

AFi case study

Cargill's Connected-4Change platform

Managing supplier compliance consistent with the Accountability Framework

7-minute read



Accountability
Framework

Delivering on
ethical supply chain
commitments

For more info:
[Get started with the Framework](#)

© 2021 Accountability Framework initiative. All rights reserved.

This case study was produced in collaboration with Proforest.

ABOUT THE AFI: The Accountability Framework initiative (AFi) is a collaborative effort to build and scale up ethical supply chains for agricultural and forestry products. Led by a diverse global coalition of environmental and human rights organizations, the AFi works to create a “new normal” where commodity production and trade are fully protective of forests, other natural ecosystems, and human rights. To pursue this goal, the coalition supports companies and other stakeholders in setting strong supply chain goals, taking effective action, and tracking progress to create clear accountability and incentivize rapid improvement.

ABOUT THE AFI CASE STUDIES: The AFi case study series features examples of companies and industry groups that have adopted policies and practices for ethical supply chains in alignment with the Accountability Framework. The cases illustrate some of the ways that organizations can apply the Framework to achieve or support ethical supply chains. While the case studies highlight specific policies and practices of interest, ***they do not imply an endorsement of the organizations featured in the case studies, nor their products or services, by the AFi or its coalition members.***

The case studies make reference to norms and guidelines for ethical supply chains contained in the Accountability Framework, which was created through a consultative process following applicable good practices for multi-stakeholder initiatives and which represents the consensus of the AFi Steering Group members that participated in its development.

DISCLAIMER: This work product is intended to be informational only and is not intended to serve as a legal opinion or legal advice on the matters treated. The reader is encouraged to engage counsel to the extent required.

SEE WHO'S INVOLVED:

For more information on the AFi's governance and a full list of partners, please visit www.accountability-framework.org/who-is-involved.

The AFi is funded by:



Summary

The Accountability Framework calls for commodity buyers to work with their suppliers to achieve and demonstrate fulfilment of ethical supply chain commitments. This includes assessing supplier compliance with commitments, actively engaging suppliers to support compliance, and effectively addressing supplier non-compliance. For companies with complex and geographically distributed supplier networks, this can be a challenge. This case study profiles one solution that Cargill is using to assess, monitor, and support progress toward compliance, consistent with key sections of the Accountability Framework.

Company:	Cargill
Commodity:	Palm oil
Geography:	Latin America
Scope:	Latin America represents 13% of Cargill total palm volumes. 100% of Cargill Latin America direct origination suppliers are engaged through this program.
Challenge:	Assessing compliance, monitoring progress, and building capacity for a large number of suppliers in an accessible format and in a time-and cost-effective manner.
Solution:	The online Connected4Change (C4C) platform supports training, self-assessment, and performance monitoring to accelerate action to fulfil Cargill's ethical supply chain commitments for palm oil sourced from Latin America.

Accountability Framework sections applied:

- Core Principles  
- Operational Guidance on Supply Chain Management

Challenge:

Managing a far-reaching supply chain

Cargill is one of the world's largest commodity traders. The company purchases palm oil globally, and its Sustainable Palm Oil Policy includes a commitment to No Deforestation, No Peat, and No Exploitation (NDPE).

In working to implement its sustainability policy for Latin American palm oil, which accounts for about 13% of its palm oil supply, Cargill's regional procurement and sustainability teams identified several limiting factors. Challenges included gathering accurate and actionable information about the practices of its suppliers, due to limited capacity of the supplier companies themselves and difficulties in monitoring suppliers' performance and progress.

The company needed a new way to collect relevant information from all of its suppliers in order to overcome the financial and time constraints of monitoring in remote areas throughout Latin America. It also needed a way to engage suppliers more effectively to address sustainability issues, considering the limited reach and impact of face-to-face capacity-building programmes.

Solution:

The Connected4Change platform

To address these challenges in supplier management, Cargill worked with [Proforest](#) to develop a supplier relationship management tool for the company's Latin American palm oil supply chain. This approach is consistent with key elements of the Accountability Framework's guidance on supply chain management.

“We went from having trainings with suppliers from one mill at a time to engaging over 90 participants from multiple mills at the same time. The platform has really helped them to implement NDPE criteria in their operations.”

Catalina Román de la Espriella,
Sustainability Specialist, Cargill

Connected4Change (C4C) is an online engagement, continuous improvement, and capacity-building platform. It provides Cargill's palm oil suppliers in Latin America with information, tools, and resources to implement Cargill's NDPE policy, and to monitor their compliance and progress over time. The platform is primarily aimed at palm oil mills in Cargill's supply base but will expand over time to include refineries and traders as well. Cargill and Proforest developed the content of the platform with support from local experts and worked with multiple software providers to build training, monitoring, and traceability modules.

After initial testing and consultation, the full C4C platform was launched in November 2019; as of January 2021, all of Cargill's palm oil suppliers in Latin America are registered and using the platform. Cargill is considering ways to incentivize enrolment and exploring the option of making participation mandatory.

The platform facilitates stepwise engagement with suppliers. First, suppliers self-report on progress and compliance relative to Cargill's NDPE commitment, including the NDPE [Implementation Reporting Framework](#). Next, Cargill assesses risks based on that reporting, benchmarks their performance across their supply base, and suggests appropriate actions for suppliers to resolve non-compliances. As part of that process, suppliers have access to capacity-building modules and trainings furnished through the platform to support improvement. The following sections describe the two primary modules of the C4C platform — supplier self-assessment and capacity building — and explain how they address the Accountability Framework's principles and guidance on supply chain management. This example illustrates how other companies might similarly apply the Accountability Framework to guide the establishment of effective supplier management systems.

Supplier self-assessment and action plans

Core Principle 5

Supply chain assessment and traceability



Core Principle 5 of the Accountability Framework states that companies should assess suppliers of raw or processed materials for non-compliance, or the risk of non-compliance, with the company's policy commitments.

[Learn More >](#)

Consistent with this Principle, the first objective of the C4C online platform is to assess a supplier's level of compliance with Cargill's NPDE policy and identify priorities for improvement. Suppliers provide information through a self-assessment questionnaire covering five topics:

- Company information
- Certification
- Traceability
- Environmental issues
- Social issues

Components within these topics address the supplier's policies, processes, and actions. For example, in the section on social issues, the supplier is asked to identify policies for human rights, health and safety, labour conditions, and remuneration, and to indicate whether Free, Prior and Informed Consent (FPIC) and Participatory Social and Environmental Impact Assessments have been carried out. In the certification section, a supplier can provide information on internal policies for certification, whether the supplier has an internal team with the capacity to manage certification processes, and whether it has completed certification audits.

The self-assessment module also includes a mapping component that allows each supplier to securely upload geographic coordinates and boundaries for production areas and processing facilities in its own supply base and analyze them using both global data sets (e.g., [Global Forest Watch](#)) and available local or regional spatial data.

Based on the information provided through this assessment, the platform generates a score indicating the supplier's compliance status. C4C then recommends specific actions, tailored to the identified gaps, that suppliers can take to improve their score and move into compliance. For instance, Figure 1 below illustrates how the platform might guide a supplier regarding the use of fire. In this example, a company with a trained fire control team might score of 4 out of 5 (showing progress towards full compliance) and is advised via the C4C-generated action plan on how to advance to a score of 5 (fully compliant) by:

- completing an annual progress report on the execution of its no-burning action plan; and
- updating it in a participatory manner, according to national and international standards and regulations.



The platform also enables each supplier to view its own performance scores and compare them to the scores of peer suppliers (see Figure 2). This creates an element of competition that can help foster a “race to the top,” especially when suppliers understand the business advantages of fully meeting their buyer’s ethical supply chain commitments.

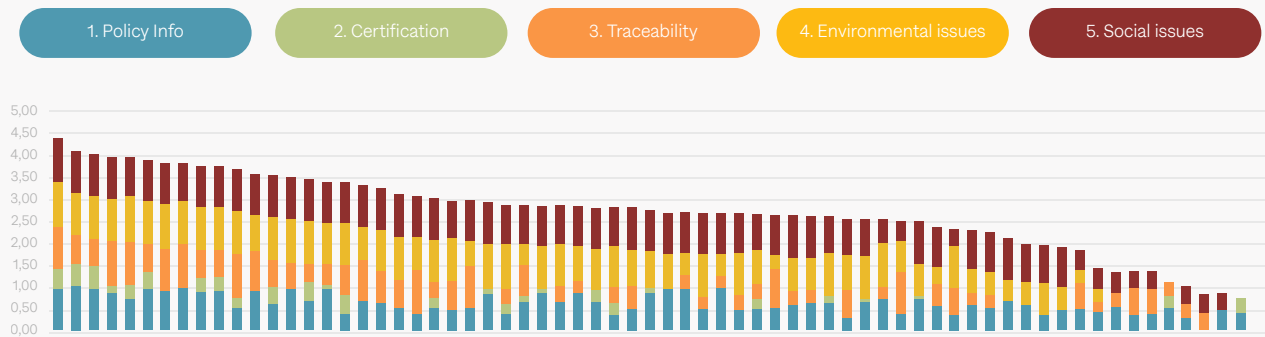


Figure 2:
Scoring of all suppliers using the Connected4Change platform

Data from the C4C platform provide Cargill with essential information about the presence and nature of non-compliances in its supply base, and progress toward compliance. Based on this information, Cargill can then prioritise further action at mills with non-compliances or high risk of non-compliances. This is done through site visits and/or direct discussions about Cargill’s expectations on fulfilling the action plan generated by C4C.

Core Principle 6 Managing for supply chain compliance

The Accountability Framework’s Core Principle 6 as well as section 5 of the [Operational Guidance on Supply Chain Management](#) provide detail on good practice for engagement of non-compliant suppliers and implementation of appropriate action plans as essential components of managing for ethical supply chains.



[Learn More >](#)

Building capacity through online training

In a recent review of their supplier engagement practices, Cargill's Latin American palm oil team identified challenges in assessing the impact of workshops and trainings provided for suppliers on key sustainability issues.

The C4C platform helps address this limitation by providing a delivery mechanism for capacity-building modules. Suppliers can participate in online trainings, and Cargill can gauge their understanding of key issues by following their progress in completing various training modules.

The training materials included in the platform include modules on setting an NDPE policy, waste management, environmental impacts, human rights, social impacts, FPIC, forced labour, fair salary, health and safety, discrimination, harassment, grievance mechanisms, freedom of association, HCV and HCS (forthcoming), and traceability (forthcoming). Each topic module includes an animated presentation, a resource library, a glossary of important terms, and a final evaluation. Through the exercises and evaluations included in these interactive trainings, the Cargill team can identify each supplier's training and knowledge gaps and take note of suppliers that have not completed the recommended trainings.

Core Principle 6.2

Managing for supply chain compliance

This type of learning management system is aligned with the Framework's Core Principle 6.2, which states that buyers that maintain long-term or recurring buying relationships with producers or primary processors support these suppliers to be able to fulfil commitments.



[Learn More >](#)

Insights:

Driving accountability,
decision-making, and progress

Core Principle 6

Managing for supply chain compliance



The Framework's Core Principle 6 states that companies should manage their entire supply chain – including their own operations and supplies purchased from other parties – to proactively fulfil commitments, identify non-compliances, and resolve any such issues expeditiously and effectively. The corresponding [Operational Guidance on Supply Chain Management](#) specifies that buyers must be prepared to suspend or exclude non-compliant suppliers in the event of significant and ongoing non-compliance despite appropriate engagement or support from the buyer.

[Learn More >](#)

The Accountability Framework encourages commodity buyers to engage non-compliant suppliers to drive timely improvements, but also calls for instituting commercial consequences (including suspension or exclusion) when reasonable progress is not made in a timely manner. The Framework outlines a set of factors for companies to consider when determining the appropriate situations in which to retain, suspend, or exclude non-compliant suppliers.

Companies seeking to make procurement decisions that consider their suppliers' compliance with or progress toward ethical supply chain commitments need sound information on which to base those decisions. The C4C platform is one such tool to help Cargill better understand supplier performance, compliance gaps, and efforts to close these gaps, beginning with training. As the use of this platform matures, Cargill intends to update suppliers' scores annually to assess improvement trajectories of individual suppliers as well as its entire supply base in aggregate. Under its palm oil responsible sourcing program, Cargill considers information obtained from C4C, as well as other sources such as direct supplier engagement, collaborative initiatives, and grievance mechanisms, when making procurement decisions.

Why use an online supplier engagement platform?

“The platform allows us to collect information on sustainability performance in a more efficient way, providing real-time feedback on potential actions to close gaps and integrating frameworks like the Implementation Reporting Framework.”

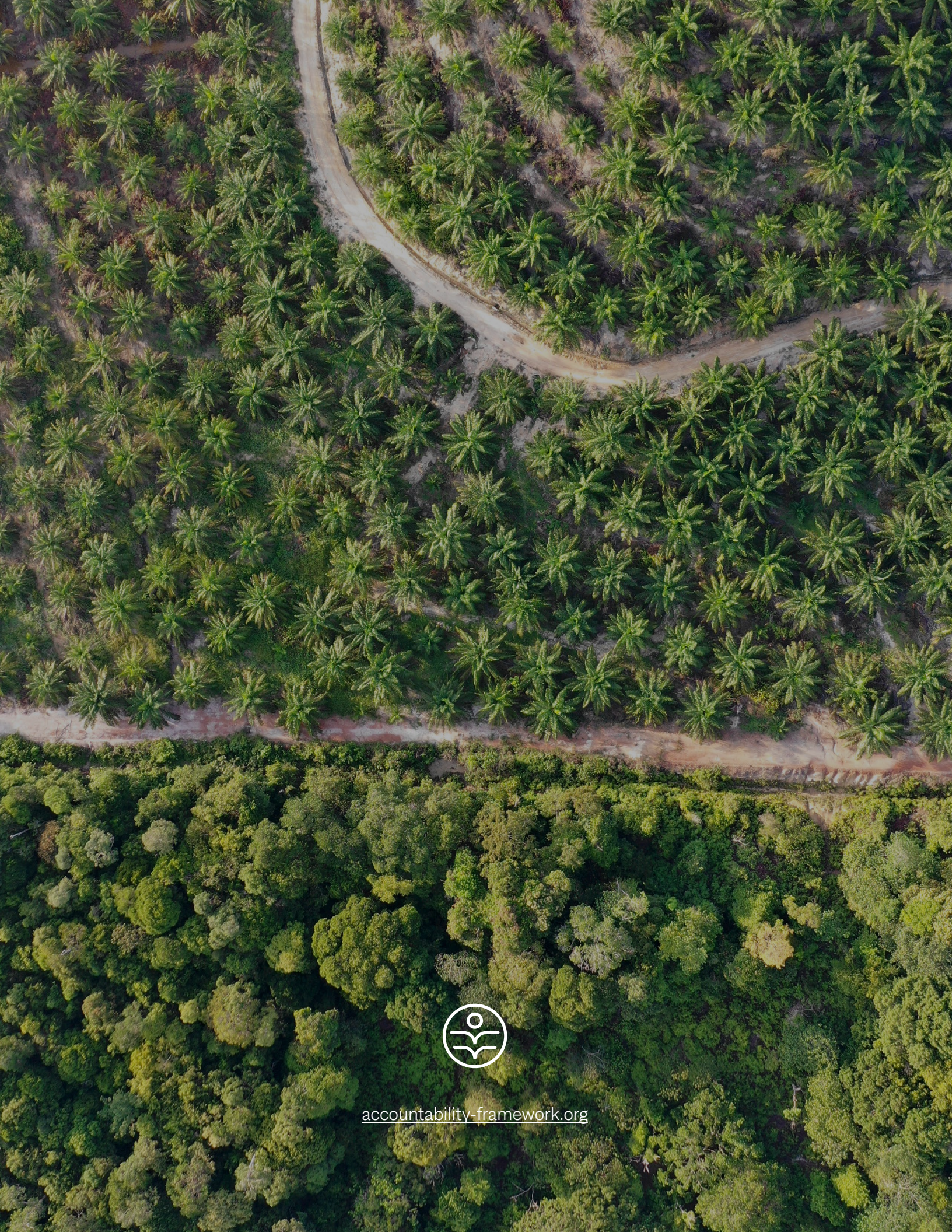
Catalina Román de la Espriella,
Sustainability Specialist, Cargill

Benefits for Cargill

- Cost, time, and efficiency savings from integrating previously manual supplier assessment questionnaires into one platform for engaging suppliers and tracking their progress
- Better visibility and quantitative data on supplier compliance
- Identification of high-priority mills (i.e., those presenting the highest level of non-compliance) for planning field visits or investments in improving practices

Benefits for suppliers

- Allows suppliers to assess their performance across a range of sustainability issues according to a standardized rubric that relates directly to their buyer's sustainability commitments and expectations
- Enables suppliers to see how they compare with peers
- Provides access to tailored training materials, at no cost to the supplier, that allows them to continuously update their knowledge through theory, case studies, and other relevant documents necessary for meeting Cargill's sustainability expectations for their operations
- Provides tools and facilitates improvement processes so that suppliers can continue to be eligible to sell their products to Cargill in mutually beneficial long-term purchasing relationships



accountability-framework.org