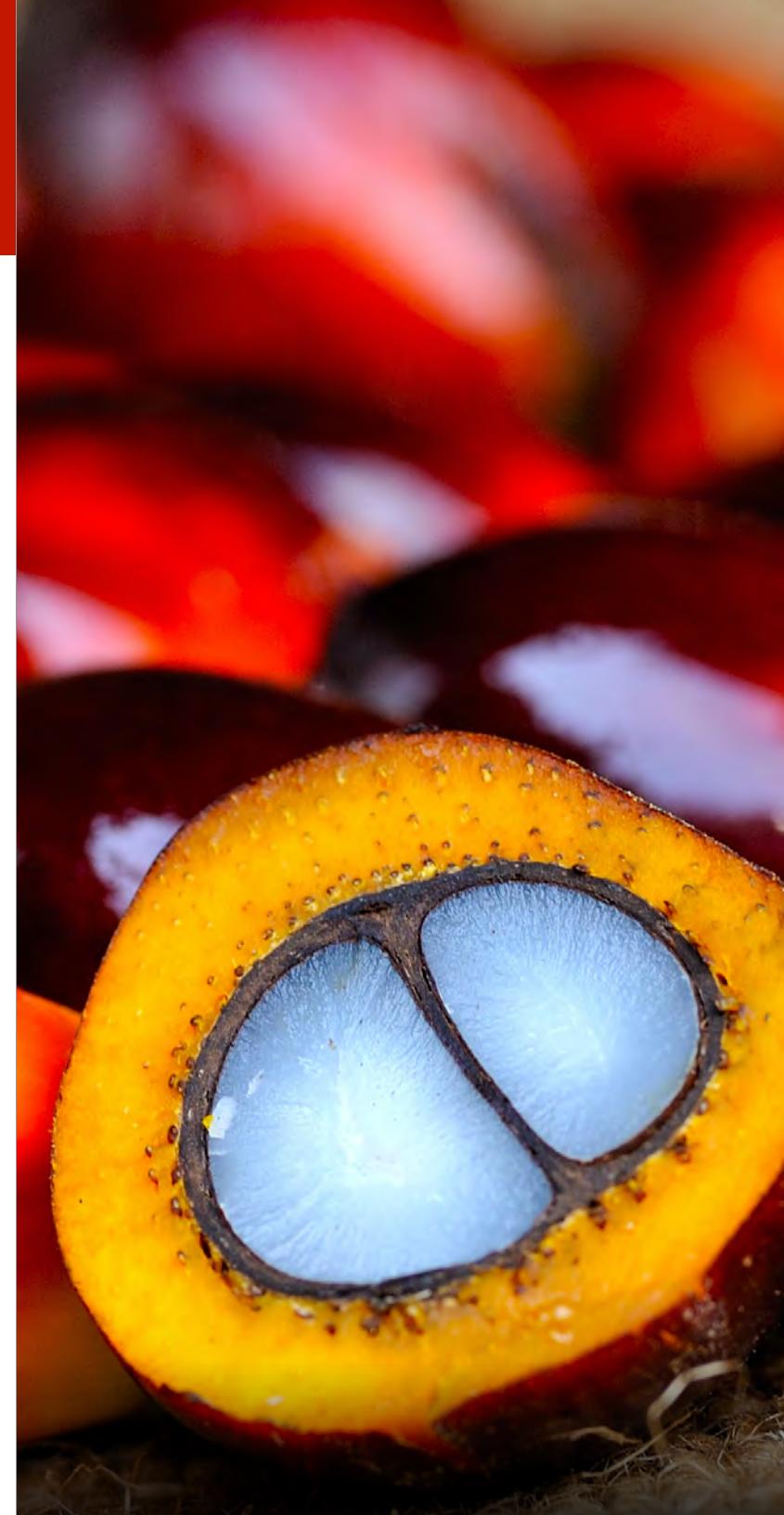
Better data and a stronger baseline of information improves dialogue between companies and suppliers. By utilizing the supplier assessment, analysis, and engagement tools within SupplyShift, Earthworm members can track continuous improvement and supplier activities over time, providing the insights needed to drive meaningful progress on their responsible palm oil commitments.

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According to Baker, SupplyShift's analytics are helpful for providing easy-to-digest information. By using the platform, Earthworm calculates volume-weighted analytics based on supplier EPI responses and Earthworm evaluation, so a company can understand dynamics and gaps across their supply chain. With a better understanding of gaps, members then prioritize and target opportunities for the greatest impact. Analytics provide supply chain-wide metrics for participating companies, and allow them to track implementation of their NDPE commitment over time.

In 2013, an estimated 10% of global greenhouse gas emissions were a result of tropical deforestation, driven in part by palm oil production.

"We wanted to quantify and visualize progress as clearly as possible, and we couldn't do that without the right tools," Baker added.





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By using SupplyShift, Earthworm can capture the complexity of EPI palm oil assessment questions in a consistent, accurate way. By providing automated and objective scoring and analytics, SupplyShift is helping them match expectations over time.

"More organized, high-quality supplier data results in more meaningful conversations between suppliers and customers," Baker said. "We see our member's engagement efforts being strengthened as a result of the optimized EPI process, the data we acquire using the SupplyShift platform and Earthworm's review of that data."

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SupplyShift is not only aiding Earthworm in building a foundation of metrics, the software is also creating efficiencies by providing a central platform to manage supplier data. Without SupplyShift, Earthworm risks supplier fatigue from paper trails, manual data entry, and duplication.

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Now, suppliers fill out the EPI survey once per year on a harmonized timeline, even if multiple customers request a supplier's participation. Everything related to the EPI program is conveniently located in a one-stop-shop—SupplyShift. Earthworm has implemented EPI with more members than ever before, and those member brands are measuring more suppliers than in the past.

"By increasing the number of companies gathering better information about their supply chain and the number of suppliers receiving the survey, EPI can amplify the signals sent through the supply chains about responsible sourcing. Companies are signaling to suppliers that they're expected to achieve no deforestation and no exploitation within their supply chain, and to demonstrate continuous progress toward that goal," Baker said.

*"We wanted to quantify and visualize progress as clearly as possible, and we couldn't do that without the right tools."*



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The ability to send the EPI survey to a supplier once and share it with multiple customers is really important to Earthworm. SupplyShift has helped them create momentum around engaging suppliers and amplify the sense of urgency around developing more responsible palm oil supply chains. Baker said that everyone is asking about responsible palm now.

"EPI on the SupplyShift platform helps better identify opportunities to strengthen practices among suppliers, which helps members have impactful conversations about responsible sourcing in their supply chain," Baker added. "These conversations cascade across the supply chain, and accelerate progress toward responsible palm oil in the industry as a whole."

**"SupplyShift helps better identify opportunities to strengthen practices among suppliers."**

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## About SupplyShift

SupplyShift's cloud-based technology enables supplier performance measurement, secure traceability for supply chain transparency, and improved collaboration throughout the entire supply chain. SupplyShift's technology platform efficiently gathers and analyzes supplier data, connecting companies to de-risk and improve supply chains. The platform is built with the belief that, when properly managed, a company's supplier network can deliver incredible value for the company, the greater economy, and can play an important role in changing our world for the better. The SupplyShift platform makes it seamless to gain the insight needed to create a more responsive, responsible supplier network that makes the entire supply chain more productive.

