



Company Assessment Methodology 2016

How are the 250 companies in the Forest 500 assessed?

About the Forest 500:

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

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About the Global Canopy Programme:

The Global Canopy Programme (GCP) is a tropical forest think tank working to demonstrate the scientific, political and business 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. The contents of this report may be used by anyone providing acknowledgement is given to the Global Canopy Programme. No representation or warranty (express or implied) is given by the Global Canopy Programme or any of its contributors as to the accuracy or completeness of the information and opinions contained in this report. The Global Canopy Programme sits under The Global Canopy Foundation, a United Kingdom charitable company limited by guarantee, charity number 1089110

OVERVIEW

Companies are assessed according to four categories:

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

OVERALL FOREST POLICY

NUMBER	INDICATOR	MAX. POINTS
1.1	The company has made an overall zero deforestation commitment, a zero net deforestation commitment, or a commitment to zero deforestation of HCV or HCS forests, across all commodity supply chains.	12
Guidance	<i>The commitment must apply across all operations or at least to all high risk commodities (soya, palm oil, beef, leather, timber, pulp and paper). For timber, pulp and paper, the company must exclude procurement from forests other than sustainable plantation developments that were established after a fixed date defined by the company. Where companies are members of the Consumer Goods Forum or signatories to the New York Declaration on Forests, an individual commitment to reduce forest loss must be stated by the company that explicitly applies to their own operations and supply chains. Some interpretation has been required where companies have not used the terms 'zero' or 'zero net' in relation to their deforestation commitments; commitments to 'eliminate' deforestation are interpreted as zero net.</i>	<i>Zero: 12 pts Zero net or zero deforestation of HCV/HCS: 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>The company must demonstrate an understanding of the services forests provide, including, but not limited to, for communities, livelihoods, ecosystems, climate regulation, water security, health security, biodiversity, and/or habitats. Use of the term 'high conservation value forest' is accepted as it implies an understanding of the importance of forests.</i>	<i>Yes: 6 pts No: 0 pts</i>

COMMODITY POLICIES

Companies are assessed for policies only for commodities relevant to their operations. In some cases companies have not been assessed for commodity policies 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, their use comprises too small a proportion of their total forest risk commodity usage to warrant consideration in their role as a powerbroker of zero deforestation within this supply chain.

All companies, however, are assessed for their use of office paper, since all companies use paper in their everyday operations and discussion surrounding such products is well developed and ongoing for many years. A distinction is made between paper used for office operations and the production of paper products or use of paper packaging; companies that produce or use large volumes of pulp or paper in their production lines are assessed for a commodity policy specific to these operations as well. For example, a paper producer, publishing house or retailer producing private label paper packaged products would be assessed for pulp and paper. Note that this distinction was not present in earlier versions of this methodology. Feedback on this part of the methodology indicated the need for a distinction in paper usage in order to highlight progress among key powerbrokers using paper in far greater volumes than, for example, palm oil producers, whose usage of paper is largely office-based. This question, indicator 2.0, is worth 4% of a company's score for the 'commodity policies' section.

Indicators 2.1 to 2.5 are used to assess companies for specific commodities (other than office paper). Indicators for beef and leather are combined since they both originate from cattle and therefore face the same sustainability issues. Pulp and paper is assessed separately from timber, however, due to differences in how they are processed and traded. For some of the commodities, an additional, more specific question is included where certain issues are at the forefront of the sustainability debate. For example, assessments of palm oil policies include consideration of whether the company has a policy preventing new oil palm plantation development on peatlands. Where no additional question is included, scores are scaled up so that companies are always able to achieve the 50 points maximum available for each commodity.

Where holding companies have subsidiaries that operate in different forest risk commodity supply chains, these subsidiaries are assessed for the commodities relevant to their operations. For example, if a holding company operates separate subsidiaries in oil palm and timber, the oil palm subsidiary is assessed for palm oil and the timber subsidiary for timber.

A number of questions refer to the use of 'credible' certification schemes. Credible schemes are defined as multi-stakeholder 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. Global schemes considered credible include FSC, RTRS, RSPO, and SAN/Rainforest Alliance

OFFICE PAPER

NUMBER	INDICATOR	MAX. POINTS
2.0	The company has made a commitment to use sustainably produced paper in its office operations	10
Guidance	<i>Companies must demonstrate a commitment to either procure paper used in their offices from sources that protect intact forest landscapes, high conservation value areas, primary forests and/or tropical natural forests, from supplies approved by a credible (see page 2) certification scheme or from recycled sources. Policies to reduce the amount of paper used or that do not apply across all company offices are awarded half points.</i>	Yes: 4 pts Regional, Reduction: 2 pts No: 0 pts

PULP AND PAPER; PALM OIL; SOYA; BEEF AND LEATHER; TIMBER

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 sustainability in the production, use or procurement of commodities. Companies must state a commitment rather than simply demonstrating an understanding of the importance 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. If a company scores for this question, it is considered to have a 'sustainability policy'.</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 exploitation of 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. Certification must cover or intend to ultimately cover all production/sourcing. Points are awarded to companies with the operations of only one subsidiary fully certified where that subsidiary constitutes the company's main commodity usage. Companies relying on several certification schemes must state a preference for one that is credible (see page 2). Companies aiming for certification of less than 100% of operations or excluding products originating in forest areas in a specific ecosystem or region, for example in relation to the Amazon, to 'rainforests', to forests in Brazil, or to 'high risk areas', are awarded half points. If a company scores for this question, it is considered to have a 'forest policy'.</i>	Yes: 10 pts Regional: 5 pts No: 0 pts

2.3 Commodity-specific questions	Pulp and Paper: Policy commits to reduce the amount of virgin fibre content used for paper and board materials 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	<i>Pulp and paper: Companies procuring paper or board materials for the production or packaging of their products must demonstrate a commitment to either increase the recycled content of their products or reduce the amount of paper used in their packaging through redesign rather than use of alternative non-sustainable materials.</i> <i>Palm oil: Companies must not source palm oil produced on high carbon stock land and/or peatland of any depth (i.e. setting no limit on depth). This commitment must be stated directly and not implied through RSPO certification.</i> <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>	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 considered a precursor for the ability to procure sustainably produced commodities. It 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, paper, and timber products other than roundwood; crushing facility for soya beans; slaughterhouse for cattle), and ideally further. Companies must demonstrate a commitment to implementing traceability systems for their sourcing and may not simply state 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 as defined by the company. Companies referencing traceability systems for sourcing from a specific region or jurisdiction, where it is not clear whether this covers total sourcing, are awarded half points. Retailers that commit to establishing traceability to at least first importer are also awarded half points.</i>	Yes: 10 pts Regional or First Importer (Retailers only): 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 implementation 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 (e.g. for palm oil, in order of most to least stringent: identity preserved, segregated, mass balance, 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 timebound and measurable target (e.g. a 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

NUMBER	INDICATOR	MAX. POINTS
3.1	Existing policies apply to all company operations	4
Guidance	<i>This applies to commodity policies that a company does have - not to any commodities for which a company should have policies but does not, nor does it apply to office paper 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 to all operations. Where policies appear on a subsidiary company's website and the subsidiary covers the company's relevant operations, the policy has also been interpreted as applying to all operations. Companies are awarded full points if all policies apply across all their operations; three points if 50% or more of their policies apply to all their operations; and one point if only one policy applies universally. Where a company has only two policies and one policy applies to all operations, 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 apply to all suppliers of the company	4
Guidance	<i>This question refers to company sourcing from suppliers for its own operations including its own brands but excluding products owned and branded by third parties. This applies to commodity policies that the company does have - not to any commodities for which a company should have policies but does not, nor does it apply to office paper 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, including but not limited to indigenous peoples, 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. The policy must not necessarily use the term FPIC, but must outline a process through which all local stakeholders are actively involved and have a say in the decision-making process prior to any new development. The policy must apply across all operations or commodity sourcing. Companies are not awarded points where a policy is associated with only one concession or area; is project-specific or refers to a philanthropic community initiative; or references human rights without any further indication of a process to address these rights. Full points are awarded where 100% of a company's commodity-specific policies have an FPIC requirement or where a company has an overarching policy applicable to all of its supply chains that includes an FPIC requirement; three points are awarded where 50% or more of a company's policies have an FPIC requirement; one point is awarded where only one of a company's policies has an FPIC requirement. Where a company has only two policies and one includes an FPIC requirement, the company is awarded three points rather than one point (since 50% or more of policies include an FPIC 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>Policies covering labour rights must apply to suppliers and must include some level of detail on what is covered, including no child labour, no forced labour, freedom of association, no discrimination, 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

NUMBER	INDICATOR	MAX. POINTS
4.1	The company reports progress of its policies against milestones	4
Guidance	<i>This applies to commodity policies that the companies does have - not to any commodities for which a company should have policies but does not, nor does it apply to office paper policies. Information must be available on the company's website or in its sustainability report rather than only through external portals such as 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 such as CDP ^a , or through certification schemes such as the RSPO ^b	4
Guidance	<i>To be awarded points, companies must have reported in at least one of the last two reporting periods for RSPO (2013/14 and/or 2014/15) and CDP (2014 and/or 2015; 2016 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 commodity-specific 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</i>	Full reporting: 4 pts Partial reporting: 2 pts None: 0 pts

^a CDP. 2016. Reporting to CDP's Forest Program. [Online] Available from: <https://www.cdp.net/en-US/Respond/Pages/Forests.aspx> [Accessed March 2016]

^b RSPO. 2016. Roundtable on Sustainable Palm Oil. [Online] Available from: <http://www.rspo.org/> [Accessed March 2016]

	<i>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>	
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 must be 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 2014 and/or 2015, or has a dedicated CSR section on its website that includes an environment section	4
Guidance	<i>Points are also awarded where the company has already published a sustainability report in 2016.</i>	<i>Yes: 4 pts No: 0 pts</i>

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