



**SPOTT**

**TRACKING TRANSPARENCY  
SUPPORTING SUSTAINABILITY**

**Annual Report 2020-21**

**SPOTT.org**

## Contents

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Foreword	2
SPOTT in numbers	3
SPOTT's impact	5
SPOTT Supporter Network	6
Palm oil assessments	7
Timber and pulp assessments	15
Natural rubber assessments	23
Palm oil crushers and refiners: Managing deforestation risk through a supply chain bottleneck	26
Committed to sustainable palm oil? Analysis of 2019 reporting by RSPO member companies	27
Oil palm and biodiversity: Company commitments and reporting in 2020	28
Tropical timber: A guide to responsible sourcing and financing	29
Moving from risk to resilience: Climate change and the forestry sector	29
Sustainable finance and tropical forestry: a series of financial institution case studies	31
New Thematic Guide series launched	32
Webinars: expanding our reach	32
2nd Forestry Transparency Forums	33
Open Timber Portal and SPOTT: Raising the bar for corporate disclosure in Gabon	34
In-country engagement: increasing transparency in the Congo Basin	35
SPOTT Index	36
New features on the SPOTT website: weight scores and compare companies	37

SPOTT is a free, online platform supporting sustainable production, trade and financing in forest-risk commodity sectors. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.

SPOTT assesses producers, processors and traders on their public disclosure regarding their organisation, policies and practices related to environmental, social and governance (ESG) issues. SPOTT scores tropical forestry, palm oil and natural rubber companies annually against over 100 sector-specific indicators to benchmark their progress over time.

Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage ESG risk, and increase transparency across multiple industries.

SPOTT is an initiative developed by ZSL (Zoological Society of London).

This reports covers activities related to the SPOTT initiative undertaken by ZSL's Sustainable Business and Finance Programme during 2020 and 2021.

## Foreword

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As the COVID-19 pandemic swept the world in early 2020, the consequences of human activity encroaching on natural ecosystems – and especially of over-exploitation of forest resources – were thrown into stark relief. Radically impacting lifestyles, working patterns and supply chains globally, the pandemic heavily shaped our work, commodity company activities, and financial sector interest in environmental, social and governance (ESG) issues in 2020 and 2021. Working remotely for the best part of a year, the SPOTT team continued our efforts to support transparent, sustainable production and trade, with several significant steps forward.

We further expanded our assessment coverage, held in-person and online events to engage key stakeholders, grew our network of supporters, and deepened our provision of analysis and resources to help all SPOTT users navigate both SPOTT assessment data itself, and complex issues relating to commodity production and sustainability.

Just before worldwide travel ground to a halt, we held second Forest Transparency Forums in Douala, Cameroon and Jakarta, Indonesia in February and March 2020. These workshops brought together a total of 65 participants from 44 organisations, including stakeholders from forestry and palm oil companies, government, industry associations and service providers, and civil society organisations.

In August 2020 we published a report focusing on deforestation risk through the palm oil supply chain bottleneck of companies with crushing and/or refining facilities. We examined the zero-deforestation, traceability and supplier engagement commitments of 77 SPOTT-assessed companies, and highlighted risks and recommendations for improvement. We published a second palm oil-focused report in September 2021, analysing the biodiversity commitments and reporting of all 100 SPOTT-assessed palm oil companies.

The timber and pulp sector was our focus for two reports in 2021. The first provides guidance for financial institutions and buyers on the key ESG issues associated with unsustainable timber and pulp production. The second analyses climate-related disclosures across all 100 SPOTT-assessed timber and pulp companies.

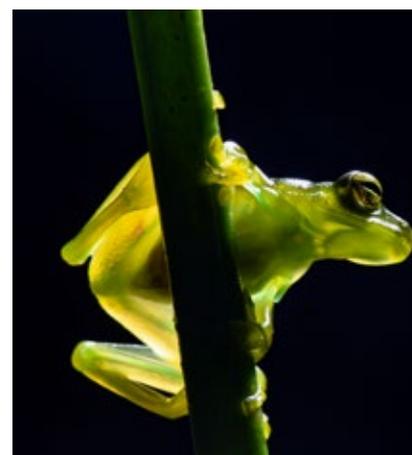
Alongside our analytical reports, we also launched a series of thematic guides to provide short, user-friendly starting points to understanding and addressing specific issues. The series began with zero-deforestation, traceability, and supplier engagement from a palm oil perspective, and continued with a guide to free, prior and informed consent applicable to all commodities. This series continues to grow in 2022.

We also collaborated on a series of case studies with seven financial institutions, covering their varied approaches to non-financial information and ESG issues when considering tropical forestry companies and supply chains exposed to timber, pulp and paper products sourced from tropical regions.

By 2021 we were assessing 215 companies on SPOTT – with the inclusion of the second natural rubber assessments alongside palm oil and timber and pulp – and crossed the threshold of 1,000 assessments undertaken since SPOTT began in 2014. The main findings from the 2020 and 2021 assessments are outlined in this report. In 2022 we will double our natural rubber coverage by including key manufacturers, such as major tyre companies, in the assessments.

Post-2020, the urgency with which the biodiversity and climate crises need to be addressed has never been greater. Halting tropical deforestation is vital to responding to these challenges. Forest-risk commodity companies, with their buyers and investors, have a critical role to play, and we are here to support all those working for a sustainable future.

**Oliver Cupit, Sustainable Business and Finance Programme Manager,**  
ZOOLOGICAL SOCIETY OF LONDON



# SPOTT in numbers

**3** commodities



**215** companies

**1000+**

assessments completed since  
SPOTT began in 2014



**76** companies engaged  
during the assessment  
process in 2021



**41.5%**

Palm oil  
average 2020  
(100 companies)

**42.8%**

Palm oil  
average 2021  
(100 companies)

**22.6%**

Timber and pulp  
average 2020  
(100 companies)

**23.6%**

Timber and pulp  
average 2021  
(100 companies)

**41.2%**

Natural rubber  
average 2021  
(15 companies)

**20** members in the



**SPOTT**  
SUPPORTER  
NETWORK

SPOTT-assessed companies control about

**54 million ha**



*“We hold the high calibre content in ZSL’s SPOTT indicator framework in the utmost esteem as part of our investee engagement activities as well as integrating it into our financial analysis.”*

*Abigail Herron*  
AVIVA INVESTORS

## SPOTT's impact

Despite the pandemic impacting company capacity to participate in the assessment consultation process, particularly in 2020, we maintained or increased our engagement with companies overall.

In 2020, 73 companies took the opportunity to provide feedback on their draft assessments during the consultation step of the assessment cycle (52 palm oil; 21 timber and pulp. There were no natural rubber assessments published during 2020). Average scores were notably higher for those that engaged with us, both before engagement – suggesting those already motivated to improve their sustainability disclosures are more likely to actively engage with SPOTT assessment – and afterwards, with average increases of +4.8 percentage points for palm oil companies, and +5.8 percentage points for timber and pulp companies.

2021 saw a total of 76 companies engage with us during the assessment process (48 palm oil; 19 timber and pulp; nine natural rubber). Again, companies engaging with us benefited from average score increases of +4.3 percentage points for palm oil companies, +5.5 percentage points for timber and pulp companies, and +6.9 percentage points for natural rubber companies.

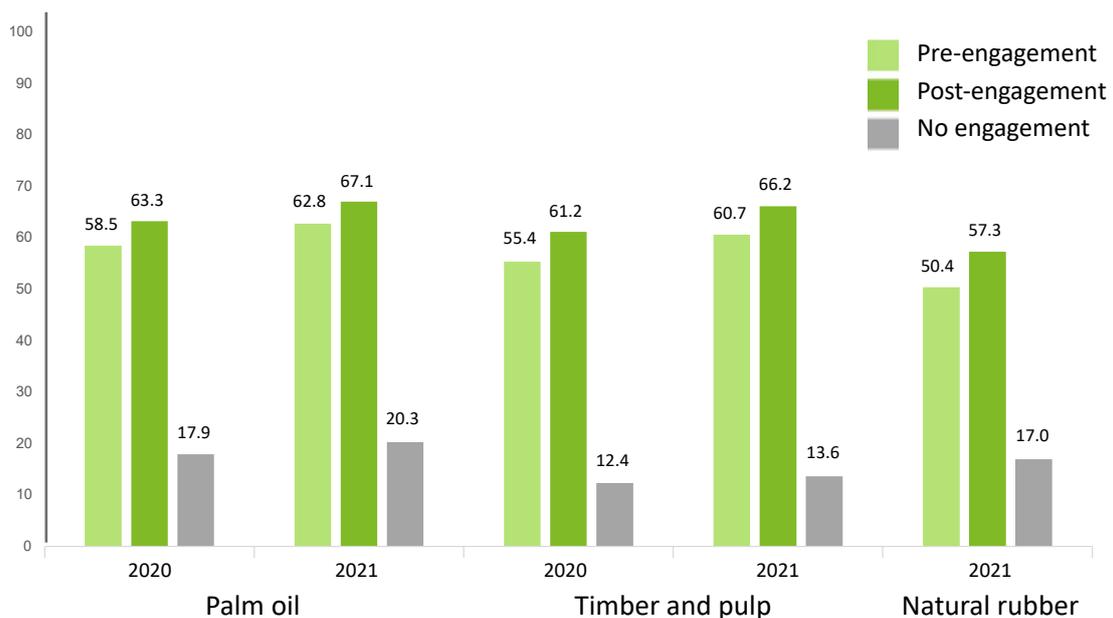
In 2021, eight timber and pulp companies improved on their 2020 score by more than 10 percentage points, and six of those had received specific feedback on how to improve their disclosures during the assessment process. Three natural rubber companies that engaged with us saw their scores jump by more than 20 percentage points in 2021 compared with their first assessments in 2019.

A particular focus of our year-round engagement is with low-scoring companies (those scoring <33%) – those at the earliest stages of their sustainability journey. Reaching these companies can be challenging, but the potential for significant improvements in sustainability capacity, policies, and practices is great. We successfully engaged over 70 low-scoring companies across all three commodities in both 2020 (73 companies) and 2021 (75 companies), and this will remain an active area of work for us in 2022 and beyond.

Among the actions of companies to improve and increase their disclosures, which are reflected in these score changes, we are aware of companies using SPOTT to assess and engage with their own suppliers, publishing new policies after consultation with the SPOTT team, and basing their sustainability reporting on SPOTT criteria.

SPOTT website user numbers increased by nearly 29% in 2020 and again by 28% in 2021, with over 66,400 users visiting the site during the 2-year period, viewing pages more than 466,000 times.

By the end of 2021, a total of 1,740 users from a range of stakeholder groups including commodity companies and financial institutions, had registered for a free Dashboard account, enabling them to access a greater range of ways to explore and analyse SPOTT data.



**Average SPOTT scores (%) 2020–2021**

## SPOTT Supporter Network

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We welcomed nine new members to our Supporter Network in 2020 and 2021, taking the total number to 20.

The Supporter Network enables commodity supply chain stakeholders to promote corporate sustainability through public support of SPOTT's approach. Supporters lend their voice to SPOTT by making a simple and inclusive statement.

In order of joining, our new Supporters are:

- Liontrust
- UTS Institute for Sustainable Futures
- SMTAM
- Transitions
- Suscon
- EOS Federated Hermes
- L'Oreal
- Swiss RE
- IOV42
- New Forests



***“ We support SPOTT’s call for increased transparency in commodity sectors to promote sustainable production and trade. ”***



See the full network and learn more about becoming a SPOTT Supporter [here](#).



## Palm oil assessments 2020

### Palm oil companies failing to meet 2020 zero-deforestation targets

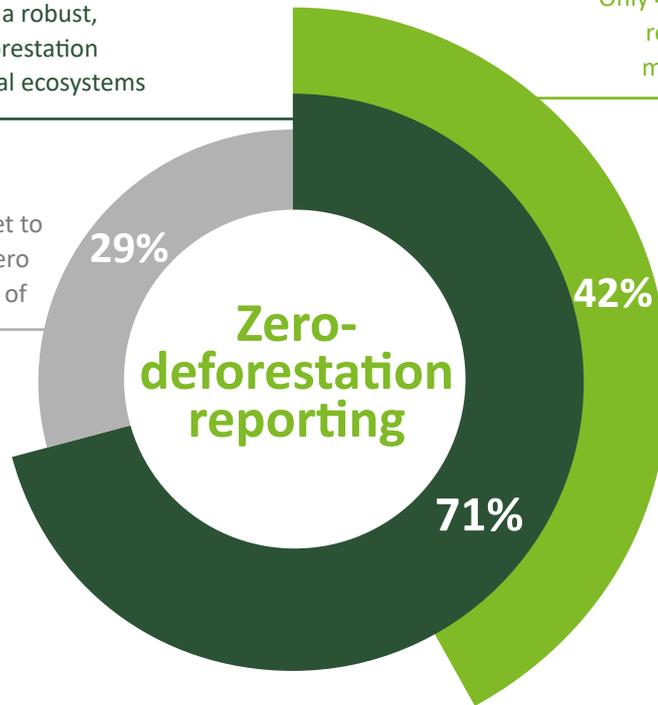
In the closing window of opportunity to meet 2020 zero-deforestation targets, our November 2020 palm oil assessments highlighted the lack of reporting on implementation of zero-deforestation commitments across the industry.

Although 71% (56/79) of the companies assessed made a clear and robust commitment to zero deforestation, just 42% (33/79) provide detailed information on how they are actually monitoring deforestation in their own operations.

71% (56/79) of companies have a robust, public commitment to zero deforestation and/or zero conversion of natural ecosystems in their own operations

29% (23/79) of companies are yet to make a robust commitment to zero deforestation or zero conversion of natural ecosystems

Only 42% (33/79) of companies report clearly how they are monitoring deforestation in their own operations



- The average score of companies was 41.5% in November 2020, compared to 35.2% during the previous assessment of palm oil companies in October 2019.
- 75/96 (78%) companies assessed in 2019 saw an increase in their scores in 2020 – the average change in score was +8.4 percentage points.
- 17/96 (18%) companies assessed in 2019 saw a decrease in their scores in 2020 – the average change in score was -2.5 percentage points.
- The average score of Roundtable on Sustainable Palm Oil (RSPO) members (65 companies), including companies with subsidiary RSPO members, was 54.9% vs. 16.5% for non-RSPO members (35 companies).

Average total score: 41.5%



## Palm oil assessments 2021

### Palm oil industry unprepared for climate change

In 2021 we highlighted how unprepared the palm oil industry is for climate change as our palm oil assessments revealed just seven companies had conducted and

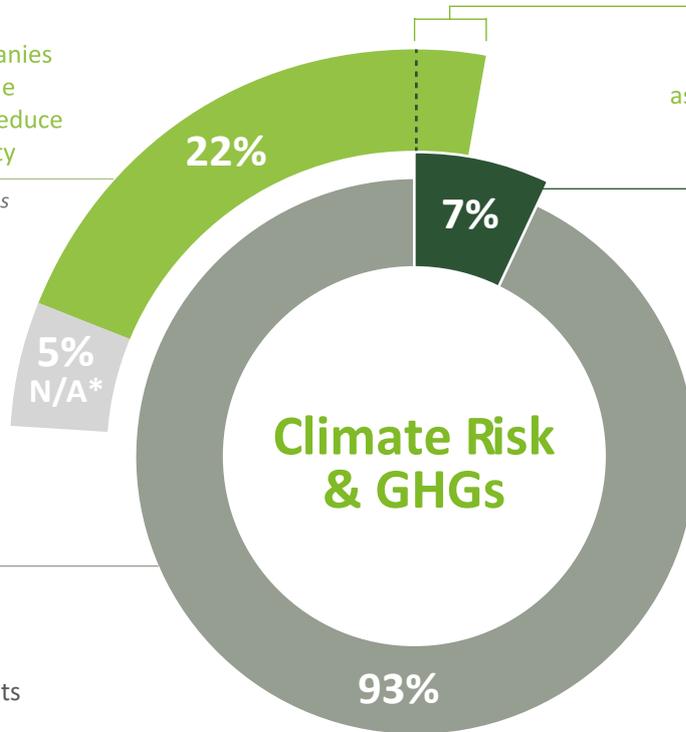
published an assessment of the risks posed to their business by climate change. This is despite the significant contributions of the palm oil industry to global greenhouse gas emissions.

**22%** (21/95\*) of companies have a publicly available time-bound target to reduce GHG emissions intensity

*\* Disabled for 5 companies who do not own palm oil producing/processing operations (i.e. only traders)*

**3** companies have both a publicly available climate risk assessment and a time-bound target to reduce GHG emission intensity

**7%** (7/100) of companies have publicly available climate risk assessments



**93%** (93/100) of companies are yet to have publicly available climate risk assessments

- The average score of companies in 2021 was 42.8%, compared to 41.5% during the previous assessment of palm oil companies in November 2020.
- 49/96 (51.0%) companies assessed in 2020 saw an increase in their scores in 2021 – the average change in score was +5.7 percentage points.
- 39/96 (40.6%) companies assessed in 2020 saw a decrease in their scores in 2021 – the average change in score was -2.2 percentage points.
- The average score of Roundtable on Sustainable Palm Oil (RSPO) members (65 companies), including companies with subsidiary RSPO members, was 55.8% vs. 18.4% for non-RSPO members (35 companies).

**Average total score: 42.8%**





### Sustainability policy and leadership

Number of companies that:	2020	2021	
• have put in place clear sustainability policies that apply to all their operations	60/79 (75.9%)	59/79 (74.7%)	▼
• have a sustainability policy that applies to all their suppliers	57/98 (58.2%)	61/98 (62.2%)	▲
• have one or more board members with responsibility for sustainability	41/78 (52.6%)	41/79 (51.9%)	▼
• are members of external industry schemes or initiatives to improve the sustainability of palm oil production	39/100 (39.0%)	42/100 (42.0%)	▲



### Landbank, maps and traceability

Number of companies that:	2020	2021	
• report a planted area, totalling more than 6.3 million hectares	53/79 (67.1%)	47/79 (59.5%)	▼
• report their areas set aside for conservation or High Conservation Value (HCV) areas	48/79 (60.8%)	47/79 (59.5%)	▼
• source from third-party supplying mills that can trace 100% of their raw materials to the mill of origin	18/69 (26.1%)	21/68 (30.9%)	▲
• can trace 100% of their FFB from their own mills to the plantation of origin	25/79 (31.6%)	25/76 (32.9%)	▲
• do not report any traceability figures for the percentage of FFB supply traceable to plantation from the company's own mills	44/79 (55.7%)	38/76 (50.0%)	▼
• can trace 0% of their raw materials from their supplier mills to the plantation of origin	59/69 (85.5%)	53/68 (77.9%)	▼
• can trace some of their supply from third party mills to plantation level	10/69 (14.5%)	15/68 (22.1%)	▲
• publish some traceability data at the refinery level	26/64 (40.6%)	27/63 (42.9%)	▲



## Certification standards

Number of companies that:	2020	2021	
• are full members of the RSPO	63/100 (63.0%)	65/100 (65.0%)	▲
• have subsidiary RSPO members	2/100 (2.0%)	2/100 (2.0%)	—
• have 100% of their estates RSPO-certified	4/79 (5.1%)	6/79 (7.6%)	▲
• have certified some of their estates	35/79 (44.3%)	34/79 (43.0%)	▼
• have 100% of their mills RSPO-certified	11/81 (13.6%)	11/78 (14.1%)	▲
• have RSPO-certified some of their mills	28/81 (34.6%)	29/78 (37.2%)	▲
• are certified under other voluntary certification schemes	43/100 (43.0%)	43/100 (43.0%)	▲



## Deforestation and biodiversity

Number of companies that:	2020	2021	
• have a clear commitment to zero deforestation	56/79 (70.9%)	55/79 (69.6%)	▼
• have a weak or unclear zero-deforestation commitment	5/79 (6.3%)	4/79 (5.1%)	▼
• have a zero-deforestation commitment that applies to all their suppliers	53/98 (54.1%)	55/98 (56.1%)	▲
• provide clear evidence of monitoring deforestation	33/79 (41.8%)	42/79 (53.2%)	▲
• provide some evidence of monitoring deforestation, but which lacks clear methodologies or timeframes*	18/79 (22.8%)	9/79 (11.4%)	▼
• commit to restore non-compliant deforestation/conversion and specify a cut-off date beyond which deforestation or conversion would not be accepted	5/79 (6.3%)	10/79 (12.7%)	▲
• have a commitment to restore non-compliant deforestation/conversion that applies to all their suppliers, which includes a cut-off date beyond which deforestation or conversion would not be accepted	10/98 (10.2%)	11/98 (11.2%)	▲
• report implementing a landscape or jurisdictional approach*	47/100 (47.0%)	22/100 (22.0%)	▼
• report multiple examples of species and/or habitat conservation management activities	46/79 (58.2%)	47/79 (59.5%)	▲

\* Scoring methodology updates impacted the scores for these indicators.

## Key findings from the 2020 and 2021 palm oil assessments



### HCV, HCS and impact Assessments

Number of companies that:	2020	2021	
• commit to conduct High Conservation Value (HCV) assessments for all new development	56/79 (70.9%)	56/79 (70.9%)	—
• have a commitment to conduct HCV assessments that applies to all their suppliers	47/98 (48.0%)	51/98 (52.0%)	▲
• have undertaken HCV assessments for all estates planted since January 2015	16/69 (23.2%)	26/79 (32.9%)	▲
• have a commitment to the High Carbon Stock (HCS) Approach	53/79 (67.1%)	52/79 (65.8%)	▼
• have a commitment to the HCS Approach that applies to all their suppliers	39/98 (39.8%)	45/98 (45.9%)	▲
• have undertaken social and/or environmental impact assessments (SEIA) and have made associated management and monitoring plans publicly available	30/96 (31.3%)	30/95 (31.6%)	▲



### Peat, fire and GHG emissions

Number of companies that:	2020	2021	
• have a clear commitment to no planting on peat of any depth	57/79 (72.2%)	54/79 (68.4%)	▼
• have a weak or unclear commitment that fails to specify all depths of peat or does not cover all operations	1/79 (1.3%)	2/79 (2.5%)	▲
• have a commitment to no planting on peat of any depth that applies to all their suppliers	48/98 (49.0%)	54/98 (55.1%)	▲
• report evidence that their landbank on peat has not increased since the previous year	14/70 (20.0%)	16/73 (21.9%)	▲
• have a clear commitment to zero burning	59/79 (74.7%)	58/79 (73.4%)	▼
• have a commitment to zero burning that applies to all their suppliers	54/98 (55.1%)	60/98 (61.2%)	▲
• have disclosed clear information relating to monitoring and managing fires	43/79 (54.4%)	49/79 (62.0%)	▲
• have a time-bound commitment to reduce greenhouse gas (GHG) emissions intensity	18/96 (18.8%)	21/95 (22.1%)	▲
• report a reduction in their GHG emissions intensity over time	20/96 (20.8%)	14/95 (14.7%)	▼



## Water, chemical and pest management

Number of companies that:	2020	2021	
• have a time-bound commitment to improve water use intensity	18/96 (18.8%)	21/94 (22.3%)	▲
• report making progress towards their water use intensity commitment	21/96 (21.9%)	25/94 (26.6%)	▲
• have a time-bound commitment to improve water quality	18/81 (22.2%)	22/78 (28.2%)	▲
• report making progress towards their water quality commitment	15/81 (18.5%)	18/78 (23.1%)	▲
• have a commitment to minimise the use of chemicals, including both pesticides and chemical fertilisers	40/79 (50.6%)	43/79 (54.4%)	▲
• have a commitment to minimise the use of chemicals that applies to all their suppliers	22/98 (22.4%)	27/98 (27.6%)	▲



## Community, land and labour rights

Number of companies that:	2020	2021	
• have a public commitment to the UN Declaration on Human Rights or equivalent	59/100 (59.0%)	67/100 (67.0%)	▲
• have a commitment to human rights that applies to all their suppliers	47/98 (48.0%)	53/98 (54.1%)	▲
• commit to the principle of free, prior and informed consent (FPIC)	56/84 (66.7%)	56/81 (69.1%)	▲
• have a commitment to FPIC that applies to all their suppliers	55/98 (56.1%)	60/98 (61.2%)	▲
• support the inclusion of women across their palm oil operations, including addressing barriers faced	32/79 (40.5%)	39/79 (49.4%)	▲
• commit to the Fundamental ILO Conventions or Free and Fair Labour Principles	50/100 (50.0%)	46/100 (46.0%)	▼
• have a commitment to Fundamental ILO Conventions or Free and Fair Labour Principles that applies to all their suppliers	31/98 (31.6%)	31/98 (31.6%)	—
• report salary by gender	10/100 (10.0%)	3/100 (3.0%)	▼

## Key findings from the 2020 and 2021 palm oil assessments



### Smallholders and suppliers

Number of companies that:	2020	2021	
• commit to support both scheme/plasma and independent smallholders	52/94 (55.3%)	50/93 (53.8%)	▼
• clearly report they have or support a programme to support independent smallholders/outgrowers in the supply chain	45/88 (51.1%)	47/91 (51.6%)	▲
• report a clear process to prioritise, assess and/or engage suppliers on compliance with company policy or legal requirements	34/98 (34.7%)	34/98 (34.7%)	—
• report a limited or unclear process to prioritise, assess and/or engage suppliers on compliance with company policy or legal requirements	14/98 (14.3%)	13/98 (13.3%)	▼
• report having a programme to support high-risk mills to become compliant with their sourcing policies, and give examples of the types of support provided	11/80 (13.8%)	13/79 (16.5%)	▲



### Governance and grievances

Number of companies that:	2020	2021	
• have commitments to both ethical conduct and prohibition of corruption	70/100 (70.0%)	71/100 (71.0%)	▲
• have a commitment to ethical conduct and prohibition of corruption that applies to all their suppliers	37/98 (37.8%)	46/98 (46.9%)	▲
• report having a whistleblowing procedure	52/100 (52.0%)	57/100 (57.0%)	▲
• have a grievance or complaints system open to all stakeholders	55/100 (55.0%)	58/100 (58.0%)	▲
• have disclosed details of complaints and grievances	31/100 (31.0%)	31/100 (31.0%)	—

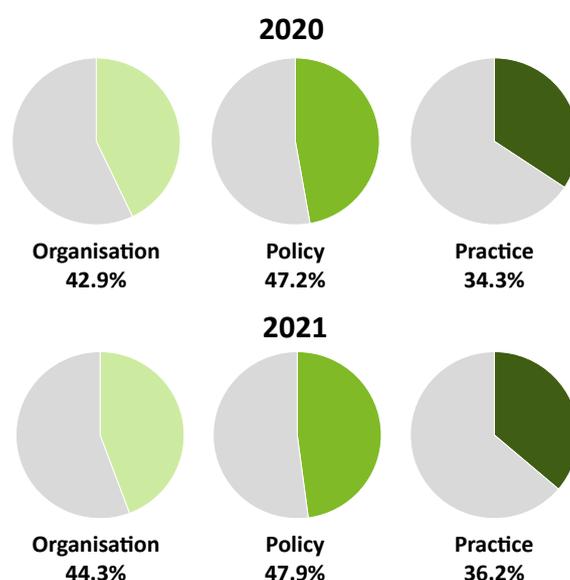
SPOTT assesses the transparency and content of company disclosure regarding:

**Organisation:** operations, assets and management structure

**Policy:** policies, commitments and processes to guide operations and practices on the ground

**Practice:** activities undertaken to actively progress towards targets, and implement policies and commitments on the ground.

The average scores across indicators grouped according to these categories increased for all three in 2021.





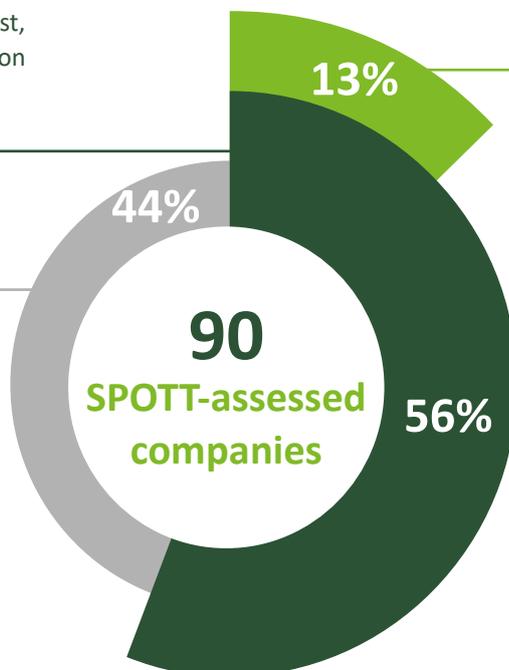
## Timber and pulp assessments 2020

### Tropical forestry companies failing to protect millions of hectares of tropical forest

Our 2020 timber and pulp assessments also focused on the lack of action to meet 2020 deforestation targets, highlighting the widespread failure of timber companies to guarantee environmental protections for at least 11.7 million hectares of tropical forest.

**56%** (50/90) of companies have a robust, public commitment to zero deforestation and/or zero conversion of natural ecosystems in their own operations

**44%** (40/90) of companies are yet to commit to zero deforestation or zero conversion of natural ecosystems



**13%** (12/90) of companies report actively monitoring deforestation in their concessions

The results found that 44% had yet to publicly commit to zero-deforestation (40/90 companies), over half (54%) did not publicly commit to protect biodiversity (49/90 companies), and just 13% reported actively monitoring for deforestation throughout the areas they manage (12/90 companies).

- The average score of companies was 22.6% in July 2020, compared to 20.4% during the previous assessment of timber and pulp companies in July 2019. This represents an increase despite more stringent indicator requirements to deepen the focus on company reporting of practices and progress.
- The average score of 94 companies also assessed in 2019 was 22.5% compared to 20.4% in 2019.
- 43 companies assessed in 2019 saw an increase in their scores in 2020 – the average change was +5.8

percentage points. 46 companies assessed in 2019 saw a decrease in their scores in 2020 – the average change was -2.3 percentage points.

- The average score of companies with some or all of their landbank Forest Stewardship Council (FSC) Forest Management (FM) certified or Programme for Endorsement of Forestry Certification (PEFC) FM certified was 48.6% compared to 8% for companies lacking such certification.

**Average total score: 22.6%**

	<b>Sustainability policy and leadership</b>	<b>24.1%</b>
	<b>Landbank, maps and traceability</b>	<b>26.2%</b>
	<b>Certification standards</b>	<b>14.0%</b>
	<b>Deforestation and biodiversity</b>	<b>26.7%</b>
	<b>HCV, HCS and impact assessment</b>	<b>24.2%</b>
	<b>Soils, fire and GHG emissions</b>	<b>14.7%</b>
	<b>Water, chemical and pest management</b>	<b>18.0%</b>
	<b>Community, land and labour rights</b>	<b>28.0%</b>
	<b>Smallholders and suppliers</b>	<b>14.3%</b>
	<b>Governance and grievances</b>	<b>22.1%</b>

## Timber and pulp assessments 2021

### Timber and pulp companies failing to report on commitments to Indigenous peoples and local communities

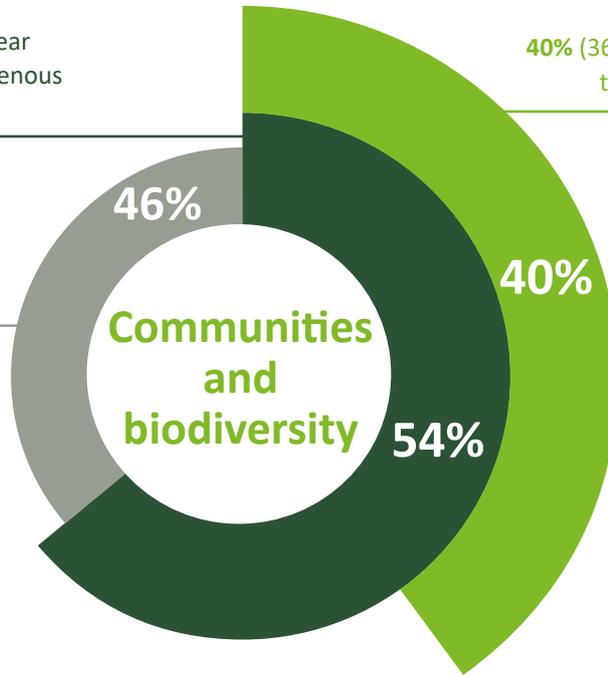
Our 2021 timber and pulp assessments highlighted the failure of companies to be transparent about their commitments to and relationships with Indigenous and

local communities, despite these communities' important role in safeguarding our planet's natural resources. Only 54% (50/93) of companies make a public commitment to respect Indigenous and local community rights, and even less, 40% (36/90), commit to biodiversity conservation.

54% (50/93) of companies have a clear public commitment to respect Indigenous and local community rights

46% (43/93) of companies are yet to make a clear public commitment to respect Indigenous and local community rights

40% (36/90) of companies commit to biodiversity conservation



- The average score of companies was 23.6% in June 2021, compared to 22.6% during the previous assessment in July 2020.
- 51/100 (51%) companies assessed in July 2020 saw an increase in their scores in June 2021 – the average change in score was +2.73 percentage points.
- 45/100 (45%) companies assessed in July 2020 saw a decrease in their scores in June 2021 – the average change in score was -1.17 percentage points.
- 4/100 (4%) companies assessed in July 2020 did not see a change in their scores in June 2021 – all four companies scored zero points in both years.
- The average score of companies with some or all of their landbank Forest Stewardship Council (FSC) Forest Management (FM) certified or Programme for Endorsement of Forestry Certification (PEFC) FM certified was 48.9% compared to 9.3% for companies lacking such certification.

**Average total score: 23.6%**

	<b>Sustainability policy and leadership</b>	<b>23.8%</b>
	<b>Landbank, maps and traceability</b>	<b>26.9%</b>
	<b>Certification standards</b>	<b>14.3%</b>
	<b>Deforestation and biodiversity</b>	<b>27.1%</b>
	<b>HCV, HCS and impact assessment</b>	<b>25.0%</b>
	<b>Soils, fire and GHG emissions</b>	<b>15.8%</b>
	<b>Water, chemical and pest management</b>	<b>19.4%</b>
	<b>Community, land and labour rights</b>	<b>29.7%</b>
	<b>Smallholders and suppliers</b>	<b>14.6%</b>
	<b>Governance and grievances</b>	<b>23.1%</b>

## Key findings from the 2020 and 2021 timber and pulp assessments



### Sustainability policy and leadership

Number of companies that:	2020	2021	
• have put in place a clear and comprehensive sustainability policy	32/90 (35.6%)	31/90 (34.4%)	▼
• extend their sustainability policy to all their suppliers	13/94 (13.8%)	15/95 (15.8%)	▲
• have one or more board members with responsibility for sustainability	14/55 (25.5%)	14/77 (18.2%)	▼
• have a high-level position (excluding board members) with responsibility for sustainability	23/100 (23.0%)	21/100 (21.0%)	▼
• have published a sustainability report in the last two years	31/100 (31.0%)	32/100 (32.0%)	▲
• are working with government, non-governmental organisations, or academic institutions to improve the sustainability of forest products	26/100 (26.0%)	26/100 (26.0%)	—
• have assessed climate risk and provided some details on the assessment	4/100 (4.0%)	6/100 (6.0%)	▲



### Landbank, maps and traceability

Number of companies that:	2020	2021	
• clearly disclose their total area of forest plantation	22/66 (33.3%)	20/64 (31.3%)	▼
• disclose the total area of natural forest they control for wood/wood fibre production	14/76 (18.4%)	17/76 (22.4%)	▲
• disclose full information on their areas set aside for conservation including of High Conservation Value (HCV) areas	23/90 (25.6%)	23/90 (25.6%)	—
• have made at least some maps available for their Forest Management Units (FMUs)	67/90 (74.4%)	68/90 (75.6%)	▲
• have provided georeferenced maps for all their FMUs	12/90 (13.3%)	11/90 (12.2%)	▼
• report procedures to trace raw materials to FMU level	14/94 (14.9%)	13/95 (13.7%)	▼
• achieved >80% traceability to country level	17/94 (18.1%)	18/95 (18.9%)	▲



## Certification standards

Number of companies that:	2020	2021	
• have more than 75% of their area verified as being in legal compliance by a third party	24/90 (26.6%)	22/90 (24.4%)	▼
• have suppliers report any of their supply as being verified legal by a third party	9/90 (10.0%)	10/95 (10.5%)	▲
• have more than 75% of their landbank Forest Stewardship Council (FSC) Forest Management (FM) certified	15/90 (16.7%)	6/90 (6.7%)	▼
• are 100% certified	8/90 (8.8%)	9/90 (10.0%)	▲
• have a commitment to only source wood or wood fibre that meets FSC Controlled Wood requirements	14/94 (14.9%)	13/95 (13.7%)	▼



## Deforestation and biodiversity

Number of companies that:	2020	2021	
• have a clear commitment to zero conversion of natural forests	50/90 (55.6%)	51/90 (56.7%)	▲
• commit all their suppliers to the same standard	51/100 (51.0%)	53/95 (55.8%)	▲
• report having a comprehensive system to monitor deforestation	11/100 (11.0%)	10/100 (10.0%)	▼
• have a clear commitment to biodiversity conservation	41/90 (45.6%)	36/90 (40.0%)	▼



## HCV, HCS and impact assessments

Number of companies that:	2020	2021	
• have a commitment to conduct High Conservation Value (HCV) assessments for all new development and planting	53/90 (58.9%)	53/90 (58.9%)	—
• extend this commitment to all sourcing (including traders and producers that have suppliers)	49/94 (52.1%)	52/95 (54.7%)	▲
• make all their HCV assessment reports publicly available	17/90 (18.9%)	15/90 (16.7%)	▼
• have a clear commitment to conduct Social and Environmental Impact Assessments (SEIAs) for all new development and planting	21/93 (22.6%)	22/93 (23.7%)	▲
• have at least one SEIA assessment or summary report publicly available	10/94 (10.6%)	10/93 (10.8%)	▲

## Key findings from the 2020 and 2021 timber and pulp assessments



### Soils, fire and GHG emissions

Number of companies that:	2020	2021	
• commit to best management practices for soils and/or peat	13/90 (14.4%)	14/90 (15.6%)	▲
• have a commitment to use reduced impact logging (RIL) techniques across all their operations	16/76 (21.1%)	17/76 (22.4%)	▲
• provide evidence of undertaking both fire monitoring and management activities	34/90 (37.8%)	29/90 (32.2%)	▼
• have a time-bound commitment to reduce greenhouse gas (GHG) intensity	11/93 (11.8%)	8/93 (8.6%)	▼



### Water, chemical and pest management

Number of companies that:	2020	2021	
• have pulp or paper mills and have a time-bound commitment to improve water use	6/49 (12.2%)	5/45 (11.1%)	▼
• are reporting progress towards their water use commitment	10/49 (20.4%)	5/45 (11.1%)	▼
• have a commitment to protect natural waterways through using buffer or riparian zones	19/90 (21.1%)	19/90 (21.1%)	—



### Community, land and labour rights

Number of companies that:	2020	2021	
• have a commitment to respect human rights	51/100 (51.0%)	55/100 (55.0%)	▲
• have suppliers that extend this to all sourcing	50/94 (53.2%)	52/95 (54.7%)	▲
• are committed to respect Indigenous and local communities' rights	49/93 (52.7%)	50/93 (53.8%)	▲
• have a full commitment to obtain free, prior and informed consent (FPIC) prior to all new developments	8/93 (8.6%)	15/93 (16.1%)	▲
• clearly commit to all eight fundamental International Labour Organization (ILO) Conventions	53/100 (53.0%)	55/100 (55.0%)	▲
• state that they are paying minimum wage to all their workers	19/100 (19.0%)	23/00 (23.0%)	▲
• have a commitment to respect legal and customary land tenure rights	16/94 (17.0%)	17/93 (18.3%)	▲
• report a commitment to enable sustainable use of non-timber forest products (NTFPs) by local communities	10/76 (13.2%)	13/76 (17.1%)	▲
• have a commitment to provide business/work opportunities for local communities	23/93 (24.7%)	22/93 (23.7%)	▼

## Key findings from the 2020 and 2021 timber and pulp assessments



### Smallholders and suppliers

Number of companies that:	2020	2021	
• have a programme to support outgrower smallholders	12/80 (15.0%)	11/84 (13.1%)	▼
• report they have a process for prioritising, assessing and/or engaging suppliers on compliance with their policy and/or legal requirements	19/94 (20.2%)	20/95 (21.1%)	▲
• report the number of suppliers that they have assessed or engaged	16/94 (17.0%)	14/95 (14.7%)	▼



### Governance and grievances

Number of companies that:	2020	2021	
• have a clear commitment to ethical conduct and the prohibition of corruption	34/100 (34.0%)	35/100 (35.0%)	▲
• have a grievance procedure that is open to both internal and external stakeholders such as employees and local communities	19/100 (19.0%)	19/100 (19.0%)	—
• report some details of grievances	9/100 (9.0%)	4/100 (4.0%)	▼
• provide comprehensive details of the grievances reported to them and their resolution	6/100 (6.0%)	5/100 (5.0%)	▼

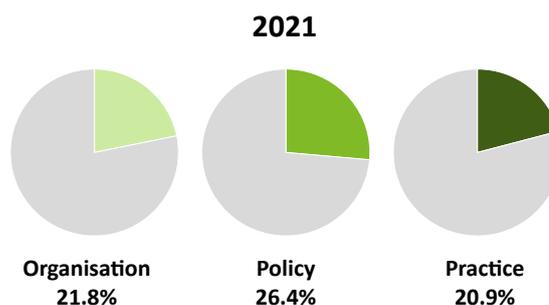
SPOTT assesses the transparency and content of company disclosure regarding:

**Organisation:** operations, assets and management structure

**Policy:** policies, commitments and processes to guide operations and practices on the ground

**Practice:** activities undertaken to actively progress towards targets, and implement policies and commitments on the ground.

These classifications were introduced ahead of the 2020 palm oil assessments; 2021 was the first year these applied to timber and pulp companies.



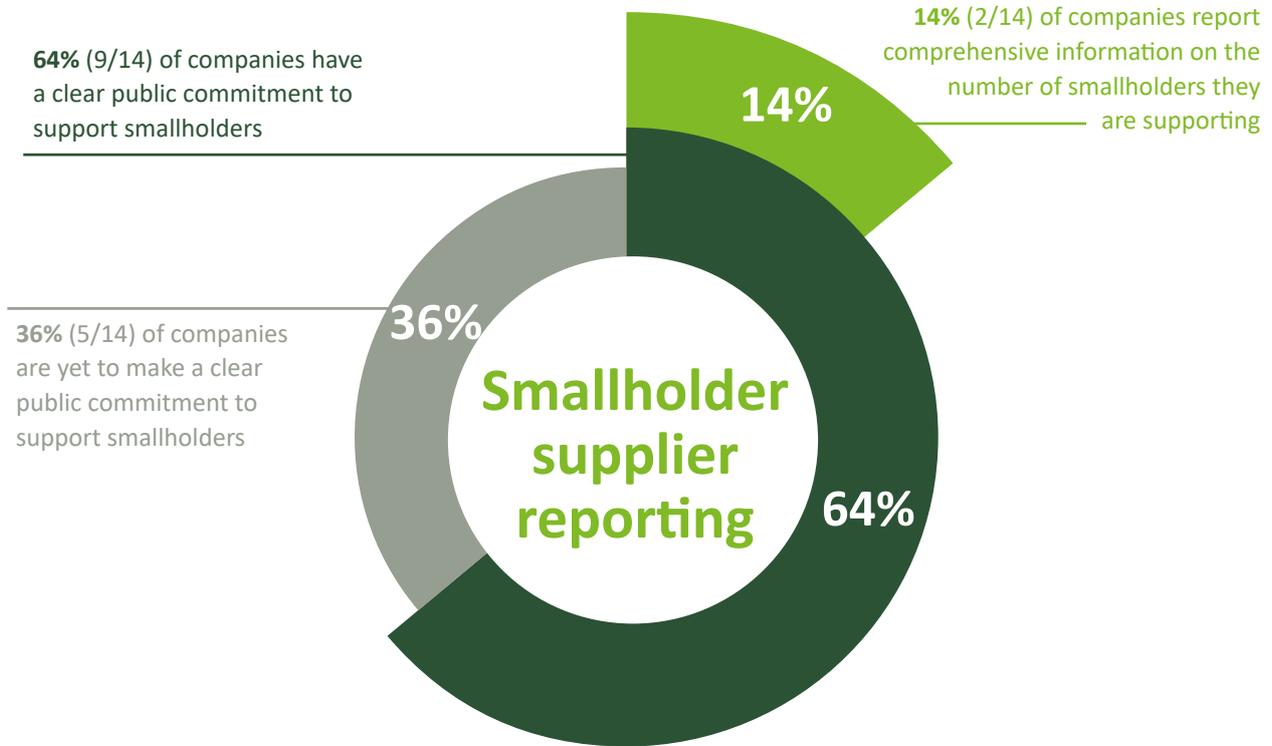


## Natural rubber assessments 2021

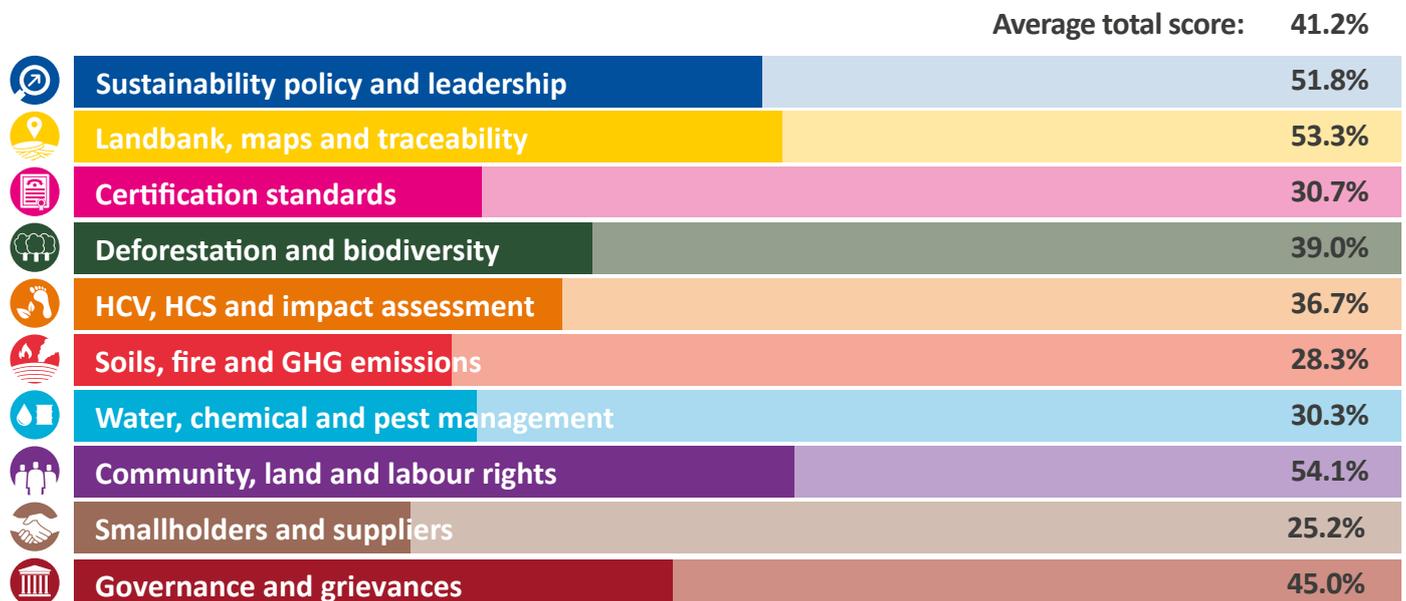
### ZSL report reveals COVID-19 impact on natural rubber producers

The second assessments of natural rubber producers, after the inaugural assessments in 2019, were published in March 2021.

With 85% of global natural rubber produced by smallholders, we focused on the greater impacts that smallholders were facing – compared with larger producers – as a result of the COVID-19 pandemic.



- The average score of companies was 41.2% in March 2021, compared to 36% during the previous assessment of natural rubber companies in November 2019.
- 10/15 (66.7%) companies assessed in 2019 saw an increase in their scores in 2021 – the average change in score was +8.7 percentage points.
- 5/15 (33.3%) companies assessed in 2019 saw a decrease in their scores in 2021 – the average change in score was -1.9 percentage points.
- The average score of Global Platform for Sustainable Natural Rubber (GPSNR) members (6 companies), including companies with subsidiary or parent company members, was 58.4% vs. 29.8% for non-GPSNR members (9 companies).





### Sustainability policy and leadership

- 11/15 companies (73.3%) have put in place clear sustainability policies that apply to all their operations. ▲
- 5/11 companies (45.5%) have a sustainability policy that applies to all their non-smallholder suppliers. —
- 9/15 companies (60.0%) are working with government, non-governmental organisations, or academic institutions to reduce negative environmental or social outcomes associated with natural rubber production. ▼
- 10/15 companies (66.7%) have published a sustainability report in the last two years. ▲



### Landbank, maps and traceability

- 10/15 companies (66.7%) report the area managed for natural rubber, totalling around 1.4 million hectares. —
- 8/15 companies (53.3%) report their areas set aside for conservation or High Conservation Value (HCV) areas, totalling more than 0.15 million hectares. ▲
- 2/15 companies (13.3%) published geo-referenced maps of all their estates/management units. —
- 8/14 companies (57.1%) commit to traceability for their whole supply chain. ▲



### Certification standards

- 6/15 companies (40.0%) are members, or a subsidiary or parent company is a member, of the Global Platform for Sustainable Natural Rubber (GPSNR). ▲
- 6/15 companies (40.0%) have submitted a self-declaration for the Sustainable Natural Rubber Initiative (SNR-i). —
- 2/15 companies (13.3%) are certified under voluntary certification schemes. ▼



### Deforestation and biodiversity

- 9/15 companies (60.0%) have a clear commitment to zero deforestation. ▲
- 2/15 companies (13.3%) have a weak or unclear commitment to zero deforestation. —
- 4/11 companies (36.4%) have a zero deforestation commitment that applies to their non-smallholder suppliers. ▲
- 2/15 companies (13.3%) report comprehensive examples of how deforestation is monitored and how often. —
- 5/15 companies (33.3%) report they are implementing a landscape or jurisdictional approach. —
- 13/15 companies (86.7%) have a clear commitment to biodiversity conservation. ▲
- 5/15 companies (33.3%) identified species of conservation concern. ▲
- 6/15 companies (40.0%) report multiple examples of species and/or habitat conservation management activities. ▼



### HCV, HCS and impact assessments

- 11/15 companies (73.3%) have a commitment to conduct High Conservation Value (HCV) assessments for all new development. ▲
- 1/15 companies (6.7%) makes some or all of its HCV assessment reports publicly available. ▼
- 7/15 companies (46.7%) have a commitment to conduct High Carbon Stock (HCS) approach assessments for all new development. ▼
- 8/15 companies (53.3%) have a clear commitment to conduct Social and Environmental Impact Assessments (SEIAs) for all new development. ▲
- 2/15 companies (13.3%) have undertaken Social and Environmental Impact Assessments (SEIAs) and have made associated management and monitoring plans publicly available. ▼

NB: The second natural rubber assessments were undertaken in 2021, after the inaugural assessments in November 2019. Therefore there were no natural rubber assessments published in 2020. Score changes are illustrated here, but please refer to the 2019 SPOTT Annual Report for a full assessment summary.



### Soils, fire and GHG emissions

- 4/15 companies (26.7%) have a clear commitment to no planting on peat of any depth. ▲
- 6/15 companies (40.0%) have a weak or unclear commitment that fails to specify all depths of peat or does not cover all operations. ▲
- 5/15 companies (33.3%) have a clear commitment to best tapping practices. ▲
- 4/15 companies (26.7%) provide evidence of implementing best tapping practices. ▲
- 10/15 companies (66.7%) have a clear commitment to zero burning. ▲
- 2/15 companies (13.3%) disclose clear information relating to monitoring and managing fires. ▼
- 2/15 companies (13.3%) report on fires in company estates. —
- 1/15 companies (6.7%) has a time-bound commitment to reduce greenhouse gas (GHG) emissions intensity. —
- 4/15 companies (26.7%) report a reduction in their GHG emissions intensity over time. ▲



### Water, chemical and pest management

- 4/14 companies (28.6%) have a time-bound commitment to improve water quality. ▲
- 3/14 companies (21.4%) report making progress towards their water quality commitment. —
- 6/15 companies (40.0%) have a commitment to protect natural waterways through using buffer or riparian zones. ▲
- 5/14 companies (35.7%) report they reduce odours from natural rubber processing facilities. ▲
- 6/15 companies (40.0%) have a commitment to minimise the use of chemicals, including both pesticides and chemical fertilisers. ▼
- 0/15 companies (0.0%) report reductions in chemical use. ▼



### Community, land and labour rights

- 7/15 companies (46.7%) have a public commitment to the Universal Declaration of Human Rights or equivalent. ▲
- 4/11 companies (36.4%) have a commitment to human rights that applies to all their non-smallholder suppliers. ▲
- 8/15 companies (53.3%) have a commitment to respect Indigenous and local communities' rights. ▲
- 11/15 companies (73.3%) have a commitment to the principle of free, prior and informed consent (FPIC). ▼
- 4/15 companies (26.7%) provide comprehensive evidence that they support the inclusion of women across natural rubber operations. ▼
- 13/15 companies (86.7%) have a commitment to provide essential community services and facilities. ▲
- 12/15 companies (80.0%) provide examples of supporting local communities. —
- 12/15 companies (80.0%) have a comprehensive commitment to eliminate gender-related discrimination with regards to employment and occupation. —
- 12/15 companies (80.0%) report the number or percentage of women employees, with the average percentage across these companies being 21.6%. ▲
- 9/15 companies (60.0%) have a clear commitment to pay at least minimum wage. ▲
- 3/15 companies (20.0%) provide some evidence that they are paying the minimum wage to all their workers. —
- 3/15 companies (20.0%) report salary by gender. ▲



### Smallholders and suppliers

- 9/14 companies (64.3%) have a clear commitment to support smallholders. —
- 3/9 companies (33.3%) clearly report they have or support a programme to support scheme smallholders/ outgrowers in the supply chain. ▼
- 1/9 companies (11.1%) reports comprehensive information on the number or percentage of scheme smallholders/outgrowers involved in the programme. ▼
- 4/13 (30.8%) clearly report they have or support a programme to support independent smallholders in the supply chain. ▼
- 1/13 companies (7.7%) reports comprehensive information on the number or percentage of independent smallholders involved in programme. —
- 3/14 companies (21.4%) report a clear process for assessing and engaging smallholder suppliers on compliance with the company’s policy and/or legal requirements. ▼
- 1/14 companies (7.1%) reports the number of smallholder suppliers that it has assessed or engaged on compliance with its policies and/or legal requirements. ▼
- 1/14 companies (7.1%) reports on the percentage of supply that comes from agroforestry. ▲



### Governance and grievances

- 11/15 companies (73.3%) have commitments to both ethical conduct and prohibition of corruption. ▲
- 10/15 companies (66.7%) have a grievance or complaints system open to all stakeholders. ▲
- 2/15 companies (13.3%) have disclosed details of complaints and grievances. —

SPOTT assesses the transparency and content of company disclosure regarding:

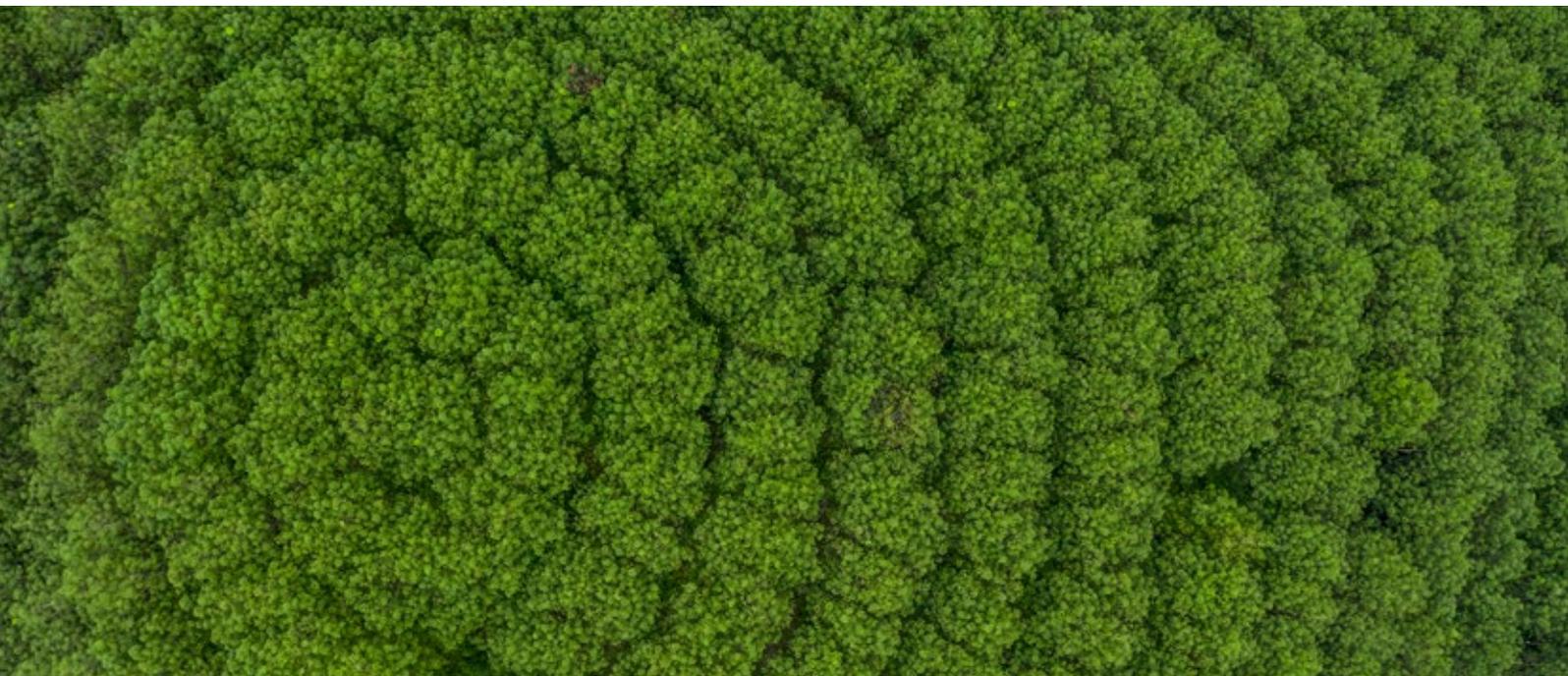
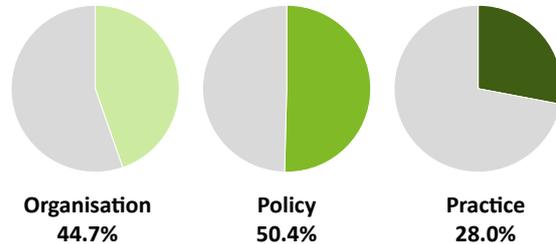
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2021



## Palm oil crushers and refiners: Managing deforestation risk through a supply chain bottleneck

In August 2020 we published a report examining deforestation risk through the palm oil supply chain bottleneck of companies with crushing and/or refining facilities. Palm oil crushers and refiners are key nodes in a complex supply chain, and their central role places them in a position of significant leverage, and responsibility, to drive sustainability in the sector.

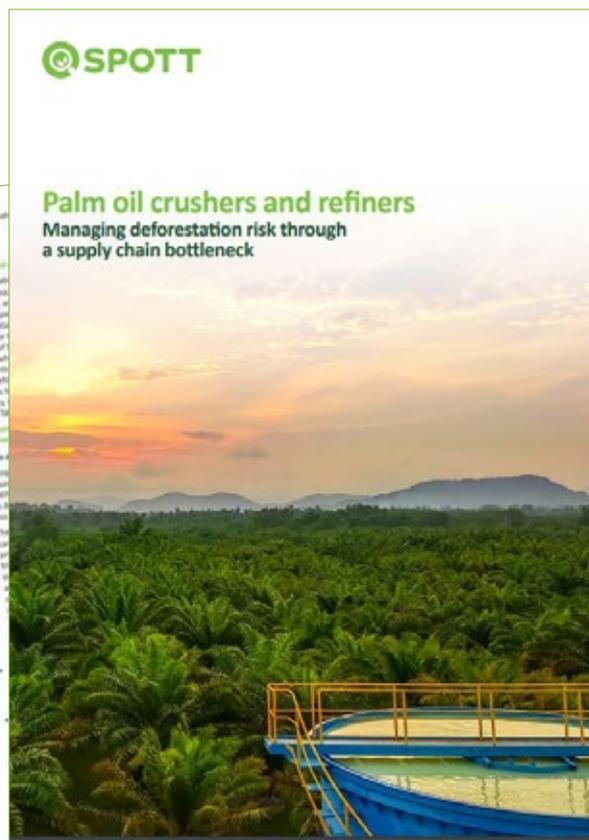
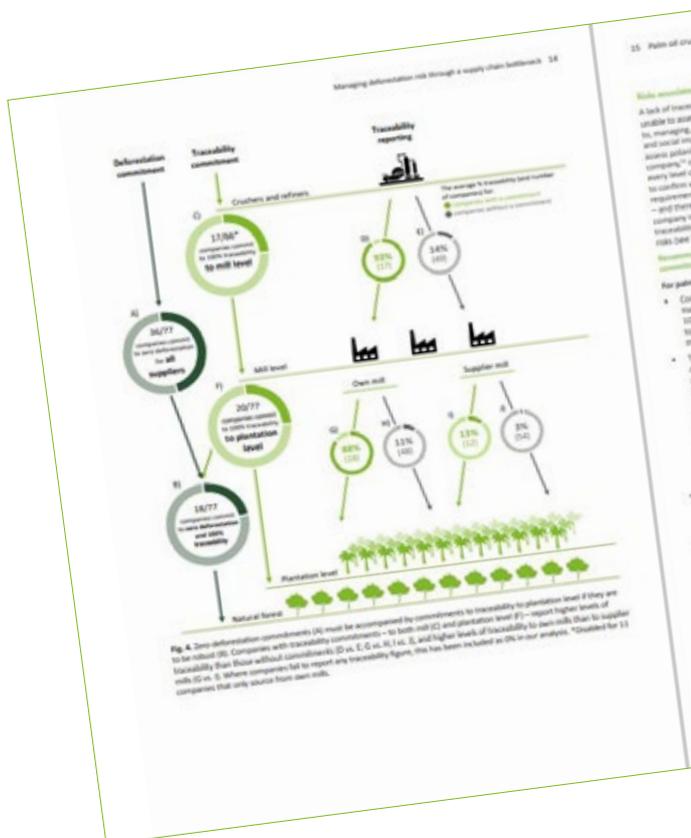
Effective implementation of zero-deforestation commitments requires supply chain traceability to plantation, as well as processes in place to support and monitor supplier compliance. By failing to implement sourcing policies, crushers and refiners – as well as their buyers, investors and lenders – leave themselves open to financial, operational, reputational and regulatory risks.

In 2019, 77 SPOTT-assessed companies had crushing and/or refining facilities. This report provides an overview of the zero-deforestation commitments made by these companies, their level of traceability and supplier engagement, and highlights the risks and recommendations for improvement.

Findings include:

- Only 47% of companies assessed commit their suppliers to zero deforestation, leaving a significant landbank at risk of deforestation.
- Only 23% of companies assessed both commit their suppliers to zero deforestation and have a time-bound commitment to achieve 100% traceability to plantation level.
- No companies report they can trace 100% of fresh fruit bunches (FFB) from their supplier mills back to plantation level. This lack of traceability allows leakage of unsustainable palm oil into the market.

Read the full report [here](#).



## Committed to sustainable palm oil? Analysis of 2019 reporting by RSPO member companies

In this second edition of 'Committed to Sustainable Palm Oil?', WWF and ZSL analysed the ACOP reports submitted by RSPO members detailing progress made by companies in 2019.

The WWF-ZSL analysis found that:

- Company response rates improved slightly — increasing from 80% in 2017 to 84% in 2019 — but several RSPO member companies still did not submit an ACOP report.
- Uptake of 100% RSPO certification is on the rise across all membership categories, with downstream companies leading the way compared to their upstream counterparts; however, all companies need to take more immediate and meaningful action to close the certification gap.
- While several companies have made progress in meeting their commitments to be 100% RSPO-certified, many of the biggest palm oil producers and buyers are still falling short.

WWF and ZSL issued a call for all RSPO members to accelerate progress in meeting their time-bound certification commitments, to regularly and accurately report progress against these, and to support actions beyond their own supply chain to deliver a sustainable and responsible palm oil industry.

Read the full report [here](#).

### ANALYSIS OF 2019 ACOP REPORTING BY RSPO MEMBER COMPANIES

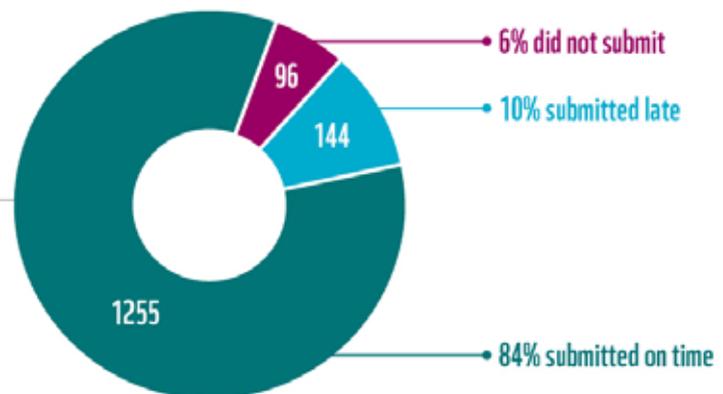


THIS REPORT HAS BEEN PRODUCED IN COLLABORATION WITH:

ZSL  
LET'S WORK FOR WILDLIFE

1,495

RSPO COMPANY MEMBERS WERE REQUIRED TO SUBMIT AN ACOP IN 2020



## Oil palm and biodiversity: Company commitments and reporting in 2020

In September 2021, we published a report focusing on the biodiversity commitments and reporting of 100 palm oil companies assessed on SPOTT in 2020. Findings indicate that although the majority of upstream palm oil companies assessed on SPOTT commit to protecting biodiversity, most fall short in reporting on implementation.

Unsustainable palm oil production plays a significant role in biodiversity loss in tropical forests. Remedying this requires palm oil companies, and their financiers and buyers, to have oversight of the commitments and efforts of upstream companies to tackle biodiversity loss, and where serious improvements are needed.

Commitments must be followed up with the implementation of concrete and effective actions on the ground.

We appeal to buyers and financial institutions, which are exposed to the ESG risks of palm oil companies and can exercise considerable influence over their management to:

- Quantify and disclose their palm oil exposure.
- Publish ESG commitments and implementation activities, and demand upstream supply chain actors to do the same.
- Incorporate biodiversity impact mitigation into all decision-making processes.

Read the full report [here](#).



## Tropical timber: A guide to responsible sourcing and financing

In January 2021 we published guidance on the responsible sourcing and financing of tropical timber, providing an overview of the key ESG issues associated with unsustainable timber and pulp production.

When produced at industrial scale, timber is harvested either through exploitation of areas of naturally occurring forest (natural forest management) or through forest areas expressly planted for exploitation (timber plantations). But the production of timber and pulp poses considerable ESG risks if it is not managed sustainably.

This report provides financial institutions and buyers guidance on the role of certification, and on what they should be asking of the companies they engage with in relation to their ESG policies and processes. It also outlines the risks and opportunities that come with pursuing unsustainable and sustainable practices, respectively.

Read the full report [here](#).



## Moving from risk to resilience: Climate change and the forestry sector

In November 2021, we published a report focusing on risks within the forestry sector arising from the climate crisis. The forestry sector is dependent on ecosystem services and stable climatic conditions, both of which are already being impacted by climate change.

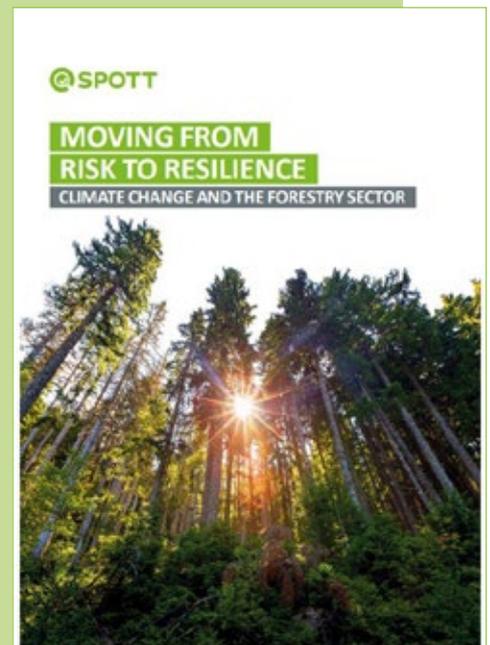
The entire forestry sector has high exposure to climate risks, but our research found that most forestry companies do not conduct or disclose climate risk assessments and insufficiently report on sustainable forest management practices, which are necessary to achieve resilience and mitigation.

This report analyses data from the 2021 SPOTT assessments of 100 timber and pulp producers, processors, and traders, to provide an overview of their disclosure of commitments and progress on climate change. The report also provides guidance on how to approach creating a risk assessment.

Data suggests that a current lack of disclosures is a missed opportunity for pooling research, reporting costs and shared learning. Importantly, it creates unacceptable data gaps or 'blind spots' for financiers and buyers who need to consider their financing and sourcing's exposure to climate risk.

ZSL believes that forestry companies not only have a duty to sustainably manage the assets they depend on and protect them as much as possible from climate impacts, they are also uniquely positioned to do so.

Read the full report [here](#).





## Sustainable finance and tropical forestry: a series of financial institution case studies

How do different financial institutions approach non-financial information and ESG issues when considering tropical forestry companies and supply chains exposed to timber, pulp and paper products sourced from tropical regions?

To illustrate the variety of approaches which are available to financial sector stakeholders, ZSL curated a series of case studies during 2021 in collaboration with seven financial institutions.



Each case study focuses on a stakeholder type – from private equity to asset management and banking – or on a different use of ESG information (such as due diligence and benchmarking, engagement, or impact activities).

By detailing the rationale for considering the sector from an ESG perspective (e.g., climate, biodiversity, Indigenous peoples and local communities' rights) or approaches to integrating disclosures and other ESG information, these case studies help the reader identify key ESG risks and issues and opportunities to mitigate them in a sector-specific fashion.

These case studies are directed at financial sector practitioners and forestry sector stakeholders and aim to promote increased transparency and drive adoption and implementation of best practice on the ground. They are available translated into French, Bahasa Indonesia, and Japanese.

1. Coller Capital – Moving the needle in private equity secondaries
  2. BNP Paribas Asset Management – Scoring companies on ESG criteria
  3. Robeco – Engaging for biodiversity
  4. New Forests – Blended finance as a tool for impact in Southeast Asia
  5. Standard Chartered – Engaging clients on evolving requirements
  6. BDEAC – Supporting sustainable development in the timber and pulp sector
  7. Council on Ethics for the Government Pension Fund Global (Norway) – Monitoring for ethical investment
- Access the full series [here](#).



## New Thematic Guide series launched

We launched a new series of thematic guides in 2020, to provide short, user-friendly starting points to understanding and addressing specific issues. Each guide gives users a brief introduction to the topic, followed by step-by-step guidance on creating robust and credible policies, including key criteria for each issue.

The series includes:

- Zero-deforestation
- Traceability
- Supplier engagement
- Free, Prior and Informed Consent (FPIC)

The series continues to grow, with all thematic guides available [here](#).



## Webinars: expanding our reach

2021 saw members of the SPOTT team participate in several webinars on a range of issues across sustainable finance, tropical forestry and palm oil sectors. With a combined reach of over 800 attendees, these online events facilitated analysis and meaningful dialogue between financial institutions and commodity companies, and increased awareness of SPOTT among our target user groups.

### Sustainable Finance and Tropical Forestry

Between January and April 2021, we collaborated with CFA Institute and several CFA Societies in APAC to hold a series of three webinars to discuss how financial sector practitioners are integrating ESG information in tropical forestry. These focused on the case for using an ESG lens; engagement, ESG performance and impact; and ESG financing requirements, and were also the launch events for the series of case studies now published on the SPOTT website as described above. The webinars are available to watch online:

[Sustainable Finance and Tropical Forestry](#)

[ESG Performance and Impact in the Tropical Forestry Sector](#)

[ESG Financing Requirements in the Tropical Forestry Sector](#)

### Risk in the Indonesian palm oil sector

We co-hosted two webinars in 2021 focused on risk in the palm oil sector in Indonesia, aimed primarily at financial sector audiences. The first was in April 2021, and was co-hosted by ZSL, Orbitas and Chain Reaction Research. This looked at the fundamentals of how financiers should analyse a broad range of risks among palm oil companies in Indonesia to inform their ESG investment and lending strategies. We provided an overview of Indonesia's palm oil sector and how to put palm oil producers' and traders' commitments, practices, and disclosure into perspective using SPOTT data.

A recording of the event can be watched [here](#).

In December 2021, we collaborated with Orbitas to hold a discussion on their latest data and analysis on how climate transitions will affect the palm oil industry, with a particular focus on Indonesia.

Orbitas presented the findings from its latest climate scenario analysis for the Indonesian palm oil sector to learn about the risks and opportunities for producers and investors between now and 2050. We shared climate-related results from the 2021 palm oil assessments, including an indicator specific to climate risk.

The event also brought in the perspectives of palm oil producers and investors to discuss these findings and how the industry can better prepare for climate transitions like changing laws, corporate policies, consumer preferences and other factors.

A recording of the event can be watched [here](#).

## 2nd Forestry Transparency Forums

As part of SPOTT's ongoing work to help address illegal logging and unsustainable forestry practices in tropical forests, SPOTT held the second Forestry Transparency Forums in Douala, Cameroon and Jakarta, Indonesia in February and March 2020.

Building on the 2019 series of Forums, the workshops in 2020 brought together a total of 65 participants from 44 organisations, including stakeholders from forestry and palm oil companies, government, industry associations and service providers, and civil society organisations.

The Cameroon Forum provided a space for participants to present and discuss issues pertaining to the Cameroonian forestry sector, including how SPOTT complements wider initiatives such as the FLEGT process between the European Union and Cameroon, voluntary certification schemes such as FSC and other DFID/FGMC funded schemes such as the Open Timber Portal initiative, run by the World Resources Institute. ZSL also welcomed special guests from the Banque de Développement des Etats d'Afrique Centrale (BDEAC).

The Indonesia Forum, organised in partnership with the Indonesia Business Council for Sustainable Development (IBCSA), focused on sharing the lessons learnt from the implementation of timber trade transparency in Indonesia from the perspectives of different stakeholders: government, business and civil society.

These issues were discussed in the context of Indonesia's FLEGT licensing system and voluntary certification schemes, and considered the need for progress ahead of 2020's planned international conferences on biodiversity and climate.

Full workshop reports, including details of presentations and Q&A sessions, can be found [here](#).



Panel discussion during the Indonesia Forum. Image credit: IBCSD

## Open Timber Portal and SPOTT: Raising the bar for corporate disclosure in Gabon

In April 2021, the World Resources Institute’s Open Timber Portal (OTP) launched its first transparency rankings of forestry producers in Gabon, aimed at incentivising companies to disclose evidence that they are operating in compliance with forest management legislation. ZSL attended the launch event of the OTP in Gabon to discuss how the OTP and SPOTT collaborate to provide forest managers the tools to increase transparency around legal forest management.

It is estimated that 15 to 30% of all wood traded globally is produced illegally. Regulations in both producer and consumer countries have contributed to reduce illegal logging and the negative outcomes it has on forest ecosystems and communities. However, enforcement of such regulations still needs to be improved and governance strengthened to ensure that all wood that is harvested, processed and traded complies with legal requirements.

Greater transparency in the tropical forestry sector is vital to improve the enforcement of legal requirements and shed light on illegal practices, including logging of protected species prohibited for commercial use, logging outside of concessions allocated for timber, or illegal activities within timber concessions, such as mining or poaching. It can also highlight where companies with higher ESG commitments are going beyond legal compliance.

By tracking transparency and improving access to information, both SPOTT and the OTP incentivise legal timber and the implementation of ESG best practice. Deforestation and community rights violations that still occur in tropical forests can only be halted if forestry operations are fully legal, and this cannot be achieved without transparency.

The OTP brings transparency to timber operations by compiling information from different sources:

1. Governments’ official concession boundaries and list of registered timber producers;

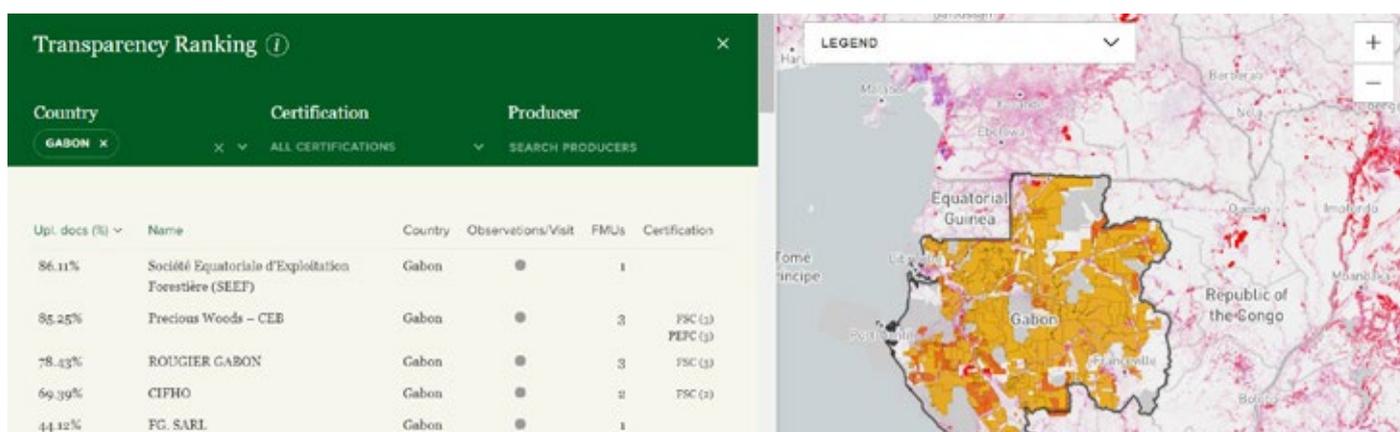
2. Documents uploaded voluntarily by timber producers to demonstrate compliance based on a country-specific list of documents;
3. Observations of suspected non-compliance from third-party forest monitors and NGOs;
4. Annual tree cover loss and weekly alerts on tree cover loss within the boundaries of the concessions.

ZSL’s SPOTT project has worked closely with the OTP to raise transparency around legality requirements in the Congo Basin. “As SPOTT and the OTP are working to achieve the same goal through complementary approaches, it is crucial to develop synergies between the tools and join efforts to reach out to the private sector in producer countries” says Achille Djeagou, OTP coordinator in the Congo Basin.

New indicators were added to SPOTT’s scoring criteria in 2019 covering eight of the ten categories covered by the OTP. These include whether a forestry company has provided valid legal documents to the Open Timber Portal on legal registration, use rights, forest management, timber harvesting, impact assessments, population rights, labour regulations and taxes, fees and royalties.

For ZSL this is a vital resource for indicating legality compliance of forest management companies in the Congo Basin, as the OTP process of defining necessary legality evidence draws on multistakeholder Voluntary Partnership Agreement (VPA) processes where possible.

ZSL’s Sustainable Business Advisor in the Congo Basin, Armstrong Mba, says: “We’re encouraging all companies in Gabon to disclose using the OTP, especially SPOTT-assessed companies, which can increase their SPOTT scores for legality indicators. For us, this collaboration makes sense, as the OTP has already clearly defined the legality evidence companies should be disclosing in a robust manner and for companies it reduces the reporting burden as they know that OTP and SPOTT are evaluating their legality disclosures in the same way.”



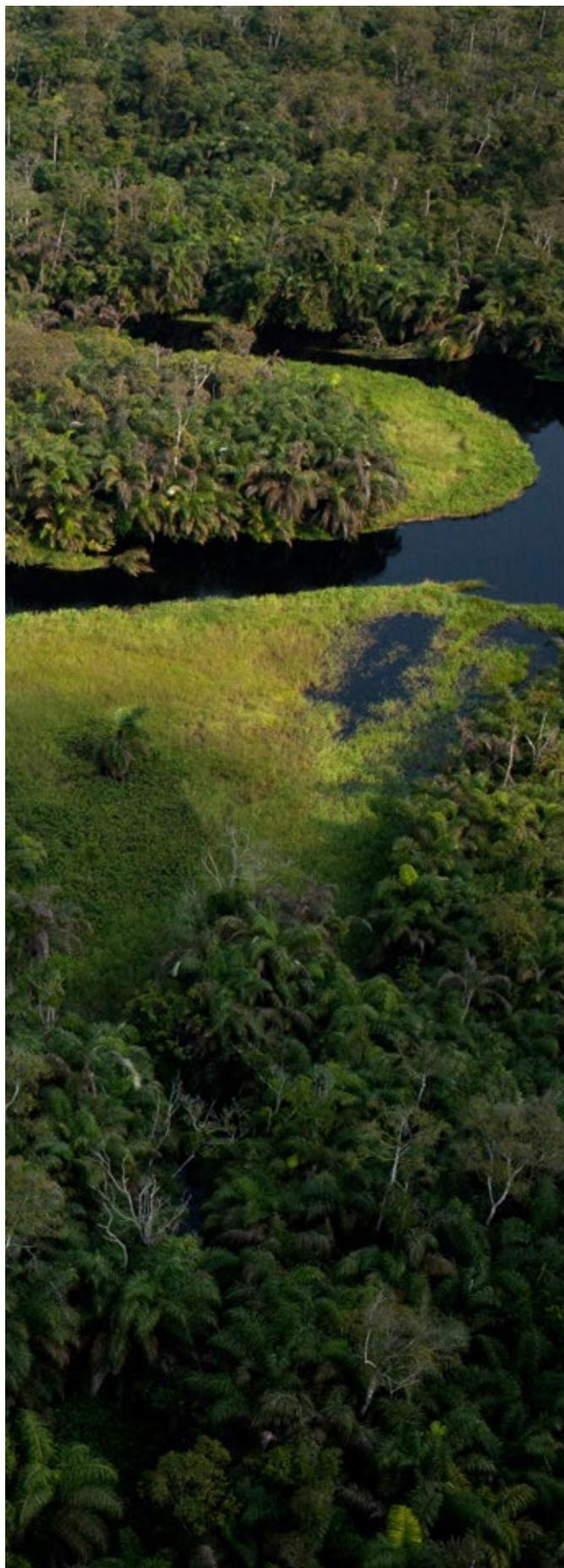
Open Timber Portal transparency rankings for Gabon

## In-country engagement: increasing transparency in the Congo Basin

ZSL assesses 49 companies with operations in the Congo Basin countries of Cameroon (13), Republic of Congo (16), and Gabon (20). Home to the world's second largest rainforest, and largest tropical peatland complex, the region is critical to both climate and biodiversity – but incentives for transparent corporate reporting and certification are low. With our Sustainable Business Advisor Armstrong Mba based in Yaoundé, Cameroon, we can directly engage with companies, face-to-face, to build their capacity around sustainable forestry and transparency. This is especially relevant in light of the 2022 [log export ban](#) for the region.

During 2020 and 2021, companies were engaged through a combination of meetings at company headquarters, field visits to company concessions, and phone calls, including eight during a visit to Gabon in 2021. Direct contact has also now been made with all SPOTT-assessed companies operating in Cameroon and Republic of Congo. Engagement with companies occurs year-round, but when appropriate focuses on preparation ahead of and during SPOTT assessments – with a detailed review of past SPOTT scores, and support to improve policies or reporting where necessary – and on new results after assessments are complete. In 2020 some of the most improved companies were located within the Congo Basin (e.g. Pallisco, +17.9 percentage point; and Precious Woods, +12.4 percentage points). The value of sustained engagement with SPOTT, year-on-year, can be seen in the case of two companies in Gabon which were originally selected for assessment in 2017. By 2021, their scores had improved by +21.8 percentage points (Precious Woods) and +17.1 percentage points (Rimbunan Hijau).

In addition to our outreach in the Congo Basin, ZSL regional staff and consultants also work with companies based in China and Indonesia on the Africa-Asia trade in tropical timber species. Our regional presence also enables us to directly participate in engagement with government agencies, timber federations, and NGOs, to raise awareness of SPOTT and build platforms to discuss legal and sustainability issues. We also participate in sectorial meetings, deliberative platforms, and regional forest governance forums to raise awareness about SPOTT and promote sustainability best practices.



## SPOTT Index

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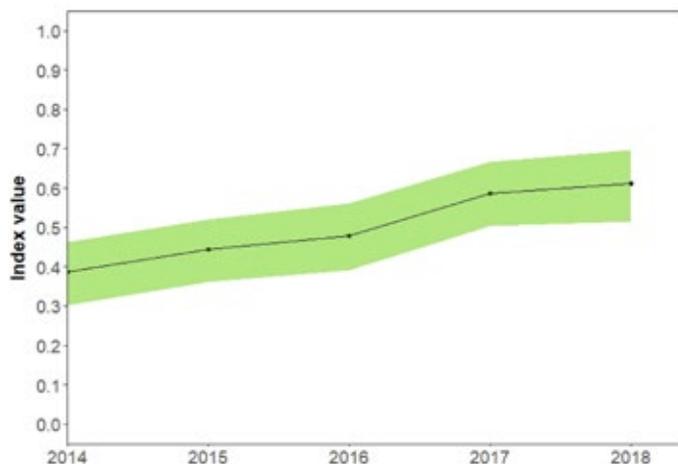
Introducing the SPOTT Index: a metric for tracking corporate ESG disclosure in the palm oil, timber and pulp, and natural rubber industries.

Since its launch in 2014, changes in SPOTT assessment scores have been difficult to interpret on face value, as changes to our scoring frameworks and the inclusion of additional companies, for example, can also influence year-on-year changes to SPOTT scores.

The development of the SPOTT Index aims to address this, by controlling for factors that may impact annual score changes but which do not reflect absolute changes in ESG reporting, thus providing a more accurate view of how corporate disclosure has changed over time

The result of this work, published in the journal [Current Reviews in Environmental Sustainability](#), indicates that the palm oil industry's policy disclosure has improved since 2014.

We see huge potential for the index, the first of its kind for tracking corporate disclosure, to be an important metric in understanding and incentivising sustainability of the commodity sector.



The SPOTT Index shows how the transparency and disclosure of oil palm companies is changing over time. An increase in the Index represents an improvement in performance.

## New features on the SPOTT website: weight scores and compare companies

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In July 2020 we added a major new feature to the SPOTT Dashboard – the area of the SPOTT website where users can explore and download SPOTT data. The new functionality enables users to view data according to their specific preferences by giving different types of indicators different weight within an assessment. The feature can be used to increase or decrease the weight of indicator themes or audited versus self-reported disclosures in the most recent timber and pulp, natural rubber, and palm oil assessments.

Weightings can be applied to indicators according to three classifications: Environmental, Social, and Governance (ESG), Disclosure type – whether disclosures are self-reported, externally verified or certified, and the ten SPOTT indicator categories. Each element within these classifications can be adjusted in increments of 0.5 to amplify points to a maximum of 2x their default setting, or to a minimum of 0 – effectively removing them from the overall score. Weightings can be saved and applied to individual companies or alternatively, users can explore the website commodity pages and see how their 'weighting set' has changed company rankings. Applying a customised weighting set will highlight issues relevant to your interests.

Another new tool, enabling full assessments to be compared between two companies, was also added to the Dashboard in 2021.

Register for a Dashboard account to explore all our tools [here](#).

## ZSL would like to thank the following organisations

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The SPOTT initiative is funded with the generous support of the following donors, with the addition of Good Energies; however, the views expressed do not necessarily reflect our donors' views or official policies.



## About ZSL

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ZSL (Zoological Society of London) is an international conservation charity working to create a world where wildlife thrives. From investigating the health threats facing animals to helping people and wildlife live alongside each other, ZSL is committed to bringing wildlife back from the brink of extinction. Our work is realised through our ground-breaking science, our field conservation around the world and engaging millions of people through our two zoos, ZSL London Zoo and ZSL Whipsnade Zoo.



We're ZSL, an international conservation charity working to create a world where wildlife thrives. Join us at [zsl.org](https://www.zsl.org)