SPOTT

Summary of timber and pulp assessments – July 2018

Overview

SPOTT assesses 50 timber and pulp producers on the public disclosure of their policies, operations and commitments to environmental, social and governance (ESG) best practice, to facilitate corporate engagement and increase industry transparency. SPOTT encourages stakeholders to engage with producers, as company policies and commitments may not always translate into effective implementation on the ground. SPOTT scores timber and pulp producers using up to 110 ESG indicators across 10 categories:

Average score: 31.1%

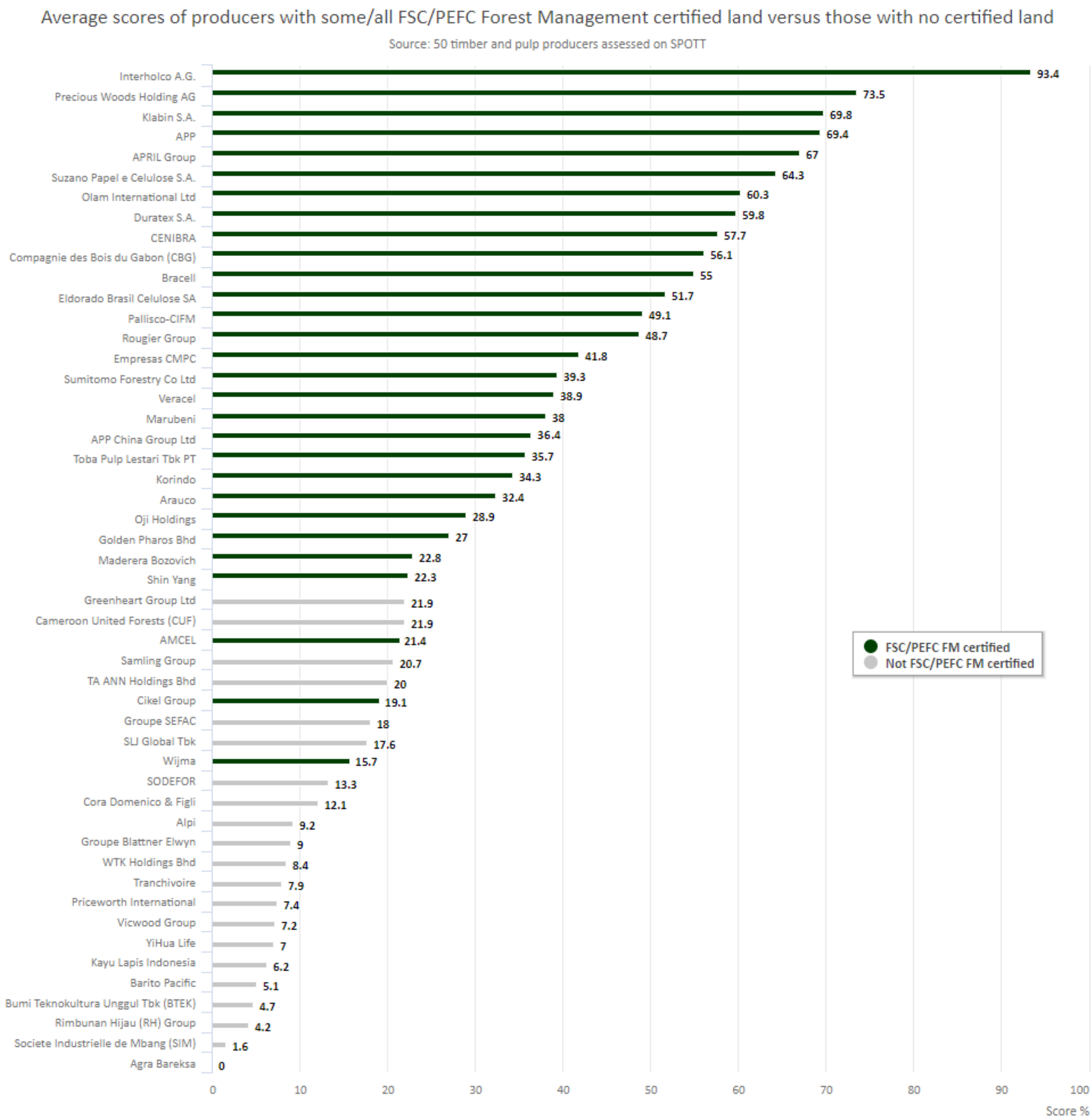
29 / 50 companies score < 33%

16 / 50 companies score 33-66%

5 / 50 companies score > 66%

Key findings

- The **average score** of companies is 31.1% in July 2018, compared to 38.9% during the last assessment of timber and pulp companies in November 2017.
- 5/50 (10%) companies have an overall score of **at least 66% (higher transparency)**, compared to 3/24 (13%) in November 2017.
- 29/50 (58%) companies have a score **below 33% (lower transparency)**, compared to 11/24 (46%) in the last assessment round.
- 17/24 (71%) companies assessed in 2017 saw an **increase** in their scores in 2018 – the average change in score was +3.9%.
- 7/24 (29%) companies assessed in 2017 saw a **decrease** in their scores in 2018 – the average change in score was -3.6%.
- Companies perform best in the categories **Sustainability policy and leadership** and **Community, land and labour rights**, scoring an average of 42% within these categories.
- There is room for improvement in **Certification standards** and **Smallholders and suppliers**, with companies scoring an average of 16% within these categories.
- 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** is 45% compared to 11% for companies lacking such certification.



Sustainability policy and leadership

- 22/50 (44%) companies have put in place a clear and comprehensive **sustainability policy.** Only six (12%) companies extend their sustainability policy to third parties.
- 21/50 (42%) companies have published a **sustainability report** in the last two years.
- 23/50 (46%) companies are working with **government, non-governmental organisations, or academic institutions** to improve the sustainability of forest products.

Landbank, FMUs and mills

- 20/38[1] (53%) companies clearly disclose their **total area of forest plantation,** while just 14/37[2] (38%) disclose the **total area of natural forest** they control for wood/wood fibre production.
- 27/50 (54%) companies have made at least some **maps available for their Forest Management Units (FMUs)**, but only 8/50 (16%) companies have provided georeferenced **maps for all their FMUs**.
- Only 1/38[3] (2%) companies discloses the **total area of intact forest landscape**[4] found within its operational area.

Deforestation and biodiversity

- 10/37[2] (27%) companies have a clear commitment to minimise the impact of **logging roads**.
- Just 7/50 (14%) companies are implementing a **landscape approach** to biodiversity conservation.
- 32/50 (64%) companies have a clear commitment to **set-aside areas for conservation**, while 27/50 (54%) provide **examples of how they are managing these areas** for the benefit of biodiversity.

HCV, HCS and impact assessments

- Only 12/50 (24%) companies have a commitment to **conduct High Conservation Value (HCV) assessments** for all new development and planting. 5/47[5] (11%) companies extend this commitment to their outgrowers and/or independent suppliers.
- 6/50 (12%) companies make all their **HCV assessment reports publicly available**.
- 9/50 (18%) companies have a clear commitment to **conduct Social and Environmental Impact Assessments (SEIAs)** for all new development and planting.
- Just 3/50 (6%) companies made the results of all their **SEIAs publicly available**.

Soils, fire and GHG emissions

- 8/50 (16%) companies commit to **best management practices for soils and/or peat.**
- Only 8/37[2] (22%) companies have a commitment to use **reduced impact logging (RIL)** techniques across all their operations.
- 14/50 (28%) companies provide evidence of undertaking both **fire monitoring and management** activities.
- Just 3/50 (6%) companies have a **time-bound commitment to reduce greenhouse gas (GHG) intensity**. All of these companies are reporting progress to their GHG targets.

[1] This indicator is disabled for companies that do not own forest plantations.
[2] This indicator is disabled for companies that do not own natural forests for wood/wood fibre production.
[3] This indicator is disbaled for companies that have no intact forest landscape within their operations.
[4] Can be defined as a territory within today's global extent of forest cover minimally influenced by human economic activity, with an area of at least 500 km^2 (50,000 ha) and a minimal width of 10 km.
[5] This indicator is disabled for companies that have no outgrower scheme and no independent suppliers.

Water, chemical and waste management

- 4/20[6] (20%) companies with pulp or paper mills have **time-bound commitment to improve water use**, while three (15%) are reporting progress towards their water use commitment.
- Just 8/50 (16%) companies report that they are using **buffer or riparian zones to protect natural waterways** across all their operations.
- 9/50 (18%) companies have a commitment to not use[7] **World Health Organisation (WHO) Class 1A and 1B pesticides**, while only 7/50 (14%) have an equivalent commitment for **chemicals listed under the Stockholm Convention and Rotterdam Convention**.

Community, land and labour rights

- 37/50 (74%) companies have a commitment to **respect human rights**, while 34/47[5] (72%) companies extend this to their outgrower scheme and/or independent suppliers.
- 35/50 (70%) companies are committed to respect **indigenous and local communities' rights,** but just 8/50 (16%) have a full commitment to obtain **free, prior and informed consent (FPIC)** prior to all new developments.
- 35/50 (70%) companies clearly commit to **all eight fundamental International Labour Organization (ILO) Conventions**.[8]
- Only 7/50 (14%) companies provide evidence that they are paying the **minimum wage** to all their workers.

Certification standards

- 19/50 (38%) companies have **more than 75% of their area verified as being in legal compliance** by a third party. Just 3/47[5] (6%) report any of their supply as being verified legal by a third party.
- Only 4/50 (8%) companies are **100% Forest Stewardship Council (FSC) Forest Management (FM) certified.**
- 6/47[5] (13%) companies have a commitment to only source wood or wood fibre that meets **FSC Controlled Wood requirements**.

Smallholders and suppliers

- 8/40[9] (20%) companies have a programme to **support outgrower smallholders**, but only two (5%) provide details of how many outgrowers are supported.
- Only 12/47[5] (26%) companies report they have a process for prioritising, assessing and/or **engaging suppliers on compliance with their policy and/or legal requirements**.
- 9/47[5] (19%) companies report the **number of suppliers that they have assessed or engaged**.

Governance and grievances

- 25/50 (50%) companies have a clear commitment to **ethical conduct** and the prohibition of corruption.
- 13/50 (26%) companies have a **grievance procedure that is open to both internal and external stakeholders** such as employees and local communities.
- 7/50 (14%) companies report some **details of grievances**, but just three (6%) provide comprehensive details of the grievances reported to them and their resolution.

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[5] This indicator is disabled for companies that have no outgrower scheme and no independent suppliers.
[6] This indicator is disabled for companies that do not own pulp or paper mills.
[7] No use at all or only in emergency/exceptional circumstances (e.g. have a Pesticide Derogation from the FSC).
[8] Eight Fundamental ILO Conventions: Freedom of Association (No. 87); Right to Organise and Collective Bargaining (No. 98); No Forced Labour (No. 29 & No. 105); Minimum Age (No. 138); Worst Forms of Child Labour (No. 182); Equal Remuneration (No. 100); No Discrimination (No. 111).
[9] This indicator is disabled for companies that have no outgrower scheme smallholders.

July 2018 transparency scorecard: timber and pulp producers

Company	Score	Company	Score
Agra Bareksa	0%	Korindo	34.3%
Alpi	9.2%	Maderera Bozovich	22.8%
AMCEL	21.4%	Marubeni	38%
APP (Asia Pulp and Paper Group)	69.4%	Oji Holdings	28.9%
APP China Group Ltd	36.4%	Olam International Ltd	60.3%
APRIL Group	67%	Pallisco-CIFM	49.1%
Arauco	32.4%	Precious Woods Holding AG	73.5%
Barito Pacific	5.1%	Priceworth International	7.4%
Bracell	55%	Rimbunan Hijau (RH) Group	4.2%
Bumi Teknokultura Unggul Tbk (BTEK)	4.7%	Rougier Group	48.7%
Cameroon United Forests (CUF)	21.9%	Samling Group	20.7%
CENIBRA	57.7%	Shin Yang	22.3%
Cikel Group	19.1%	SLJ Global Tbk	17.6%
Compagnie des Bois du Gabon (CBG)	56.1%	Société Industrielle de Mbang (SIM)	1.6%
Corà Domenico & Figli	12.1%	SODEFOR	13.3%
Duratex S.A.	59.8%	Sumitomo Forestry Co Ltd	39.3%
Eldorado Brasil Celulose SA	51.7%	Suzano Papel e Celulose S.A.	64.3%
Empresas CMPC	41.8%	TA ANN Holdings Bhd	20%
Golden Pharos Bhd	27%	Toba Pulp Lestari Tbk PT	35.7%
Greenheart Group Ltd	21.6%	Tranchivoire	7.9%
Groupe Blattner Elwyn	9%	Veracel	38.9%
Groupe SEFAC	18%	Vicwood Group	7.2%
Interholco A.G.	93.4%	Wijma	15.7%
Kayu Lapis Indonesia	6.2%	WTK Holdings Bhd	8.4%
Klabin S.A.	69.8%	YiHua Life	7%

About SPOTT

Developed by the Zoological Society of London (ZSL), SPOTT is an online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice. SPOTT assesses commodity producers and traders on the public disclosure of their policies, operations and commitments related to environmental, social and governance (ESG) issues. SPOTT scores companies annually against sector-specific indicators, allowing them to benchmark their progress over time. Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage risk, and increase industry transparency. For more information, visit **spott.org**.

About ZSL

Founded in 1826, the Zoological Society of London (ZSL) is an international scientific, conservation and educational charity whose mission is to promote and achieve the worldwide conservation of animals and their habitats. Our mission is realised through our ground breaking science, our active conservation projects in more than 50 countries and our two Zoos, ZSL London Zoo and ZSL Whipsnade Zoo.

Published: 18 July 2018