



# Company Assessment Methodology 2018

How are the 350 companies in the Forest 500 assessed?

**About the Forest 500:**

Forest 500, a Global Canopy project, identifies and ranks the most influential companies and financial institutions in the race towards a deforestation-free global economy.

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## COMPANY ASSESSMENTS

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The Forest 500 company assessment methodology is used to annually rank the 350 companies that have the greatest influence within global forest risk commodity (FRC) supply chains. Each year, the below indicators are used to track the progress of commitments towards addressing potential deforestation in palm oil, soy, beef, leather, timber, and pulp and paper supply chains, as relevant to each company's operations. For further explanation as to how companies are selected, please see the Forest 500 Selection Methodology<sup>a</sup>.

Companies are assessed against five categories. The overall **intent and awareness** of each company is assessed, before the clarity and robustness of individual **commodity commitments** is scored. The **scope** of applicability and **ambition** of commodity commitments is subsequently examined followed by the **transparency** of each company in reporting progress against commodity commitment implementation. Finally, important **social considerations** applicable more broadly to each company's operations is assessed. Unlike in previous years, we have increased our focus on capturing more details on a company's implementation of their commitments and have also added two new social indicators this year. As a result, we have subsequently decreased the points awarded to commodity commitments to account for this change. Companies are scored out of 100 points, with the following point breakdown forming each score:

COMMITMENT AREA	MAXIMUM POINTS
1. Overall Intent and Awareness	10
2. Commodity Commitments	16
3. Commitment Scope & Ambition	24
4. Reporting, Monitoring & Implementation	34
5. Social Commitments	16
<b>TOTAL</b>	<b>100</b>

Companies receive both an Overall Score and a Commodity-specific Score for the commodities they are assessed for. The Commodity-specific score is made up of the answers to sections 2-5 for a specific commodity and thus sections 2-5 are repeated for the number of commodities a company is assessed for. To calculate the overall score for a company, a company's commodity-specific scores (for sections 2-5) are averaged across all commodities they are assessed for – allowing us to gauge the level of ambition and progress across a company's entire operations.

Companies are assessed against the information publicly available on their websites, with the exception of indicators 4.1 and 4.7 which allow progress to also be reported to external sites such as CDP Forests and certification schemes.

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<sup>a</sup> For further details, see the Forest 500 Selection Methodology available here: <https://forest500.org/about/how-do-we-rank-500>

## CHANGES TO THE ASSESSMENT METHODOLOGY

The methodology has been reviewed by sector experts and the following questions have been refined or added to capture current thinking as to the policies that should be expected of financial institutions investing in or lending to companies involved in agricultural commodity supply chains.

NUMBER	ORIGINAL INDICATOR	CHANGE TO INDICATOR	NEW INDICATOR (IF APPROPRIATE)
	NEW INDICATOR		1.2 Signatory to or member of voluntary initiatives seeking to end or reduce soft commodity driven deforestation
2.1 and 2.2	Policy to produce and/or procure sustainably produced commodities Policy to exclude production or use of products originating from intact forest landscapes, high conservation value areas, primary and/or natural forests	Combined into one indicator with staggered points depending on whether the commitment is forest-related or sustainability related.	
	NEW INDICATOR	Split out from 2.2 to be own scope indicator.	3.1 Commitments apply to all sourcing regions
	NEW INDICATOR		3.4 Commitments apply to all indirect third party suppliers of the company
	NEW INDICATOR		4.2 Progress on commitment implementation is independently verified
	NEW INDICATOR		4.3 The company monitors and verifies compliance in their supply chain
	NEW INDICATOR		4.4 The company engages with non-compliant suppliers
	NEW INDICATOR		4.5 The company publicly reports their direct suppliers and/or sourcing regions
	NEW INDICATOR		4.6 The company has a grievance mechanism in place to identify and remedy adverse social and environmental impacts linked to their operations
	NEW INDICATOR		4.7 The company reports on their participation in collaborative actions to advance sustainability in agriculture commodity production
	NEW INDICATOR		5.3 Commitment that addresses gender equality issues in relation to suppliers
	NEW INDICATOR		5.4 Commitment to encourage the inclusion of small-scale farmers in agricultural supply chains

## OVERALL INTENT AND AWARENESS

NUMBER	INDICATOR	MAX. POINTS
1.1	Company-wide commitment to achieve deforestation-free and/or conversion-free production and/or procurement for all high risk commodity supply chains	6
Guidance	<p><i>The commitment must be company-wide and apply to at least all high risk commodities that a company produces and/or procures, namely soy, palm oil, beef, leather, timber, and pulp and paper.</i></p> <p><b>Conversion-free</b> is understood as no conversion of natural ecosystems anywhere (also referred to as zero/zero gross conversion), <b>deforestation-free</b> is understood as no loss of natural forests anywhere (also referred to as zero/zero gross deforestation), while <b>zero net deforestation</b> is understood as a commitment to offset forest loss through forest restoration.</p> <p><i>For timber, pulp and paper companies, whose business is dependent on timber felling, commitments to well implemented timber harvest that maintains the composition, structure, and function of forests over time and the protection of high priority forest areas including high carbon stock and high conservation value areas is sufficient to score points for deforestation-free. Where companies are members of the Consumer Goods Forum or signatories to the New York Declaration on Forests, a commitment to address forest loss related to the company's own operations and supply chains must be stated to score points here. Some interpretation has been required where companies have not used the terms 'zero' or 'zero net' in their commitments; for example, commitments to 'eliminate' deforestation are interpreted as deforestation-free.</i></p>	<p><i>Conversion-free commitment or a deforestation-free commitment that explicitly includes all other natural ecosystems: 6 points</i></p> <p><i>Deforestation-free or, for timber, pulp &amp; paper companies only, zero net deforestation: 4 pts</i></p> <p><i>Zero net deforestation: 2 pts</i></p> <p><i>No: 0 pts</i></p>
1.2	Signatory to or member of voluntary initiatives seeking to end or reduce soft commodity driven deforestation	2
Guidance	<p><i>Companies are signatories to or active members of one or more voluntary initiatives that seek to end or reduce soft commodity deforestation, including: Consumer Goods Forum, New York Declaration on Forests, Soy Moratorium, Cerrado Manifesto Statement of Support, G4 Cattle Agreement, Tropical Forest Alliance 2020 partner, Global Agribusiness Alliance, Palm Oil Innovation Group, World Business Council for Sustainable Development Forest Solutions Group, UN Global Compact, WWF Global Forest &amp; Trade Network, High Conservation Value Resource Network, Natural Capital Coalition, or similar initiatives focused on ending or reducing soft commodity driven deforestation in relation to high risk commodities (soy, palm oil, beef, leather, timber, and pulp and paper).</i></p>	<p><i>Yes: 2 pts</i></p> <p><i>No: 0 pts</i></p>
1.3	Awareness of the importance of protecting forest ecosystems	2
Guidance	<p><i>The company shows an understanding of the services forests provide and risks associated with forest conversion, including, but not limited to, for communities, livelihoods, resource and land rights, 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. Awareness is demonstrated through statements in company communications (e.g. company web pages, annual reports, policy documents).</i></p>	<p><i>Yes: 2 pts</i></p> <p><i>No: 0 pts</i></p>

## COMMODITY COMMITMENTS

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Companies are only assessed for their commitments for the commodities relevant to their operations.

For each commodity, indicators 2.1 to 5.4 are repeated to assess the content of commodity specific commitments for palm oil, soy, leather, beef, timber, pulp and paper. Indicators 3.1 to 4.2 are repeated further to be collected for all commitments, where there may be multiple commitments for each commodity.

### **Commodity Assessment**

Indicators for beef and leather are combined since these products both originate from cattle and therefore face the same sustainability issues. Pulp and paper products are assessed separately from timber, however, due to differences in how they are processed and traded.

Companies are assessed for the commodities relevant to the supply chain(s) for which they were identified as a powerbroker during the selection process plus other high forest risk commodities that the company produces, processes, or uses. In some cases, companies have not been assessed for commodity commitments for which they only use very minor volumes. For example, cosmetics companies have not been assessed for soy procurement commitments as even though they use soy 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. Equally, while all companies are exposed to paper usage through their daily office operations, individually these companies are not powerbrokers in terms of paper consumption globally and have not, therefore, been assessed for office paper usage.

### **Additional Indicators**

For palm oil and pulp & paper, an additional, more specific question (Indicator 2.2) is included where certain issues are at the forefront of the sustainability debate. Palm oil companies are assessed for whether they have a commitment preventing new oil palm plantation development on peatlands, while pulp and paper companies are assessed for whether they have a commitment to reduce the amount of virgin wood fibre in their paper and board materials.

Indicators 3.1 to 3.6 and 4.1 to 4.2 are assessed against all individual commitments in Section 2 (Indicators 2.1 to 2.3), with maximum scores of 4 and 6 respectively. Since there is no additional indicator (2.2) for timber, cattle and soy, scores for indicators 3.1 - 4.2 are higher per commitment to obtain the same maximum score.

For example, when a company is assessed for palm oil or pulp & paper, all 3 commitments (Indicators 2.1 - 2.3) must be present and apply to all sourcing regions to score 4 points for Indicator 3.1. That is, each commitment scores 1.33 points for Indicator 3.1. Whereas when a company is assessed for timber, cattle, or soy, each commitment for Indicators 2.1 and 2.3 score 2 points for Indicator 3.1, so that the total maximum score possible for Indicator 3.1 is the same across commodities.

Companies cannot score for indicators 3.1 to 3.6 and 4.1 to 4.6 if they do not have a commodity commitment.

## Social indicators

Indicators 5.1 – 5.4 look at whether companies include key social issues in their commodity commitments, companies can also score here if they have a separate commitment on these issues if it applies to all of their sourcing – or at least the supply chains of the commodities they are assessed for. Companies can score for these indicators even if they do not have an environmental commitment for each commodity.

### Subsidiaries

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. Commodity commitments at these subsidiaries are interpreted as applying to all company operations where that subsidiary is the holding company's only exposure to that commodity.

### Retailers

Retailers are assessed for private label products rather than the products sold by the company but are owned and branded by a third party. Retailers are included in the Forest 500 due to market share of own brand banner sales, while third party producers of products are assessed as manufacturers if the company does not directly retail its own goods.

### Credible Certification Schemes

Indicator 2.1 refers to the use of 'credible' certification schemes. For the purpose of this assessment, 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, tropical natural forests, or similar. Global schemes considered credible are FSC, PEFC, RTRS, RSPO, and Rainforest Alliance.

NUMBER	INDICATOR	MAX. POINTS
2.1	Company has a commitment to exclude production or procurement of products originating from natural forests, other natural ecosystems and/or high conservation value areas <b>OR</b> a commitment to produce and/or procure sustainably produced commodities	8
Guidance	<p><i>The commitment states that the company will not source from one or more of the above landscape definitions. Commitments that state the company will or plans to only source commodities whose production is certified by a credible certification scheme that protects one or more of these landscape types are accepted. Companies relying on several certification schemes must state a preference for one that is credible.</i></p> <p><i>Types of commitments captured under this indicator include – conversion-free (zero conversion), deforestation-free (zero deforestation), zero net deforestation, other type of sourcing commitments that protects forests &amp; other natural ecosystems, commitments to credible certification</i></p>	<p><i>Commitments to deforestation-free, zero net deforestation, protecting forests, or commitment to credible certification schemes: 6 pts</i></p>

	<p>schemes that protect one of more of these landscape types, or commitments to produce or procure 'sustainably' or 'responsibly' produced commodities.</p> <p>Commitments under this indicator are classified under these categories to enable differentiation among companies on the level of ambition of commitments falling under this indicator. If a company has multiple commitments under this indicator, only the strongest commitment is scored.</p> <p>Companies that only commit to producing or procuring 'sustainably' or 'responsibly' produced commodities, or similar language score half points. All other commitment types (as described above) score full points.</p>	<p>+2 pts are awarded to companies with a deforestation commitment that also protects other natural ecosystems</p> <p>Commitment to sustainable or responsible sourcing ONLY: 2 points</p>
2.2 Commodity-specific questions	<p>Pulp and paper: Commitment to reduce the amount of virgin wood fibre content used for paper and board materials</p> <p>Palm oil: Commitment to exclude products originating from new developments of palm oil on high carbon stock (HCS) areas and/or peatlands of any depth</p>	4
Guidance	<p><i>Pulp and paper: The commitment states the company will reduce the volume of virgin wood fibre used in paper and packaging products through usage of recycled content, efficient use leading to a reduction of material inputs, or use of alternative fibres that consider full life cycle, biodiversity and food security impacts.</i></p> <p><i>Palm oil: The commitment states the company will not source palm oil produced on high carbon stock (HCS) land and/or peatlands of any depth (i.e. setting no limit on depth).</i></p>	<p>Yes: 4pts</p> <p>No: 0 pts</p>
2.3	Commitment to develop and implement supply chain traceability systems	4
Guidance	<p><i>Traceability is considered a precursor for the ability to procure sustainably produced commodities. For producers, processors, and traders, it is defined as the ability to follow a product back to production level (i.e. farm, estate, plantation, ranch or forest management unit). For manufacturers and retailers, it is defined as tracing supplies upstream to a level where they are able to ascertain compliance or detect non-compliance with their sourcing commitments.</i></p> <p><i>To be awarded full points, companies must have a commitment to developing a company-specific system to achieve full traceability or, as a minimum, full traceability for all high risk tropical forest regions as defined by the company (due to the unique footprint of each company's operations). Manufacturers and retailers that commit to establishing traceability to at least first importer without specifying additional compliance assurances (as described above) are awarded half points.</i></p>	<p>Yes: 4 pts</p> <p>For manufacturers and retailers only, back to first importer without additional compliance assurances: 2 pts</p> <p>No: 0 pts</p>

**Note:** Indicators 2.1 and 2.3 are weighted higher for timber, soy, and cattle for a total of 16 points across this category since we do not have a commodity-specific indicator (2.2) for these commodities.

## COMMITMENT SCOPE & AMBITION

Indicators 3.1-3.6 are repeated for individual commodity commitments assessed in Section 2.

NUMBER	INDICATOR	MAX. POINTS
3.1	Commitments apply to all sourcing regions	4
Guidance	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2 and it is repeated for each commitment. Where commitments are included on the parent company's website and do not specifically exclude any sourcing regions, the commitment is assumed to apply to all sourcing regions. Where commitments appear on a subsidiary company's website and the subsidiary covers the company's relevant operations, the commitment has also been interpreted as applying to all sourcing regions.</i></p> <p><i>Commitments that only apply to products from specific ecosystems or regions, for example the Amazon, to 'rainforests', or to 'high risk areas', are considered not to apply to all sourcing regions.</i></p> <p><i>Companies are awarded full points if all of their commitments assessed in Section 2 apply across all their sourcing regions.</i></p> <p><i>Points are scaled to obtain a maximum score of 4. For palm oil and pulp and paper, 1.33 points are awarded per commitment; for timber, cattle, and soy 2 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 2.66 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 1.33 pts per commitment in Section 2 that applies to all sourcing regions</i></p> <p><i>Timber, cattle &amp; soy: 2 pts per commitment in Section 2 that applies to all sourcing regions</i></p> <p><i>No commitments apply to all sourcing regions: 0 pts</i></p>
3.2	Commitments apply to all company operations	4
Guidance	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2 and it is repeated for each commitment. Where commitments are included on the parent company's website and do not specifically exclude any operations, the commitment is assumed to apply to all operations. Where commitments appear on a subsidiary company's website and the subsidiary covers the company's relevant operations, the commitment has also been interpreted as applying to all operations.</i></p> <p><i>Companies are awarded full points if all of their commitments assessed in Section 2 apply to all company operations.</i></p> <p><i>Points are scaled to obtain a maximum score of 4. For palm oil and pulp and paper, 1.33 points are awarded per commitment; for timber, cattle, and soy 2 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 2.66 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 1.33 pts per commitment in Section 2 that applies to all operations</i></p> <p><i>Timber, cattle &amp; soy: 2 pts per commitment in Section 2 that applies to all operations</i></p> <p><i>No commitments apply to all company operations: 0 pts</i></p>
3.3	Commitments apply to all direct third party suppliers of the company	4

Guidance	<p><i>This indicator applies to existing commodity commitments assessed in Section 2 and it is repeated for each commitment. It refers to sourcing for the company's own operations and private label brands, but excludes products sold by the company that are owned and branded by third parties. Direct suppliers refer to Tier 1 level suppliers (sell products direct to the company).</i></p> <p><i>Companies are awarded full points if all of their commitments assessed in Section 2 apply to all their direct third party suppliers.</i></p> <p><i>Points are scaled to obtain a maximum score of 4. For palm oil and pulp and paper, 1.33 points are awarded per commitment; for timber, cattle, and soy 2 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 2.66 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 1.33 pts per commitment in Section 2 that applies to all direct suppliers</i></p> <p><i>Timber, cattle &amp; soy: 2 pts per commitment in Section 2 that applies to all direct suppliers</i></p> <p><i>No commitments apply to all direct suppliers: 0 pts</i></p>
3.4	Commitments apply to all indirect third party suppliers of the company	4
	<p><i>This indicator applies to existing commodity commitments assessed in Section 2 and it is repeated for each commitment. It refers to sourcing for the company's own operations and private label brands, but excludes products sold by the company that are owned and branded by third parties. Indirect suppliers refer to Tier 2 and higher suppliers (do not directly sell to the company but rather to the company's suppliers).</i></p> <p><i>Companies are awarded full points if all of their commitments assessed in Section 2 apply to all their indirect third party suppliers.</i></p> <p><i>Points are scaled to obtain a maximum score of 4. For palm oil and pulp and paper, 1.33 points are awarded per commitment; for timber, cattle, and soy 2 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 2.66 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 1.33 pts per commitment in Section 2 that applies to all indirect suppliers</i></p> <p><i>Timber, cattle &amp; soy: 2 pts per commitment in Section 2 that applies to all indirect suppliers</i></p> <p><i>No commitments apply to all indirect suppliers: 0 pts</i></p>
3.5	Target date for full implementation of company commitment	4
Guidance	<p><i>This indicator is repeated for individual commitments assessed in Section 2 and it is repeated for each commitment. The target date refers to the date by which the company plans to achieve its commitment. Commitments with no date target date are awarded no points. Commitments that are already achieved (fully implemented) are considered 'current'.</i></p> <p><i>Companies are awarded full points if all of their commitments assessed in Section 2 are already achieved.</i></p> <p><i>Points are scaled to obtain a maximum score of 4. For palm oil and pulp and paper, 1.33 points are awarded per commitment; for timber, cattle, and soy 2 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 2.66 points for this indicator.</i></p>	<p><i>Current/2018: 4 pts.</i></p> <p><i>Then decreased annually by 0.5 points per year to 2025</i></p> <p><i>Beyond 2025: 0 pts</i></p> <p><i>No target date: 0 pts</i></p> <p><i>(points here are indicative if all commitments had the same target date)</i></p>

3.6	Commodity commitments include quantifiable targets	4
Guidance	<p><i>This indicator is repeated for individual commitments assessed in Section 2 and it is repeated for each commitment. Commitments are assessed for whether they include time-bound and measurable targets, allowing progress towards implementation to be tracked.</i></p> <p><i>Companies are awarded full points if all of their commitments assessed in Section 2 include quantifiable targets.</i></p> <p><i>Points are scaled to obtain a maximum score of 4. For palm oil and pulp and paper, 1.33 points are awarded per commitment; for timber, cattle, and soy 2 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 2.66 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 1.33 pts per commitment in Section 2 that have quantifiable targets</i></p> <p><i>Timber, cattle &amp; soy: 2 pts per commitment in Section 2 that have quantifiable targets.</i></p> <p><i>No commitments include quantifiable targets: 0 pts</i></p>

## REPORTING, MONITORING AND IMPLEMENTATION

Indicators 4.1 and 4.2 are repeated for individual commodity commitments assessed in Section 2, while all other indicators (4.3-4.8) are only assessed once per commodity.

NUMBER	INDICATOR	MAX. POINTS
4.1	Progress on commitment implementation is reported	6
Guidance	<p><i>This indicator is repeated for individual commitments assessed in Section 2 and it is repeated for each commitment. Reporting can be available on the company's own site or via external portals such as CDP<sup>b</sup>. To be awarded points, companies must have reported on their own website within the last two years (2016-2018) or in at least one of the last two reporting periods for RSPO<sup>c</sup> (2016 and/or 2017), RTRS<sup>d</sup> (2016 and/or 2017) and CDP (2016 and/or 2017; 2018 if the report has already been released).</i></p> <p><i>Companies are awarded full points if progress is reported for all of their commitments assessed in Section 2.</i></p> <p><i>Points are scaled to obtain a maximum score of 6. For palm oil and pulp and paper, 2 points are awarded per commitment; for timber, cattle, and soy 3 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 4 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 2 pts per commitment in Section 2 where implementation progress is reported</i></p> <p><i>Timber, cattle &amp; soy: 3 pts per commitment in Section 2 where implementation progress is reported</i></p> <p><i>No progress reported: 0 pts</i></p>
4.2	Progress on commitment implementation is independently verified	6
Guidance	<p><i>This indicator is repeated for individual commitments assessed in Section 2 and it is repeated for each commitment. Progress towards meeting commitments is assessed and documented through verification processes that are conducted following norms of good practice for credibility, rigor and independence. This can be completed through existing control systems (e.g. credible certification schemes) or through other credible third-party verification processes.</i></p> <p><i>Companies are awarded full points if progress is independently verified for all of their commitments assessed in Section 2. For the purpose of this assessment independent verification means an outside source auditing the reporting provided by the company. This can either be through a credible certification scheme (e.g. RSPO) or other third party audits of sustainability reports.</i></p> <p><i>Points are scaled to obtain a maximum score of 6. For palm oil and pulp and paper, 2 points are awarded per commitment; for timber, cattle, and soy 3 points are awarded per commitments as these commodities are only assessed for indicators 2.1 &amp; 2.3. For example, if a company has a palm oil commitment to protect forests (2.1) and a commitment to exclude production in HCS areas (2.2) but no traceability commitment (2.3), they can score a maximum of 4 points for this indicator.</i></p>	<p><i>Palm oil and pulp &amp; paper: 2 pts per commitment in Section 2 where implementation progress is reported</i></p> <p><i>Timber, cattle &amp; soy: 3 pts per commitment in Section 2 where implementation progress is reported</i></p> <p><i>No commitments independently verified: 0 pts</i></p>

<sup>b</sup> CDP. 2017. CDP Forests. Search and view forest responses. [Online] Available from: <https://www.cdp.net/en/forests#a8888e63070314c2285625253a462815>

<sup>c</sup> RSPO. 2017. Roundtable on Sustainable Palm Oil. [Online] Available from: <http://rspo.org/acop>

<sup>d</sup> RTRS. 2017. Round Table for Responsible Soy. [Online] Available from: <http://www.responsiblesoy.org/about-rtrs/members/>

4.3	The company monitors and verifies compliance in their supply chain	4
Guidance	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2, it is scored once per commodity rather than being repeated for each commitment.</i></p> <p><i>This indicator focuses on whether a company has a process to monitor and verify suppliers for compliance against their sustainability commitments. Monitoring can include satellite monitoring, on-the-ground patrols, and supplier audits, among others.</i></p>	<p><i>Monitors compliance: 4 pts</i></p> <p><i>No monitoring: 0pts</i></p>
4.4	The company engages with non-compliant suppliers	4
Guidance	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2, it is scored once per commodity rather than being repeated for each commitment.</i></p> <p><i>Engagement can include discussions with/exclusion of non-compliant suppliers or the implementation of support programmes to reduce the risk of non-compliance, with blacklisting seen as a last step following unsuccessful engagement efforts. Companies must specify time-bound plans to exclude non-compliant suppliers when engagement is unsuccessful, otherwise they are awarded half points.</i></p> <p><i>Companies that blacklist non-compliant suppliers prior to engaging with them are also awarded half points as blacklisting is seen as a last step following unsuccessful engagement.</i></p>	<p><i>Engages non-compliant suppliers: 4 pts</i></p> <p><i>Engagement with no time-bound threat of exclusion or blacklisting prior to engagement: 2 pts</i></p> <p><i>No engagement: 0 pts</i></p>
4.5	The company publicly reports their direct suppliers and/or sourcing regions	4
	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2, it is scored once per commodity rather than being repeated for each commitment.</i></p> <p><i>The company publicly discloses a list of their direct suppliers and/or the exact locations they source from (e.g. concession area maps). To be awarded points, companies must have disclosed their suppliers and/or sourcing locations within the last two years (2016-2018).</i></p>	<p><i>Disclosure of suppliers and/or sourcing regions: 4 pts</i></p> <p><i>No disclosure: 0 pts</i></p>
4.6	The company has a grievance mechanism in place to identify and remedy adverse social and environmental impacts linked to their operations	4
Guidance	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2, it is scored once per commodity rather than being repeated for each commitment.</i></p> <p><i>Companies are assessed for whether they have a system in place to identify and resolve complaints and conflicts. The system should be open to all to report issues in the company's supply chain.</i></p>	<p><i>Grievance mechanism: 4 pts</i></p> <p><i>No mechanism: 0 pts</i></p>
4.7	The company reports on their participation in collaborative actions to advance sustainability in agriculture commodity production	2
Guidance	<p><i>Companies can score points for this indicator regardless of if they have a commodity commitment assessed in Section 2, it is scored once per commodity rather than being repeated for each commitment.</i></p>	<p><i>Reports participation: 2 pts</i></p> <p><i>No reporting: 0 pts</i></p>

	<i>The company reports on their participation in collaborative activities to advance sustainable commodity production including but not limited to participation in industry schemes (e.g. Palm Oil Innovation Group, Global Agribusiness Alliance), NGO-private sector initiatives (e.g. Collaboration for Forests and Agriculture), jurisdictional approaches, and/or collaborations with local communities/governments.</i>	
4.8	The volume of commodity production or usage is reported	4
Guidance	<p><i>This indicator only applies to existing commodity commitments assessed in Section 2, it is scored once per commodity rather than being repeated for each commitment.</i></p> <p><i>Reporting can be available on the company's own site or on external portals such as CDP or RSPO. To be awarded points, companies must have reported on their own website within the last two years (2016-2018) or in at least one of the last two reporting periods for RSPO (2016 and/or 2017), RTRS (2016 and/or 2017) and CDP (2016 and/or 2017; 2018 if the report has already been released).</i></p> <p><i>Full points are awarded where the company reports total volumes as well as proportions or volumes of commodities in compliance with their commitments for all commodities for which it has commodity-specific commitments. Half points are awarded where the company reports either only total volumes or only volumes of commodities in compliance with their commitments for all commodities for which it has commitments, or where the company reports total volumes and the volumes of commodities in compliance with their commitments but not for all commodities for which it has commitments or for all subsidiaries. Full points are awarded if a subsidiary that represents the company's major commodity use reports usage and the parent company itself does not.</i></p>	<p><i>Full reporting: 4 pts</i></p> <p><i>Partial reporting: 2 pts</i></p> <p><i>None: 0 pts</i></p>

## SOCIAL COMMITMENTS

Indicators 5.1-5.4 are only assessed once per commodity.

NUMBER	INDICATOR	MAX. POINTS
5.1	Commitment to ensure the principles of Free, Prior and Informed Consent (FPIC) are applied for all new developments	4
Guidance	<p><i>Companies can score points for this indicator regardless of if they have a commodity commitment assessed in Section 2, it is assessed once per commodity rather than being repeated for each commitment.</i></p> <p><i>For producers, this indicator applies directly to their operations. For operators at later supply chain stages, this is related to commodity sourcing. Use of the term FPIC in reference to indigenous people and local communities is required to score points under this indicator.</i></p> <p><i>Companies are not awarded points where a commitment 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.</i></p>	<p>Yes: 4 pts No: 0 pts</p>
5.2	Commitment that addresses workers' rights in relation to suppliers	4
Guidance	<p><i>Companies can score points for this indicator regardless of if they have a commodity commitment assessed in Section 2, it is assessed once per commodity rather than being repeated for each commitment.</i></p> <p><i>For producers, this should also apply to smallholders or contractors. Commitments should state the company will require that the standards laid out in the United Nations (UN) International Labor Organization conventions, UN Declaration of Human Rights or UN Guiding Principles on Business and Human Rights are upheld, or use similar language specifying the fundamental principles and rights at work. These include: freedom of association and recognition of collective bargaining; the elimination of forced labour; the abolition of child labour; and the elimination of discrimination. Companies must state all four fundamental principles or commit to international standards containing all four principles to score points for this indicator. Where one subsidiary is responsible for the company's commodity-usage, the commitment may appear on the subsidiary's website rather than the parent company's website.</i></p>	<p>Yes: 4 pts No: 0 pts</p>
5.3	Commitment that addresses gender equality issues in relation to suppliers	4
	<p><i>Companies can score points for this indicator regardless of if they have a commodity commitment assessed in Section 2, it is assessed once per commodity rather than being repeated for each commitment.</i></p> <p><i>For producers, this indicator applies directly to their operations. For operators at later supply chain stages, this is related to commodity sourcing. Commitments should address gender inequality in commodity supply chains including addressing gender related worker &amp; human rights and encouraging the inclusion of women in commodity supply chains on equal terms.</i></p>	<p><i>Commitment to address gender related worker and labour rights AND the inclusion of women on equal terms: 4 pts</i></p>

	<ul style="list-style-type: none"> <li>• <i>Labour and worker's rights commitments should address different risks of women and men with particular attention to sexual and gender-based harassment, equal pay and remuneration, and gender-based discrimination.</i></li> <li>• <i>Commitments should encourage the inclusion of women in commodity supply chains on equal terms. This can include increasing sourcing of commodities from producers that are making an active effort to increase the participation of women in commodity supply chains, and addressing issues faced by women in agricultural supply chains including but not limited to securing land rights and increasing access to technology, financial services, training, and markets.</i></li> </ul> <p><i>Companies are not awarded points where a commitment is associated with only one concession or area; is project-specific or refers to a philanthropic community initiative; or references gender equality without any further indication of a commitment to address these issues.</i></p> <p><i>Full points are awarded if a company has commitments addressing both gender related worker &amp; human rights and encouraging the inclusion of women in commodity supply chains on equal terms. This can include an explicit commitment to apply the United Nations Women's Empowerment Principles throughout their supply chain.</i></p> <p><i>Half points are awarded if a company has a commitment for addressing either gender related worker &amp; human rights or encouraging the inclusion of women in commodity supply chains on equal terms.</i></p>	<p><i>Commitment to address gender related worker and labour rights OR the inclusion of women on equal terms: 2 pts</i></p> <p><i>None: 0pts</i></p>
5.4	Commitment to encourage the inclusion of small-scale farmers in agricultural supply chains	4
Guidance	<p><i>Companies can score points for this indicator regardless of if they have a commodity commitment assessed in Section 2, it is assessed once per commodity rather than being repeated for each commitment.</i></p> <p><i>Commitments should focus on encouraging and/or increasing small-scale farmer participation in commodity supply chains and/or increasing investments and/or capacity in improving the yields and livelihoods of small-scale farmers in regions companies source from. This can include increasing the number of small-scale farmers they source from and providing training, financial, and/or technical support to increase the productivity and quality of small-scale farmer commodity production, encourage product diversification, and/or facilitate greater market access from small-scale farmers they source from. Commitments can also focus on developing long-term stable business partnerships with small-scale farmers and developing fair and transparent contracts that do not exploit small-scale farmers.</i></p> <p><i>Companies are not awarded points where a commitment is associated with only one concession or area; is project-specific or refers to a philanthropic community initiative; or references to small-scale farmer support without any further indication of a commitment or process to address these issues.</i></p>	<p><i>Yes: 4 pts</i></p> <p><i>No: 0 pts</i></p>



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