

# Scoring methodology

Assessments of jurisdictions, companies and investors

November 2015



Identifying, assessing and tracking the key players who can eliminate deforestation from global supply chains.

**About the Forest 500:**

The Forest 500 is the world's first rainforest rating agency. It identifies and ranks the most influential companies, investors and governments in the race towards a deforestation-free global economy.

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**Citation:**

Please cite this publication as:

The Forest 500: Scoring Methodology. 2015. The Global Canopy Programme.

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case for safeguarding forests as natural capital that underpins water, food, energy, health and climate security for all. GCP works through its international networks – of forest communities, science experts, policymakers, and finance and corporate leaders – to gather evidence, spark insight, and catalyse action to halt forest loss and improve human livelihoods dependent on forests.

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# Overview

## Introduction

In order to reveal the potential impacts of the powerbrokers included in the Forest 500 on tropical forests, assessments of each of the actors in respect to different forest risk commodity policy indicators have been carried out. Powerbrokers within three categories of the Forest 500 have been assessed (the 450 powerbrokers in the companies, investors and jurisdictions categories) and awarded a score. The 50 other powerbrokers comprising the remainder of the Forest 500 have not been assessed due to their diversity in terms of relevance to the tropical deforestation discussion and lack of comparable policies. This methodology shows the process by which each powerbroker has been scored and details the different criteria that have been developed to assess each of the different actor types – national and subnational forest jurisdictions, national trading jurisdictions, companies, and investors. This methodology and the criteria used have been reviewed by a number of stakeholders.

## Scoring

Scoring has been carried out double blind – that is each powerbroker has been assessed independently at least twice by two or more different researchers. The resulting two (or more) scores have subsequently been reviewed and where discrepancies on specific indicators have occurred, the information has been reassessed and scores adjusted. Assessments have been carried out according to information presented in the original language that each powerbroker operates in, with assessments conducted in English, Mandarin, Japanese, Bahasa, French, Portuguese, Spanish, Russian, Dutch, Italian, German, Arabic, Taiwanese and Korean. In total, actors could achieve maximum scores out of 100, in relation to different indicators across several different policy categories, which differ between the assessments for each actor type. It is important to recognise that while research has attempted to provide assessments of current policies, jurisdictions, companies and investors are continually updating their policies. Therefore, scores for assessments apply from the time of research.

Following review, overall scores and the individual scores for each policy area have been converted to a points system, out of a maximum number of five points. Overall scores, out of 100, have been converted to between zero and five points for each 20 per cent increase (as shown in the table below). Scores for individual policy indicator areas have varying maximum scores depending on sector and have therefore been converted to a percentage before conversion to between zero and five points for each 20 per cent increase. Scores have been converted into a five point system to reduce the granularity in assessment results. Particularly in regard to corporate policies, there is generally a lack of consensus on terms and definitions, meaning that the wording of policies of different actors is often not comparable. The lack of standard communication tools for these policies has required some interpretation when assessing and assigning scores. Converting scores to the five point system has attempted to standardise the assessments and remove the emphasis from minor score differences resulting from variations in communication and policy interpretation.

## Five Point System

ACTUAL SCORE RANGE	POINTS AWARDED
0	0 points
0.01 -19.99	1 point
20-39.99	2 points
40-59.99	3 points
60-79.99	4 points
80-100	5 points

## References and sources

With the exception of a few criteria that can be regarded as proxies for effectiveness of implementation (e.g. metrics related to governance within jurisdiction assessments), assessments have been based solely on public commitments and policies and do not attempt to assess the implementation or the fulfilment of these. Unless otherwise noted, all references and sources of information used for the assessments of companies and investors are from the organisations' own websites, as it is reasonable to expect that these actors should use these as tools to communicate their policies to consumers and clients. Such sources include sustainability reports, annual reports, and any other documents or information presented directly on organisational websites.

## Methodology Improvements

After receiving feedback from a number of stakeholders during 2015 (including civil society organisations and members of the Forest 500) we have refined the methodology to ensure it maintains relevance and applicability across all identified powerbrokers. The below improvements apply to the company methodology only. The jurisdictions and investor methodologies remain unaltered.

1. In question 1.1, the number of points awarded for a net zero commitment across all commodities was raised from 6 to 8 points. This decision was based upon feedback that the question be reweighted with greater recognition of the complexity of a cross-commodity net zero commitment.
2. In questions 2.1 and 2.2, ISCC and Proterra are no longer being defined as "credible certification schemes" as they do not include NGOs/civil society in the decision-making process.
3. In question 2.4, traceability will now be defined as traceability back to mill rather than back to plantation. This is because few companies currently have the ability to do so, unless they have vertically integrated supply chains, and because in the near-term impossible for certain products (i.e. pulp and paper).
4. The scoring within the Operations section of the methodology as well as for Reporting and Transparency questions 4.1 and 4.2 were revised to better take into consideration commodity specific policies, i.e. some points are awarded even if the less than 50% of existing policies comply with the question.

Please note that we will not be reflecting these changes in the historical scores because the above refinements will have a minimal impact to previous scores.

# 1. Jurisdiction assessments

## National jurisdictions

### Overview

There are three overall categories against which national jurisdictions have been assessed:

POLICY AREA	MAXIMUM POINTS
Overall policies	33
Track record	35
Governance	32
<b>TOTAL</b>	<b>100</b>

Within each category, there is some overlap between the indicators against which tropical forest and trading jurisdictions have been assessed. For example, both forest and trading jurisdictions have been assessed using the same metrics related to governance. However, in some cases different indicators have been developed to reflect the varying roles played by the different jurisdiction types. For example, assessments of track record of forest jurisdictions contain indicators more explicitly related to historical treatment of forests, whereas for trading jurisdictions these are related to potential impacts on forests due to their role in forest risk commodity supply chains.

### Overall policies

FOREST JURISDICTIONS		TRADING JURISDICTIONS	
NUMBER	INDICATOR		MAX. POINTS
1.1	Existence of a public zero or net zero deforestation pledge, or similar commitment for the production of one or more forest risk commodity or one or more forest ecosystem, which excludes production in intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests	Existence of a public zero or net zero deforestation pledge, or similar commitment for one or more commodity supply chains, or a government procurement policy, which excludes the use of products originating from intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests	10
Guidance	<i>An example of a commitment associated with a particular forest ecosystem is Vision Amazon in Colombia, which has a target for net zero deforestation within the Amazon region by 2020. Commodity-specific deforestation commitments, such as the soy moratorium in Brazil, may be industry-led but must be endorsed by or involve the government to qualify.</i>	<i>Commodity-specific commitments may rely on credible certification schemes that exclude production in any of the above forest types. These can be industry-led as long as they are supported in some capacity by the government (e.g. National Commitments listed by the RSPO<sup>1</sup>). Public procurement policies are also considered, with differentiation made between policies assuring legality but not</i>	<i>Overall zero: 10 pts Net zero, commodity- or ecosystem-specific: 5 pts</i>

	<i>Jurisdictions are not awarded points where they have endorsed collective deforestation commitments, e.g. the New York Declaration on Forests, without repeating these in their own national commitments.</i>	<i>sustainability to the level detailed above and those with strict sustainability requirements.</i>  <i>Jurisdictions are not awarded points where they have endorsed collective deforestation commitments, e.g. the New York Declaration on Forests, without repeating these in their own national commitments.</i>	<i>Government procurement: 2 pts</i> <i>Weaker procurement: 1 pt</i>
1.2	Existence of a national target, strategy, directive or law that aims to reduce deforestation; that addresses the issue and that is time-bound and/or measurable	Existence of a national target, strategy, directive or law that aims to reduce deforestation in tropical forest, producer countries, that addresses the issue and that is time-bound and/or measurable	8
Guidance	<i>Time-bound/measurable targets may include those associated with reducing deforestation or emissions from deforestation or those associated with halting deforestation and maintaining forest cover. National programmes that are neither time-bound nor measurable, but demonstrate that the country is addressing deforestation include REDD+ programmes, e.g. through the Forest Carbon Partnership Facility or the UN-REDD Programme.</i>	<i>Time-bound/measurable targets may include those associated with reducing deforestation or emissions from deforestation in tropical forest countries. Examples of countries addressing deforestation include targets contained in UNFCCC communications. Countries must explicitly be addressing deforestation globally or in tropical forest, producer countries, rather than nationally, to be awarded points.</i>	<i>Time-bound AND measurable: 8 pts</i> <i>Time-bound OR measurable: 4 pts</i> <i>Address: 2 pts</i>
1.3	Environmental sustainability and/or climate change are core pillars or key components of national development strategies, and the country recognises the critical role of forests, such as in relation to climate change mitigation and/or other ecosystem services	Demonstrable steps have been taken to understand the impacts of the country's import/consumption of forest risk commodities	6
Guidance	<i>The most recent publicly-available national development strategies, or similar, have been assessed. Countries are awarded points where climate change/environmental sustainability are core pillars, key components or cross-cutting themes, and where the sustainable management of forests or forest conservation are recognised as important.</i>	<i>This includes reports discussing or analysing the external impacts of imports/consumption. These must be commissioned by the government or referenced in other governmental documents for a jurisdiction to be awarded points, e.g. the European Commission-funded study analysing the impact of EU consumption.</i>	<b>Forest jurisdictions</b> <i>Climate change/ sustainability AND forests: 6 pts</i> <i>Climate change/ sustainability OR forests: 3 pts</i> <b>Trading jurisdictions</b> <i>Yes: 6 pts</i> <i>No: 0 pts</i>

1.4	The jurisdiction has an existing legality assurance system (LAS), or has committed to the implementation of such a system, for the production (and export) of one or more forest risk commodity	The jurisdiction has a national legality assurance system, or has committed to the implementation of such a system, for the imports of one or more forest risk commodity	6
Guidance	<i>E.g. LAS verifying the legality of tropical timber exports, implemented by countries who have signed a Voluntary Partnership Agreement (VPA) with the EU. Countries are awarded points if they have signed a VPA with the EU and are thus implementing an LAS, but not if the VPA is in negotiation. National certification schemes, such as the Indonesian Sustainable Palm Oil System (ISPO), certifying legal production are also included.</i>	<i>E.g. national or regional legislation prohibiting imports of illegally produced commodities, such as the Lacey Act in the US and the European Union Timber Regulation (EUTR), which prohibit the import of illegally logged timber.</i>	<i>Yes: 6 pts No: 0 pts</i>
1.5	Existence of public statements or directives that demonstrate a commitment to reducing deforestation		6
Guidance	<i>These may include public statements or references in media articles that demonstrate a leader's intent to reduce or halt deforestation or promote forest conservation. It is important to recognise the potential bias against leaders who have taken up positions more recently.</i>		<i>Yes: 6 pts No: 0 pts</i>

## Track record

FOREST JURISDICTIONS		TRADING JURISDICTIONS	
NUMBER	INDICATOR		MAX. POINTS
2.1	Percentage of terrestrial areas under protection (weighted for national biomes)	Per capita import value of forest risk commodities	7
Guidance	<i>The Terrestrial Protected Areas (National Biome Weight) indicator assesses the protection of terrestrial biomes weighted by the proportion of the jurisdiction the biome occupies. Maximum points are awarded where jurisdictions have achieved the target established by the Convention on Biological Diversity<sup>2</sup> for the protection of 17% of each terrestrial biome within their territories<sup>3</sup>.</i>	<i>Per capita import value of all forest risk commodities for 2007- 2012. For European countries, as some national ports import for the EU-wide market, the per capita import value across the EU as a whole has been used.</i>	<b>Forest jurisdictions</b> <i>0-7 pts: 0% - 17% protection</i> <b>Trading jurisdictions</b> <i>0-7 pts: lower – higher per capita imports</i>



2.2	Loss of forested areas 2001- 2013 (%) <sup>a</sup>	Divergence between national Biocapacity and Ecological Footprint of Consumption	10
Guidance	<i>Of forest areas of &gt;30% canopy density from 2001-2013. It is important to recognise the limitations inherent to the forest loss data available, with data unable to distinguish between plantations and natural forests. Changes in the extent of plantations due to maturing or harvesting are therefore interpreted as a change in forest area.</i>	<i>This is the biocapacity demanded by the final consumption per resident in the country<sup>4</sup> versus the biocapacity supported by the jurisdiction's own resources, which is either a deficit (demands greater biocapacity per capita than it supports) or a reserve (supports greater biocapacity per capita than it demands). Any jurisdiction demonstrating a reserve has been awarded maximum points.</i>	<b>Forest jurisdictions</b> 10% - 0% loss of forest areas: 0-10 pts <b>Trading jurisdictions</b> Higher deficit – reserve: 0-10 pts
2.3	Change in rate of deforestation from 2001-2009 and 2010-2013	Country has been identified as a key donor in efforts to protect tropical forests or reduce tropical deforestation	7
Guidance	<i>This is the average rate of deforestation (for forest areas of &gt;30% canopy density<sup>b</sup>) for 2001-2009 compared to that for 2010-2013. Changes in deforestation rates of &gt;0.03% are defined as an 'increase', of 0.03%≤-0.03% as 'no change' and of &lt;-0.03% as a 'decrease'.</i>	<i>High income economies<sup>5</sup> have been identified as key donors if they report funding to the Voluntary REDD+ Database (VRD) (15 REDD+ Partnership countries and the European Commission) of more than US\$ 100 million for 2006-2022<sup>6</sup> and as providing 'some support' if reporting any amounts for REDD+ programmes. Upper- or lower-middle income economies<sup>7</sup> have been identified as key donors if reporting support to REDD+ programmes or tropical forest conservation, and as providing 'some support' for any contributions to the Green Climate Fund<sup>8</sup>, Global Environmental Facility<sup>9</sup>, or similar, such as the UN Environment Programme.</i>	<b>Forest jurisdictions</b> Increase: 0 pts No change: 3 pts Decrease: 7 pts <b>Trading jurisdictions</b> Key donors: 7 pts Some support: 3.5 pts No: 0 pts
2.4	Number of critical conventions signed or ratified		5
Guidance	<i>Critical conventions: three Rio Conventions - the United Nations Convention on Biological Diversity (CBD); the United Nations Convention to Combat Desertification (UNCCD); and the United Nations Framework Convention on Climate Change (UNFCCC), as well as the Convention on International Trade in Endangered Species of Fauna and Flora (CITES) and the International Tropical Timber Agreement (ITTA).</i>		0-5 critical conventions: 0-5 pts
2.5	Endorsed the New York Declaration on Forests <sup>10</sup>		3
Guidance	<i>No additional guidance.</i>		Yes: 3 pts No: 0 pts

<sup>a</sup> Hansen, M. C. et al. 2014. UMD Tree Cover Loss and Gain Area. University of Maryland and Google. [Online] Available from: [www.globalforestwatch.org](http://www.globalforestwatch.org) [Accessed October 2015]

<sup>b</sup> *ibid*

## Governance

FOREST JURISDICTIONS		TRADING JURISDICTIONS
NUMBER	INDICATOR	MAX. POINTS
3.1	Government Effectiveness score	8
Guidance	<i>Jurisdictions have been assessed according to a measure for their 'Government Effectiveness'<sup>c</sup> as included in the 'Worldwide Governance Indicators' of the World Bank Group<sup>11</sup>.</i>	<i>Lowest-highest: 0-8 pts</i>
3.2	Regulatory Quality score	8
Guidance	<i>Jurisdictions have been assessed according to a measure for their 'Regulatory Quality'<sup>d</sup> as included in the 'Worldwide Governance Indicators' of the World Bank Group.</i>	<i>Lowest-highest: 0-8 pts</i>
3.3	Rule of Law score	8
Guidance	<i>Jurisdictions have been assessed according to a measure for their 'Rule of Law'<sup>e</sup> as included in the 'Worldwide Governance Indicators' of the World Bank Group.</i>	<i>Lowest-highest: 0-8 pts</i>
3.4	Control of Corruption Rating score	8
Guidance	<i>Jurisdictions have been assessed according to the 'Corruption Perceptions Index'<sup>f</sup> of Transparency International.</i>	<i>Lowest-highest: 0-8 pts</i>

<sup>c</sup> 'Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.'

<sup>d</sup> 'Regulatory quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.'

<sup>e</sup> 'Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.'

<sup>f</sup> 'The Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be.'

# Subnational jurisdictions

## Overview

There are three overall categories against which subnational jurisdictions in forest/producer jurisdictions have been assessed:

POLICY AREA	MAXIMUM POINTS
Overall policies	70
Track record	30
<b>TOTAL</b>	<b>100</b>

## Overall policies

SUBNATIONAL JURISDICTION		
NUMBER	INDICATOR	MAX. POINTS
1.1	Adjusted overall score of the national jurisdiction the state or province is located in	40
Guidance	<i>No additional guidance.</i>	<i>Lowest-highest: 0-40 pts</i>
1.2	Existence of a public overall zero or net zero deforestation pledge or commitment for one or more commodity supply chains, which excludes the production of products in, or use of products originating from, intact forest landscapes, high conservation areas, primary forests and/or tropical natural forests	10
Guidance	<i>See guidance for national forest jurisdictions.</i>	<i>Overall zero: 10 pts Net zero, commodity- or ecosystem- specific: 5 pts</i>
1.3	Existence of a state target, strategy, directive or law to reduce deforestation which is time-bound and/or measurable	10
Guidance	<i>See guidance for national forest jurisdictions.</i>	<i>Time-bound AND measurable: 10 pts Time-bound OR measurable: 5 pts Address: 2.5 pts</i>

1.4	Existence of public statements, directives that demonstrate commitment to reducing deforestation	10
Guidance	<i>See guidance for national jurisdictions.</i>	<i>Yes: 5 pts No: 0 pts</i>

## Track record

SUBNATIONAL JURISDICTION		
NUMBER	INDICATOR	MAX. POINTS
2.1	Loss of forested areas 2001- 2013 (%)	10
Guidance	<i>See guidance for national forest jurisdictions.</i>	<i>10% - 0% loss of forest areas: 0-10 pts</i>
2.2	Change in rate of deforestation from 2001-2009 and 2010-2013	10
	<i>See guidance for national forest jurisdictions.</i>	<i>Increase: 0 pts No change: 4 pts Decrease: 10 pts</i>
2.3	Endorsed the New York Declaration on Forests <sup>12</sup>	5
Guidance	<i>No additional guidance.</i>	<i>Yes: 5 pts No: 0 pts</i>
2.4	Signed the Rio Branco Declaration of the Governors' Climate and Forest Task Force <sup>13</sup>	5
Guidance	<i>No additional guidance.</i>	<i>Yes: 5 pts No: 0 pts</i>

## 2. Company assessments

### Overview

There are four overall categories against which companies have been assessed:

POLICY AREA	MAXIMUM POINTS
Overall forest policy	18
Commodity policies	50
Operations	16
Reporting and transparency	16
<b>TOTAL</b>	<b>100</b>

In some cases companies have multiple subsidiaries and operations in a number of relevant commodities. In these cases assessments have been carried out for the most relevant subsidiary. For example, a company with separate subsidiaries in oil palm plantations and the timber industry has been assessed for its commodity-specific policies relative to its most relevant subsidiary.

### Overall forest policy

COMPANY		
NUMBER	INDICATOR	MAX. POINTS
1.1	The company has made an overall zero deforestation pledge or a net zero deforestation pledge (not specific to commodities)	12
Guidance	<i>The commitment must apply across all operations or at least to all high risk commodities (soya, palm oil, timber, beef, leather, pulp and paper). Some companies are members of the Consumer Goods Forum (CGF), which has an overall net zero deforestation pledge. CGF members have not been awarded points for a net zero policy for iterating affiliation with the CGF but must explicitly refer to a policy that applies to their own operations and supply chains. Some interpretation has been required where companies have not used the terms 'zero' or 'net zero' in relation to their deforestation commitments, e.g. commitments to 'eliminate' deforestation have been interpreted as net zero.</i>	<i>Zero: 12 pts Net zero: 8 pts No: 0 pts</i>
1.2	The company recognises the values of forests in biodiversity, climate change mitigation, ecosystem services or security, or similar values	6
Guidance	<i>Any references that demonstrate an understanding of the services forests provide, including, but not limited to, for communities, livelihoods, ecosystems, climate regulation, water security, health security, biodiversity, habitats, etc. References to 'high conservation value forest' are accepted as they imply an understanding of the importance of forests.</i>	<i>Yes: 6 pts No: 0 pts</i>

## Commodity policies

Companies have been assessed for policies only for the commodities found to be relevant to their operations. Further research has confirmed which forest risk commodities companies are likely to be exposed to. All companies have been assessed for policies for their use of paper and packaging, given that all companies use these products to a certain extent and discussion over policies for these products is well developed and has been ongoing for many years. It is important to note that in some cases companies have not been assessed for policies for forest risk commodities for which they only use very minor volumes. For example, cosmetics companies have not been assessed for soya procurement policies as even though they use soya derivatives, it was concluded that their use comprised too small a proportion of their total forest risk commodity usage to warrant assessment.

The indicators against which companies have been assessed for each of the commodities included (soya, palm oil, beef, leather, timber, pulp and paper) are very similar. Indicators for beef and leather have been combined since products originate from the same resources and therefore face the same sustainability issues. For some of the commodities, an additional, more specific question has been added where certain issues are at the forefront of the sustainability debate. For example, assessments of palm oil policies include consideration of the company's requirements regarding the development of peatlands for palm oil. When no additional question has been added (for example for leather/beef) scores have been scaled up so that companies are always able to achieve the 50 points maximum available.

COMPANY		
NUMBER	INDICATOR	MAX. POINTS
2.1	The company has made a commitment to sustainable commodity production/procurement/use	10
Guidance	<i>The company must demonstrate a commitment to overall sustainability in the production, use or procurement of commodities; interpreted as a level of commitment rather than just an understanding of sustainability. Where production/procurement of a commodity is covered or is planned to ultimately be covered by a credible certification scheme, this is understood as a commitment to sustainable production/procurement/use. Credible schemes are defined as multi-stakeholder global certification schemes that include civil society in decision-making and exclude the production of commodities from intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests, namely FSC, RTRS, RSPO, and SAN/Rainforest Alliance.</i>	Yes: 10 pts No: 0 pts
2.2	The company policy excludes the use of products originating from intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests, or there is a clear preference for credible certification schemes that exclude one or more of the above forest classes	10
Guidance	<i>Companies must explicitly state that they do not produce commodities in or source commodities from any of the forest definitions (or similar) included above, or that their production/procurement is covered by one of the credible certification schemes listed in 2.1. Certification must cover or intend to ultimately cover all production/sourcing. Points are also awarded to companies with the operations of only one subsidiary fully certified where the subsidiary constitutes the company's main commodity usage. Companies relying on several certification schemes must state a preference for one that is 'credible'. Companies aiming for certification of less than 100% of operations or excluding products originating in forest areas in a specific ecosystem or region, e.g. in relation to the Amazon, to 'rainforests', to forests in Brazil, or to 'high risk areas', are awarded half points.</i>	Yes: 10 pts Regional: 5 pts No: 0 pts

2.3 Commodity specific	Pulp and paper: Policy commits to increase the use of recycled paper or board content, or commits to a reduction in the use of paper Palm oil: Policy excludes products originating from new developments of palm oil on high carbon stock and/or peatland areas of any depth Timber: Policy commits the company to phase out or exclude the use of all tropical timber, or commits to sourcing all timber from plantations	10
Guidance	<p><i>Pulp and paper: companies must have a target for or currently be increasing use of recycled paper or reducing overall paper usage. Policies may be for either all office paper or all packaging, but must apply globally across all operations. Policies that are specific to just one component of a company's operations, e.g. one product's packaging or paper usage in one facility, are not awarded points.</i></p> <p><i>Palm oil: companies must not source palm oil produced on high carbon stock land and/or peatland of any depth (i.e. no limit on depth). This commitment must be stated directly and not implied through RSPO certification.</i></p> <p><i>Timber: companies must aim to phase out the use of tropical timber in their supply chains in favour of wood from sustainable plantations. An exception to this is the use of tropical timber from small-scale, sustainably-managed community forest operations.</i></p>	Yes: 10 pts No: 0 pts
2.4	The policy includes a commitment to the development and/or implementation of full supply chain traceability systems	10
Guidance	<i>Traceability is defined as the ability to follow a product back to at least one step removed from production (i.e. mill level for palm oil and paper, crushing facility for soya beans, slaughterhouse for cattle), ideally further, and is considered a precursor for the ability to procure sustainably produced commodities. Companies must demonstrate a commitment to implementing traceability systems for their sourcing and may not simply reference the importance of traceability. To be awarded full points, companies must demonstrate a commitment to achieving full traceability or, as a minimum, full traceability for all high risk tropical forest regions. Companies referencing traceability systems for sourcing from a specific region or jurisdiction, e.g. for sourcing leather from Brazil/the Amazon region, where it is not clear whether this covers total sourcing, are awarded half points.</i>	Yes: 10 pts Regional: 5 pts No: 0 pts
2.5	Date of final implementation	10
Guidance	<i>The date of final implementation relates to the policies covered in 2.2 or 2.3. To avoid awarding companies for weaker policies with earlier implementation dates, the date of final implantation refers to the ultimate date for the most ambitious component of the policy, e.g. 100% sourcing of certified commodities under the most stringent chain of custody certification type (identity preserved&gt;segregated&gt;mass balance&gt;book and claim). If a policy aims to reduce usage of a commodity or, for paper, increase use of recycled content, but does not commit to a defined target (e.g. 70% reduction by 2018), this is not considered a 'current' policy and is not awarded points.</i>	Current: 10 pts. Then reduced annually to 2020. No points awarded post 2020.

## Operations

COMPANY		
NUMBER	INDICATOR	MAX. POINTS
3.1	Existing policies apply to all company operations globally for the specific commodities	4
Guidance	<i>This applies to existing commodity policies and not to all relevant commodities for which a company should have policies. Where policies are included on the parent company's website and do not specifically exclude any operations, the policy has been assumed to apply globally. Where policies appear on a subsidiary company's website, but the subsidiary covers the company's relevant operations, the policy has also been interpreted as applying globally. Companies are awarded full points if all policies apply across all their operations; three points if 50% or more of their policies apply globally to their operations; and one point if only one policy applies universally. Where a company has only two policies and one policy applies globally, the company is awarded three points rather than one point (since 50% or more of policies apply to all operations).</i>	100%: 4 pts ≥50%: 3 pts 1 policy: 1 pt None: 0 pts
3.2	Existing policies for relevant commodities apply to all suppliers of the company (sourcing from suppliers for their own operations including their own brands but excluding products owned and branded by third parties)	4
Guidance	<i>This applies to existing commodity policies and not to all relevant commodities for which a company should have policies. In order to be awarded points an explicit commitment is required (i.e. no points are awarded for "aiming to work with suppliers to increase sustainable commodities"). Companies are awarded full points if all policies apply to all suppliers; three points if 50% or more of their policies apply to all suppliers; and one point if one policy applies to all suppliers. Where a company has only two policies and one policy applies to all suppliers, the company is awarded three points rather than one point (since 50% or more of policies apply to all suppliers).</i>	100%: 4 pts ≥50%: 3 pts 1 policy: 1 pt None: 0 pts
3.3	The company requires or commits to obtaining the Free, Prior and Informed Consent (FPIC) of local communities and/or indigenous people, similar stakeholder engagement or a policy for minimising social impacts, for all new developments and operations in relation to their commodity supply chains	4
Guidance	<i>For producers, this applies directly to their operations. For operators at later supply chain stages, this is related to commodity sourcing. Full points are awarded where 100% of a company's commodity policies have a FPIC/social component or where a company has an overarching policy applicable to all of its agricultural supply chains which includes a FPIC/social component; three points are awarded where 50% or more of a company's policies have a FPIC/social component; one point is awarded where only one of a company's policies has a FPIC/social component. The policy must appear to apply across all operations or sourcing of that specific commodity. Companies are not awarded points where a policy is associated with only one concession or area; is project-specific and refers to a philanthropic community project; or references human rights without any further indication of a process to address these rights. Where a company has only two policies and one includes a FPIC/social component, the company is awarded three points rather than one point (since 50% or more of policies include a FPIC/social component).</i>	100%: 4 pts ≥50%: 3 pts 1 policy: 1 pt None: 0 pts



3.4	The company has a policy that addresses workers' rights in relation to their suppliers	4
Guidance	<i>Any policy on labour rights must apply to suppliers and must include some level of detail on what is covered, including child labour, forced labour, freedom of association, etc. or refer to the ILO conventions. For producers, this should also apply to smallholders or contractors (if applicable). In some cases, such policies may appear on the websites of the key subsidiary companies rather than the parent company page. Full points are awarded where all commodity policies address workers' rights or the company has an overall policy for suppliers that includes workers' rights; three points are awarded where 50% or more of a company's policies address workers' rights; one point is awarded where only one policy addresses workers' rights. Where a company only has two commodity policies and one addresses workers' rights, the company is awarded three points rather than one point (since 50% or more of existing policies address workers' rights).</i>	100%: 4 pts ≥50%: 3 pts 1 policy: 1 pt None: 0 pts

## Reporting and transparency

COMPANY		
NUMBER	INDICATOR	MAX. POINTS
4.1	The company reports progress of its policies against milestones	4
Guidance	<i>This applies to existing commodity policies and not to all relevant commodities for which a company should have policies. Information must be available on the company's website/in the sustainability report rather than only through other portals, e.g. RSPO. Examples of reporting on progress include percentages of sustainable sourcing; progress along stated timelines; or details of policy implementation, such as stakeholder consultations, working with civil society, or the development of traceability systems. Full points are awarded where a company reports progress for all of its commodity policies; three points are awarded where a company reports progress for 50% or more of its policies; one point is awarded where a company reports progress for only one commodity. Where a company only has two policies and reports progress for one policy, it is awarded three points for reporting on 50% or more of its commodity policies.</i>	100%: 4 pts ≥50%: 3 pts 1 commodity: 1 pt None: 0 pts

4.2	The company publicly reports the specific amounts of commodities, for which it has policies, that it produces, procures or uses in its company publications or materials, or on portals like CDP <sup>g</sup> , or through certification schemes such as the RSPO <sup>h</sup>	4
Guidance	<i>To be awarded points, companies must have reported in at least one of the last two reporting periods for RSPO (2012/13 and/or 2013/14) and CDP (2013 and/or 2014; 2015 if the report has already been released). Full points are awarded where the company reports total volumes as well as proportions or volumes of sustainable commodities for all commodities for which it has policies. Half points are awarded where the company reports either only total volumes or only volumes of sustainable commodities for all commodities for which it has policies, or where the company reports total volumes and the volumes of sustainable commodities but not for all commodities for which it has policies or for all subsidiaries. Points are awarded if a subsidiary that represents the company's major commodity use reports usage and the parent company itself does not.</i>	<i>Full reporting: 4 pts Partial reporting: 2 pts None: 0 pts</i>
4.3	The company has a public Code of Conduct for Suppliers	4
Guidance	<i>The Code of Conduct must be public on the company website, a direct link provided to the Code of Conduct if the policy is hosted on a different platform, or the company must provide specific information on what the Code of Conduct covers. Points are awarded where requirements for suppliers are clearly stated throughout the website or sustainability report, or similar, or where the company's own Code of Conduct, or Code of Ethics etc. is stated as also applying to suppliers. For producers, this applies to smallholders, contractors or partners.</i>	<i>Yes: 4 pts No: 0 pts</i>
4.4	The company has published a sustainability report (or joint annual and sustainability report) in 2013 and/or 2014, or has a dedicated CSR section on its website	4
Guidance	<i>No additional guidance.</i>	<i>Yes: 4 pts No: 0 pts</i>

<sup>g</sup> CDP. 2014. Reporting to CDP's Forest Program. [Online] Available from: <https://www.cdp.net/en-US/Respond/Pages/Forests.aspx> [Accessed October 2014]

<sup>h</sup> RSPO. 2014. Roundtable on Sustainable Palm Oil. [Online] Available from: <http://www.rspo.org/> [Accessed October 2014]

## 3. Investor assessments

### Overview

There are three general categories against which investors have been assessed.

POLICY AREA	MAXIMUM POINTS
Overall forest policy	45
Policy strength	35
Monitoring, reporting and transparency	20
<b>TOTAL</b>	<b>100</b>

### Overall forest policy

INVESTOR		
NUMBER	INDICATOR	MAX. POINTS
1.1	The investor has made an overall zero deforestation pledge or a net zero deforestation pledge (not specific to commodities)	10
Guidance	<i>Investors and lenders must explicitly include statements that apply directly to their own activities. Some interpretation has been required where the terms 'zero' or 'net zero' have not been used in relation to commitments, e.g. commitments to 'eliminate' deforestation have been interpreted as equal to net zero.</i>	<i>Zero: 10 pts Net zero: 5 pts</i>
1.2	The investor has an overall sustainable investment/lending policy or criteria that includes environmental considerations	5
Guidance	<i>Being a member/signatory of responsible investment initiatives is insufficient to be awarded points unless the investor reiterates the environmental guidelines of these initiatives. A general description/definition of Environmental, Social and Governance (ESG) criteria is also insufficient.</i>	<i>Yes: 5 pts No: 0 pts</i>
1.3	The investor has a specific sustainable investment or lending policy for paper, timber or pulp that applies to all of its lending and investments	5

Guidance	<i>Full points are awarded if an investor has a policy to only invest in or lend to sustainably managed commodity operations; if it has a policy with the goal of reducing deforestation from such a commodity; or if it has an overarching sustainability policy that clearly implies the inclusion of the specific commodity.</i>	Yes: 5 pts No: 0 pts
1.4	The investor has a specific sustainable investment or lending policy for soya that applies to all of its lending and investments	5
Guidance	<i>As above.</i>	Yes: 5 pts No: 0 pts
1.5	The investor has a specific sustainable investment or lending policy for beef and/or leather that applies to all of its lending and investments	5
Guidance	<i>As above.</i>	Yes: 5 pts No: 0 pts
1.6	The investor has a specific sustainable investment or lending policy for palm oil that applies to all of its lending and investments	5
Guidance	<i>As above.</i>	Yes: 5 pts No: 0 pts
1.7	The investor has a specific sustainable procurement policy for its own operations that includes at least paper/packaging	5
Guidance	<i>The investor must have procurement policies at least for paper and/or packaging, e.g. using recycled paper, reducing paper and/or sourcing sustainable paper. Points are not awarded for policies to recycle office paper, paper used in operations, or packaging, as this does not address issues related to the origin of the paper.</i>	Yes: 5 pts No: 0 pts
1.8	The investor has an ethical product in its portfolio (such as an ethical investment fund) that takes into account environmental criteria, or the company invests in or lends to environmentally sustainable projects	5
Guidance	<i>Points are also awarded to companies that invest or lend to projects with a strong sustainability focus if those investments include environmental sustainability criteria. Donations to organisations or projects that address environmental concerns are not sufficient to be awarded points.</i>	Yes: 5 pts No: 0 pts

## Policy strength

INVESTOR		
NUMBER	INDICATOR	MAX. POINTS
2.1	The overall environmental sustainability policies or the commodity specific policies are compulsory or recommendations	10
Guidance	<i>No additional guidance.</i>	<i>Compulsory: 10 pts Recommendations: 5 pts</i>
2.2	The investor either requires or encourages companies that it invests in or lends to seek sustainability certification overall or for high risk commodities	5
Guidance	<i>To be awarded points, the investor must require or encourage certification by a credible certification scheme. Credible certification schemes are understood as multi-stakeholder global certification schemes that include civil society in decision-making and exclude the production of commodities from intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests, namely FSC, RTRS, RSPO and SAN/Rainforest Alliance. No points are awarded if certification is only requested or required where activities occur in particularly sensitive areas such as High Conservation Value Landscapes.</i>	<i>Requires: 5 pts Encourages: 2.5 pts</i>
2.3	The sustainable investment/lending policy excludes or recommends against investments/lending in projects or companies that source, trade or manufacture products originating from intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests - either as a general policy or for specific commodity policies	10
Guidance	<i>No additional guidance.</i>	<i>Excludes: 10 pts Recommends: 5 pts</i>
2.4	The sustainable investment/lending policy or commodity specific policy includes a requirement or encouragement for a process for Free, Prior and Informed Consent (FPIC), or a similar stakeholder engagement process that addresses the rights of indigenous people and/or communities for minimising social impacts for new investments	10
Guidance	<i>This could be a provision for FPIC or a similar process of stakeholder engagement for minimising negative social impacts and should apply for at least one of the commodities for which there is a policy, for the overall sustainability policy or for general lending and investment criteria.</i>	<i>Yes: 10 pts No: 0 pts</i>

## Monitoring, reporting and transparency

INVESTOR		
NUMBER	INDICATOR	MAX. POINTS
3.1	The investor publicly discloses its progress against its sustainability policy or policies for specific commodities, for example by reporting against milestones and on the number of investments where policies apply	5
Guidance	<i>This indicator focuses on investments and lending activities, not on the operations of the investor. Progress can be communicated against timelines (e.g. years), a specific target (e.g. percentage) or milestone, or by reporting on the number of investments where the policy applies. Half points are given if the reporting is done only for ethical products or projects.</i>	<i>General: 5 pts Ethical products: 2.5 pts</i>
3.2	The investor has specific procedures to ensure new investment or lending activities are properly vetted against its sustainability policy and the procedures are either mandatory (i.e. hard screen) for all new projects or more flexible (i.e. soft screen that incorporates investment size or risk factors)	10
Guidance	<i>This indicator focuses on whether a company has internal procedures to assess new investments or lending activities against their sustainability policies. Full points are given for a hard screen approach where the criteria are included in every investment or business lending decision. Half points are awarded for soft screen approaches, e.g. when procedures only apply to investments over a certain value.</i>	<i>Hard screen: 10 pts Soft screen: 5 pts</i>
3.3	The investor has specific procedures to monitor investments against its sustainability policy on an ongoing basis	5
Guidance	<i>This indicator addresses whether an investor has procedures internally that allow for the monitoring of investment performance against sustainability policies. It is not about public disclosure or reporting but about the existence of monitoring procedures.</i>	<i>Yes: 10 pts No: 0 pts</i>

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