

KEEPING FORESTS STANDING AND UPHOLDING HUMAN RIGHTS

**The Methodology for Evaluating Brand
and Bank Performance**

May 2022

Since 2021, our evaluation has been steered by five questions:

- » Have banks and brands made the first step in adopting a policy to cut deforestation and human rights abuses from their commodity supply chains and financing?
- » Have banks and brands publicly disclosed the full impact of their business on forests and the rights of local and Indigenous communities?
- » Are they preventing violence and ensuring that the rights of local and Indigenous communities are being fully respected?
- » Are they actually changing their purchasing or financing practices if their business partner is caught breaching their policy to protect forests and uphold human rights?
- » Can they prove to their customers that their business partners are complying with their policy?

The table below shows the methodology used to assess if a company was awarded a ‘Yes’, ‘Partial’ or ‘No’ score for each recommended action.

Keep Forest Standing Campaign Demand	Metrics for ‘Yes’	Metrics for ‘No’	Metrics for ‘Partial’
NDPE POLICY Adopt and implement a No Deforestation, No Peatland and No Exploitation (NDPE) Policy.	<p>Published policies require compliance with core elements of a NDPE policy -- protect forests (HCS forests, HCV areas, primary forests, and Intact Forest Landscapes) and natural ecosystems/peatlands regardless of depth from deforestation and degradation; respect human rights in accordance with international norms; and prohibit use of fire.</p>	<p>No published policy that requires compliance with core elements of a NDPE policy.</p>	<p>n/a</p>
NDPE POLICY SCOPE NDPE policy covers all forest-risk commodity supply chains, investments (including joint ventures), and all financial services, at a corporate group level.	<p>NDPE policy covers all forest-risk commodity supply chains, investments (including joint ventures), and all financial services, at a corporate group level.</p> <p>*Corporate group as defined by the Accountability Framework initiative.</p>	<p>No published NDPE policy, or NDPE policy neither covers all forest-risk commodities nor applies to all suppliers, investments, (including joint ventures) and clients receiving financial services at the corporate group level</p> <p>For brands, policies only apply to physical supply chains not across landbanks of suppliers at a corporate group level.</p>	<p>NDPE policy covers all forest-risk commodity supply chains or applies to all suppliers, investments (including joint ventures) and clients receiving financial services at the corporate group level, but not both.</p>
MANDATE FOR NDPE POLICY ADOPTION Make it mandatory for all suppliers, investees, or clients to adopt and implement NDPE policies, at a corporate group level, for all relevant forest-risk commodity supply chains.	<p>Requirement for suppliers, investees, or clients to adopt and comply with corporate group NDPE policies and require the same of third-party suppliers, for all relevant forest-risk commodity supply chains.</p> <p>This requirement includes adequate policies to ensure fulfillment of rights to Free, Prior and Informed Consent rights in accordance with international human rights norms and best practices outlined in the High Carbon Stock Approach. (As per RAN’s “The Need for FPIC” Report).</p>	<p>No requirement for suppliers, investees, or clients to adopt and comply with corporate group NDPE policies and require the same of third-party suppliers.</p>	<p>Requirement for suppliers, investees, or clients to adopt and comply with NDPE policy only applies to one forest-risk commodity supply chain, or lacks a requirement for the NDPE policy to be implemented at a corporate group level.</p> <p>*Corporate group as defined by the Accountability Framework initiative.</p>

Keep Forest Standing Campaign Demand	Metrics for 'Yes'	Metrics for 'No'	Metrics for 'Partial'
<p>NDPE IMPLEMENTATION PLANS</p> <p>Published NDPE Implementation Plan has ambitious target dates for achieving independent verification of NDPE policy compliance across all forest-risk commodities.</p>	<p>Published NDPE Implementation Plan with ambitious target date, and time-bound milestones, for achieving full Independent Verification of NDPE policy compliance by suppliers, investees, or clients for all forest-risk commodity supply chains.</p> <p>For brands full supply chain disclosure includes direct suppliers, processors/mills, and raw material producers), and target date/s for achieving traceability to the source (i.e., plantation/farm/ranch).</p>	<p>No published NDPE Implementation Plan specifying a date for when suppliers/investees/clients must achieve Independent Verification of NDPE policy compliance.</p> <p>For brands, no disclosure of supplier lists and/or target dates for achieving traceability to the source.</p>	<p>Published NDPE implementation plan specifying a date for when suppliers/investees/clients must achieve Independently Verified NDPE policy compliance for at least one commodity but not all relevant commodities, or target date is not ambitious, or does not include Independent Verification.</p> <p>For brands, they must have also publicly disclosed supplier lists for, multiple or, all forest-risk commodities, or published dates by which they will do so, and a target date set for achieving traceability to the source.</p>
<p>FOREST FOOTPRINT DISCLOSURE</p> <p>Know and publicly disclose the footprint of their global commodity supply chains, investments, or financial services impacting forests, peatlands and the rights of Indigenous Peoples and communities affected by logging and the expansion of industrial agriculture.</p>	<p>Disclosure of Forest Footprint for all relevant forest-risk commodities and regions.</p>	<p>No disclosure of Forest Footprint.</p>	<p>Partial disclosure of Forest Footprint for: one forest-risk commodity; one production region; or footprint lacks information on rightsholders; or does disclose supply chain information (such as for brands lists of suppliers and maps of their landbanks and for banks does not disclose maps/data which aggregate client/investee spatial data and processing facilities).</p> <p>And/or a time-bound public commitment to undertake a forest footprint evaluation for at least one priority forest-risk commodity supply chain.</p>
<p>PROOF OF FREE, PRIOR AND INFORMED CONSENT</p> <p>Require proof of full compliance with laws, regulations, and Free, Prior and Informed Consent (FPIC) processes for all areas under the management and control of the corporate group.</p>	<p>Independent verification of legality and fulfilment of FPIC rights in accordance with best practices, as outlined by international human rights norms, the High Carbon Stock Approach (HCSA) Social Requirements and Implementation Guidance, and Indigenous Peoples established FPIC protocols.</p>	<p>No independent verification of legality or fulfilment of FPIC rights in accordance with best practice or independent or all relevant forest-risk commodity supply chains verification relies solely on certification.</p>	<p>Independent verification is undertaken by human rights experts, but not yet in accordance with best practice or if independent verification currently relies on certification systems, then additional verification measures are in place including but not limited to on the ground verification with affected communities.</p> <p>And/or methodology detailing how they and/or their suppliers, investees or clients will undertake independent verification of legality and fulfilment of FPIC rights is under development but has not yet been published or implemented.</p> <p>And/or a public commitment to develop and implement a credible methodology for independent verification of FPIC in accordance with best practice has been made.</p>

Keep Forest Standing Campaign Demand	Metrics for 'Yes'	Metrics for 'No'	Metrics for 'Partial'
<p>ROBUST MONITORING AND DUE DILIGENCE SYSTEMS</p> <p>Establish robust forest, natural ecosystem, and human rights monitoring and due diligence systems.</p>	<p>Robust and transparent forests and natural ecosystem/peatland monitoring platform and response systems and effective human rights monitoring and due diligence systems for identifying and reporting on suppliers, investments, (including joint ventures) and clients non-compliance are in use.</p> <p>Effective human rights monitoring and due diligence systems are in accordance with best practices outlined by international human rights treaties and norms, such as the UN Guiding Principles on Business and Human Rights, cover all human rights, and employ field-based Human Rights Impact Assessments.</p>	<p>No monitoring and due diligence systems have been established.</p>	<p>Monitoring and due diligence systems are used to identify their clients, investees or suppliers' impact on forest and natural ecosystems, including peatlands.</p> <p>Monitoring and due diligence systems are used to identify their clients, investees or suppliers' impact on human rights, but are not effective, cover all human rights, or do not employ field-based Human Rights Impact Assessments.</p>
<p>HOLDING BAD ACTORS TO ACCOUNT</p> <p>Stop sourcing commodities from, investing in, or providing financial services to corporate groups that are complicit in deforestation, natural ecosystem degradation, peatland clearance and human rights abuses, or secure credible, time-bound commitments to ensure suppliers, investees and clients transparently implement corrective actions and remedy negative impacts.</p>	<p>Published non-compliance protocol is comprehensive and has adequate thresholds for suspension or termination for non-compliance with both social and environmental requirements.</p> <p>For brands, there is adequate transparent reporting on its implementation and a consistent demonstration of its use with non-compliance cases or grievances raised across all forest-risk commodity supply chains.</p>	<p>No published non-compliance protocol and demonstration of its use with non-compliance cases or grievances raised.</p> <p>For brands, there is inadequate transparent reporting on identified non-compliant suppliers, or investees, and those that are subject to suspensions or termination.</p>	<p>Non-compliance protocol is published but is not comprehensive or has inadequate thresholds for suspension or termination and/or lack of consistent application to non-compliance cases or grievances raised.</p> <p>For brands, there is transparent reporting on non-compliant suppliers, or investees, but inadequate reporting on actions taken to address all non-compliance cases and grievances raised.</p>
<p>ZERO TOLERANCE FOR VIOLENCE AND INTIMIDATION</p> <p>Enact zero tolerance procedures within supply chains, investments and/or financing portfolios to prevent violence, criminalization, intimidation, and killing of human rights, land, and environmental defenders.</p>	<p>Published zero tolerance policy for violence, criminalization, and intimidation of Human Rights Defenders (HRDs) developed with inputs from HRDs and aligned with the minimum policy requirements defined by the Zero Tolerance Initiative.</p>	<p>No published zero tolerance policy for violence, criminalization, and intimidation of HRDs.</p>	<p>Published zero tolerance policy for violence, criminalization, and intimidation against HRDs is not aligned with minimum policy requirements as outlined by HRDs or experts (such as the Zero Tolerance Initiative) or policy commitment has been made but not in a stand-alone HRD policy.</p>
<p>INDEPENDENT VERIFICATION OF NDPE COMPLIANCE</p> <p>Independently verify and disclose progress on fulfillment of NDPE policies.</p>	<p>Published methodology detailing how independent verification of NDPE policy compliance will be undertaken, or must be undertaken by suppliers, investees, or clients and demonstration of its application in all forest-risk commodity supply chains.</p>	<p>No published methodology on independent verification of NDPE compliance or Independent Verification relies solely on certification.</p>	<p>Credible methodologies for the independent verification of NDPE policy compliance are under development or have been published with plans for its use in at least one forest-risk commodity supply chains.</p>

What does No Deforestation, No Peatland, No Exploitation (NDPE) stand for in a cross-commodity policy?

No Deforestation or conversion or degradation of natural ecosystems or peatlands¹ - requires the protection of forests and natural ecosystems including High Conservation Value areas (HCV areas)², High Carbon Stock forests (HCS forests)³, primary forests⁴ and Intact Forest Landscapes⁵ from deforestation, conversion, and degradation as per commodity sector specific cut-off dates, or pre-existing commitments with a cut-off date that was earlier than the sector specific cutoff dates. Remediation of environmental harm is required for all violations after the cut-off dates.

No Exploitation – which requires:

- » Respect for internationally recognized human rights^{6*}, throughout operations, supply chains and investments.
- » Operations only take place if affected Indigenous Peoples and local communities give their Free, Prior and Informed Consent to activities on their lands.⁷
- » Zero tolerance for intimidation, violence, criminalization of affected community members/rights holders, Human Rights Defenders, land, and environment defenders.⁸
- » Establishment and demonstrated use of an effective grievance mechanism aligned with the UN Guiding Principles on Business and Human Rights to resolve grievances.
- » Remediation of social harm to Indigenous Peoples, local communities, and workers.

NDPE Policy Scope

The NDPE policies adopted must apply to all forest-risk commodities. Forest-risk commodities include palm oil, pulp, paper, forestry products including sawn wood, tissue, viscose, biomass, biofuel, rubber, soy, beef, cocoa.

The scope of the policy adopted by brands and banks should be comprehensive and apply to all suppliers or clients respectively, in addition to investees, involved in the production, processing, and procurement of forest-risk commodities across all their operations.

For banks, NDPE policies must set mandatory requirements for all clients associated with forest-risk commodities to ensure compliance throughout the supply chains. This includes clients that are producers and processors of forest-risk commodities--these clients must comply with NDPE requirements across all their operations that are involved in production, procurement, and trade of forest-risk commodities, at a corporate group⁹ level. It also includes clients that are end users of commodities, such as consumer goods manufacturers, retailers, and traders or processors with downstream operations in procurement regions but not upstream operations and landbanks in production countries--these clients must ensure NDPE compliance by all direct and indirect suppliers throughout their forest-risk commodity supply chains. The policy must require end users to achieve compliance across the supply chains for all forest-risk commodities they source or have investments in and include requirements for independent verification of compliance by all suppliers in its global supply chains at a corporate group level. This includes direct suppliers (Tier 1 suppliers with contracts), and the requirements must cascade throughout the supply chain to indirect suppliers with processing facilities and raw material producers at a corporate group level.

For brands, NDPE policies must set mandatory requirements for all direct suppliers, indirect suppliers and raw material producers and investors that are active in forest-risk commodity supply chains. The policy must require all suppliers and investees to achieve compliance across the supply chains for all forest-risk commodities they produce or process and trade and include requirements for independent verification of compliance by all suppliers in its global supply chains at a corporate group level.

Mandate for NDPE Policy Adoption

Published policies should also include the mandatory requirements for the adoption and implementation of a NDPE aligned policy by all suppliers, clients, or investees. RAN's scorecard includes this action as a standalone recommendation that each company's performance is evaluated on given the importance of the NDPE production requirements becoming the norm, not just in policies applied to the palm oil sector, but across all forest-risk commodities, and NDPE policy adoption being cascaded from direct suppliers or clients throughout supply chains to raw material producers.

- » Bank policies must include a mandatory requirement for all clients receiving investments or financial services to adopt and comply with a corporate group level NDPE policy, and to require the same of their suppliers.
- » Brand policies must include a mandatory requirement for all suppliers and investors to adopt and comply with a corporate group level NDPE policy, and to require the same of their suppliers.

NDPE Implementation Plans

The NDPE policy and associated implementation plans must have ambitious target dates, and time-bound milestones, for achieving implementation and Independent Verification of full compliance with the requirements detailed in the NDPE Policy for all forest-risk commodities at a corporate group level.

Target dates for banks should include, but not be limited to, dates to achieve independent verification of client compliance with requirements and cutoff dates for deforestation and conversion and degradation of other natural ecosystems. Target dates set for clients that are producers, processors and end users of commodities must include deadlines to achieve full traceability to the source for all forest-risk commodities and independent verification of full compliance with the NDPE Policy.

Target dates for brands should include, but not be limited to, dates to achieve independent verification of suppliers and investees compliance with requirements and cut-off dates for deforestation and conversion and degradation of other natural ecosystems. For brands targets should be set for achieving full supply chain disclosure for all forest-risk commodity supply chains, including direct suppliers, processors/mills, and raw material producers, and target date/s for achieving traceability to the source (i.e., plantation/farm/ranch). Target dates set by brands for their suppliers and investees that are producers, processors and end users of commodities must include deadlines to achieve full traceability to the source for all forest risk commodities and independent verification of full compliance with the NDPE Policy.

Additional dates that may be set out in implementation plans but were not used as a basis for this evaluation, include deadlines by which suppliers, clients and investees publish or enable the provision of information to inform transparent and collaborative monitoring systems that are accessible to the public and can inform monitoring of policy implementation and credible and independent verification. This includes data on all raw material source areas and landbanks, traceability data, conservation areas, and affected Indigenous Peoples and local communities under the influence of the corporate group and suppliers in its global supply chains and investments. A NDPE policy and implementation plan should also describe the commitments to transparent and public reporting on all areas relevant for the policy implementation.

For the purposes of this evaluation these criteria were not used, but the following actions remain necessary disclosures for banks and brands to take to demonstrate robust policy implementation:

- » Annual publication of the results of due diligence and independent verification undertaken and implementation against clear time-bound targets, actions and tangible outcomes outlined in the policy. Methodologies used to undertake independent verification of performance must be disclosed. Methodologies for Independent verification must include credible approaches for desk-top and field-based verification of fulfilment of rights to Free, Prior and Informed Consent that are undertaken by human rights experts and involve affected Indigenous Peoples and local communities.
- » Publication of a forest footprint, including disclosure of maps/data which aggregate client/investee spatial data and processing facilities (including third parties) and provides the total area of forests and peatlands that have been, or could be, impacted by a bank's financing / investment in forest-risk commodities. It should also include client/investee impact on Indigenous Peoples and local communities' rights when forest and peatland areas are on traditionally managed lands.
- » Publication and provision of information to transparent and collaborative monitoring systems that are accessible to the public and can inform monitoring of policy implementation and credible independent verification. This includes data on all raw material source areas and landbanks, traceability data, conservation areas, and affected Indigenous Peoples and local communities under the influence of the corporate group and suppliers in its global supply chains and investments Forest Footprint Disclosure

What is a “forest footprint”?

A forest footprint refers to the total area of forests and peatlands that have been, or could be, impacted by a brand’s consumption, or a bank’s financing, of forest-risk commodities. A brand or bank’s footprint includes their contribution to the destruction of forests and peatlands by their suppliers or clients over the period of their business relationship, in addition to the areas that remain at risk within all suppliers’ or clients’ global forest-risk commodity supply chains and sourcing regions. It also includes their impact on Indigenous Peoples and local communities’ rights when forest and peatland areas are on traditionally managed lands. Areas at risk include forests and peatlands located within plantation development areas under a supplier, investees, or client’s control; areas under the control of third-party suppliers; and areas allocated for future logging or agricultural development within the sourcing region surrounding mills, refineries, or processing facilities in their global supply chains. All of which must be known and publicly disclosed. Rainforest Action Network is calling on Brands and Banks to know and publicly disclose the footprint of their global commodity supply chains, investments, or financial services impacting forests, peatlands and the rights of Indigenous Peoples and communities affected by logging and the expansion of industrial agriculture. RAN’s methodologies that may be used by banks and brands to undertake a Forest Footprint analysis are [available here](#).

ENDNOTES

- 1 All terms defined by the Accountability Framework initiative <https://accountability-framework.org/the-framework/contents/definitions/>
- 2 As defined by The HCV Network <https://hcvnetwork.org/>
- 3 As defined by The High Carbon Stock Approach <http://highcarbonstock.org/>
- 4 As defined by the Convention on Biological Diversity <https://www.cbd.int/forest/definitions.shtml>
- 5 As defined by The IFL Mapping Team <http://www.intactforests.org>
- 6 As defined by Internationally recognized human rights norms per UNDRIP, UNDHR, ILO Fundamental Conventions, ILO 169 on Indigenous and Tribal Peoples, FAO VGGT, UN Guiding Principles on Business and Human Rights, UN Declaration on the Rights of Peasants
- 7 The fulfillment of the rights of FPIC must be in accordance with UNDRIP, HCSA Social Requirements, and the Accountability Framework initiative Operational Guidance on Respecting the Rights of Indigenous Peoples and Local Communities.
- 8 As per the Zero Tolerance Initiative <https://www.zerotoleranceinitiative.org/> , UN Declaration on Human Rights Defender, and The Guiding Principles on Business and Human Rights: guidance on ensuring respect for human rights defenders.
- 9 As defined by the Accountability Framework initiative <https://accountability-framework.org/the-framework/contents/definitions/>

KEEP FORESTS
STANDING



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