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What to Report and How Considering Sustainability Metrics

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Acronyms and Terms

Assurance:	Activities and/or audits that provide an independent assessment of financial statements or compliance efforts
ASR:	Asian Sustainability Ratings Standard - a framework for evaluating and award prizes to Asian companies in the extent of rigour they undertaken in their sustainability reporting.
CSR:	Corporate Social Responsibility
ESG:	Environment, Social, Governance - often used in the context of investment and financial services
GRI:	Global Reporting Initiative
HCV:	High Conservation Value
HCS:	High Carbon Stock
IR:	Integrated Report
IIRC:	International Integrated Reporting Council
KPI:	Key Performance Indicator
NCSR:	National Center for Sustainability Reporting (Indonesia)
Scope 1 Emission:	Direct emissions produced or controlled by an organization or agency.
Scope 2 Emission:	Indirect emissions from purchased energy.
Scope 3 Emission:	Upstream and downstream emissions in value chain not accounted for in scope 2.
SDGs:	Sustainable Development Goals
Traceability:	The ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims
UNGC:	United Nations Global Compact

Executive Summary

Sustainability reporting has strategic and operational advantages for an organization and is increasingly sought after or even required by clients, investors, stock exchanges, and governments. Sustainability reports generally include environmental and social data connected to company practices and impact, plans for continued improvement, and the management structures that exist to facilitate these changes. Many frameworks and guidance materials exist to help those new to reporting develop necessary processes and procedures. This document provides guidance and resources to support building a sustainability report, highlighting frameworks and tools for the palm oil sector in particular.

The Global Reporting Initiative is the most commonly used framework in sustainability reporting. “Materiality” is a concept central to their process, and sustainability reporting in general, which helps companies understand what is most important to report on. This document explains the GRI materiality process, including examples from palm oil companies. It also describes reporting standards and sustainability tools such as the UN Global Compact, Sustainable Development Goals, highlighting their connection to the Asian Sustainability Reporting Ratings. This document also includes specific sustainability policies linked to palm oil, as well as tools and indicators that support data collection.

Demand for sustainability reporting will only increase, and organizations with data collection measures that can generate transparent and credible reports and respond to requests from stakeholders will be poised to reap the economic, environmental, and social rewards of these efforts.

1 Introduction

If one is convinced of the strategic interest in producing sustainability reports, or already conducts reporting at some level but would like to reconsider content, this guidance document outlines a range of important issues to consider in the process. It is designed to help answer two questions:

1. What should my firm report?
2. How should we report those issues?

The most appropriate content and design for sustainability reports depends on the audience, intent, level of detail, intended messages to share, and whether it is an integrated report or a standalone report¹. Several decisions must be made to determine focal areas, a decision-making process that can help identify knowledge gaps, and determine which monitoring and evaluation procedures must be in place. The challenge is determining what is most pertinent to report to whom, how to obtain this information, and how best to communicate it. This document presents several elements to consider for new or existing reports:

Scope and Content

1. Content Consideration
 - External Reporting Frameworks, Standards, and Indices
2. Content Consideration
 - Sustainability Commitments, Policies
3. Content Consideration
 - Collecting and Managing Data
4. Overall Best Practices and Helpful Guidelines

This report provides a short overview, and there is certainly not one way to produce sustainability reports. Since reports themselves are often 100+ pages long, we will link screenshots from specific reports to provide examples where appropriate, and include Annexes for links to a number of links to Palm Oil Sustainability Reports (Annex 1) and further Sustainability Reporting Resources (Annex 2). This report should serve as a useful starting point and provide guidance to inform further and deeper discussion as your firm refines its reporting procedures.

¹ Distinction discussed in Report 1: Link

2 Scope and Defining Context

Most corporate sustainability reports include the same types of information. Many if not all will include the following broad categories:

- **Overview of the Report** - Introduction to report, how the sustainability topics are organized, the overall scope and focal areas, and perhaps highlights of report findings or key achievements related to sustainability. This section may also include engagement practices to highlight which stakeholders had input in the production of the report.
- **Board Statement** - Often the CEO or other high-ranking committee will write an introduction that positions the sustainability report in relation to the company as a whole. This signals the importance of sustainability at even the highest levels, suggesting it is taken seriously within the organization.
- **Company Details and Operations** - Description of the company's mission and vision in relation to sustainability, as well as what they do and where they operate. A palm oil company might discuss how many plantations and mills they have, how many people are employed, and other details that provide information on the areas where they may engage in sustainability activities, and the scale of their operations.
- **Corporate Governance** - how the company is equipped to manage sustainability, and how it is integrated across operations. These sections often highlight various committees or reporting lines to demonstrate how sustainability data is collected, reported on, and the mechanisms in place to take action.
- **Environmental Performance Indicators** - This is where companies feature specific information that is being tracked, such as water consumption or fertilizer use. The best reports include a target/goal (e.g. 50% GHG reduction of associated with fertilizer use, adoption no planting on peat policy across all plantations), data on progress toward the goal, and future actions being taken to demonstrate the steps are in place to achieve the target.
- **Social Performance Indicators** - Similar to the environmental performance indicators, these are often presented in tables that cover a range of categories (e.g. health and safety related issues, impact of programmes implemented in local communities, employee training, etc.)
- **Contact/Feedback** - Most reports include a way for interested parties to contact the sustainability team in order to learn more or offer feedback. In sustainability reporting there is an emphasis on the process (how you know you are collecting the right data), and adaptive management (integrating new information to change practices over time).

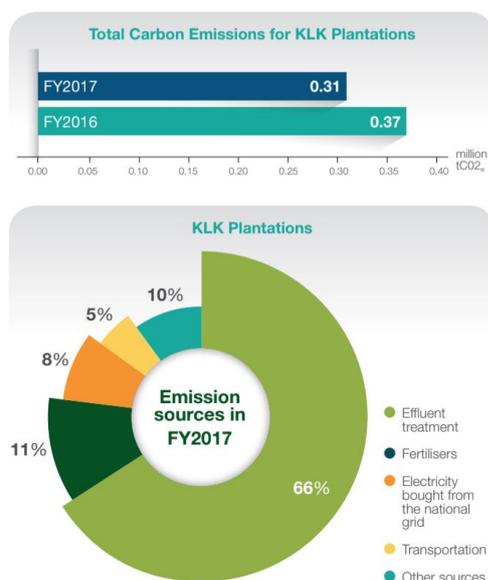
Of course, this list is not exhaustive, some organizations may choose to divide and split these categories, or include additional topics such as financial performance, or research and development efforts related to sustainability.

The challenge for organizations embarking on sustainability reporting for the first time is determining what and how much information to include in these categories. There are no fixed standards for report length or level of detail. Companies with many sustainability initiatives may focus on one or two key stories or include more qualitative data rather than charts and figures.

Agricultural organizations often focus on farmers and communities the organization impacts, emphasizing social issues, labour, and livelihoods. Environmental considerations can range from immediate impacts, such as well as the effects of an organization's activities up and down the supply chain (i.e. in the palm oil context, can consider GHGs in terms of fertilizer use on plantations, energy use in buildings, or transport of kernels to mills). In the image below, KLK indicates their GHG reduction goal for plantations, how they are improving from year to year, and more detailed information on the breakdown of GHG emissions within plantations.

Chart 1

KLK strives to reduce GHG emissions by 20% using FY2016 figure as the base.



With respect to what to report and what data to track, as sustainability reporting has evolved, so too have metrics and indicators. A 2016 review found over 180 reporting frameworks in use across 45 sectors and jurisdictions². Since part of the goal of reporting on sustainability is to assess organizations' impacts relative to each other, there have been attempts to harmonize reporting indicators and content. Comparability makes it easier for both external stakeholders and members of the organization to take appropriate decisions. The most common reporting framework is the [Global Reporting Initiative \(GRI\)](#)³, developed through an international process with input from over 3000 stakeholders. The framework can apply to any business and is supplemented with supporting guidelines tailored to specific sectors. In this section, we review the GRI process for defining report content, which reflects global best practices.

² GRI, 2016.

³ A variety of GRI resources are linked in Annex 2: Reporting Guidance and Further Resources

Defining Content

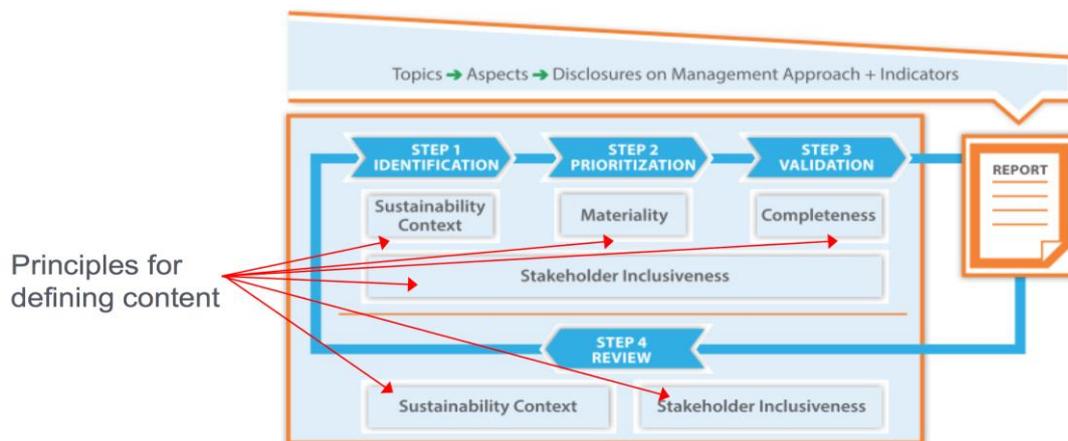
Of the largest 250 companies in the world, 92% produce sustainability reports, and 74% do so using the GRI guidelines⁴. Indeed, all the leading palm oil companies (in terms of sustainability commitments and reporting) follow the GRI framework to some degree. The GRI and other internationally accepted standards provide companies with guidance and resources that help them understand and communicate their impact on society in a material and credible way. By referring to and adopting such guidelines, companies can streamline their internal reporting processes and allow stakeholders the ability to compare and evaluate sustainability performance among companies from a wide range of industries and regions, sustaining trust and confidence in the results.

As seen in the figure below, in the GRI process there are four steps for defining sustainability report contents:

1. identifying key issues for a variety of stakeholders
2. prioritizing among these issues
3. validating findings, ensuring that stakeholder inputs reflect business concerns, and
4. reviewing the findings to ensure comprehensiveness across stakeholders.

Detailed instructions on how to follow such a process are available in GRI's online guidance, we provide it here for illustrative purposes of the process, and to define key terms. The diagram also highlights four principles relevant for identifying appropriate content: materiality, completeness, sustainability context and stakeholder inclusiveness. Since these are fewer familiar concepts, we will explore each in more detail.

Source: [GRI 101: Foundation 2016](#)



⁴ KPMG, 2017

2.1 Materiality

While forthright disclosure is essential for sustainability reporting, including too much detail or covering too many aspects can overwhelm both firms and stakeholders. It is therefore important companies emphasize the most relevant, or “material”, aspects of their operations. The GRI’s materiality principle states that a report should cover all aspects that: “reflect the organization’s significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders”⁵. Defining ‘material aspects’ requires reflecting on corporate sustainability structures, which creates value from the reporting process itself.

CSR Asia has produced a guide for examining materiality and provide the following advice to help determine if issues are important to one’s business and to stakeholders:

An issue is important to stakeholders if it:

- Affects stakeholder assessments of the company
- Affects stakeholder decisions with regard to the company
- Is something that stakeholders feel must be disclosed in detail in the company’s sustainability report

An issue is important to the business if it has:

- Potential impact on the company’s ability to fulfil its vision and objectives
- Potential impact on operations and long - term development
- Direct financial implications
- Risks and opportunities for the company

GRI recommends using a Materiality Index to determine issues to report. Using a definition of “material” based on the above guidelines, the index helps formulate internal goals and identify which data to capture. To create a Materiality Index, stakeholders’ group potentially relevant topics together and assign each a level of priority based on its relevance to the organization and to stakeholders. The result is a graph where the x-axis representing how impactful each group of topics is for the business, while the y-axis shows how important it is to stakeholders.

Here we include two examples of a materiality index from palm oil companies, as well as one from Unilever, a multinational involved in the Roundtable for Sustainable Palm Oil (RSPO) and committed to the procurement of sustainable palm oil.

⁵ GRI, 2015

Source: Wilmar Materiality Matrix⁶

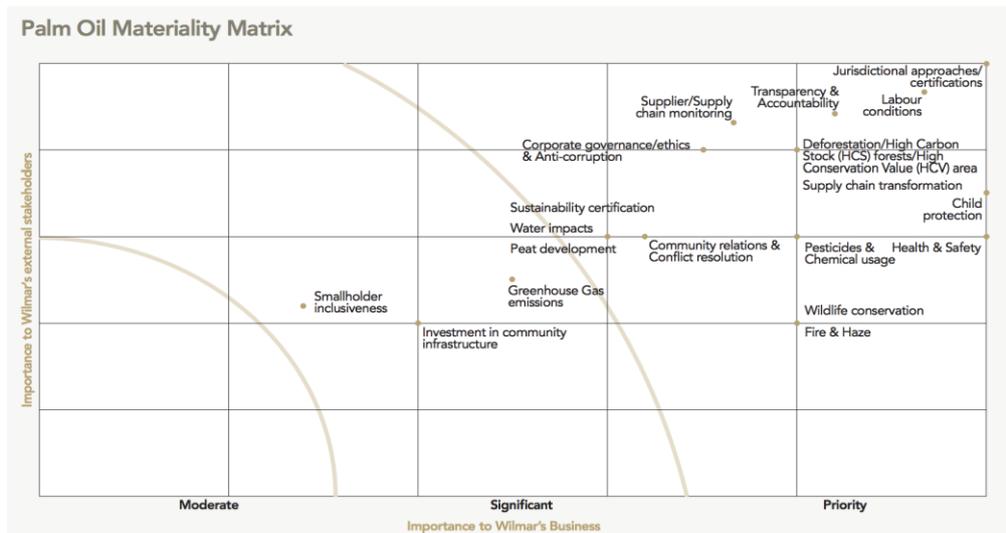
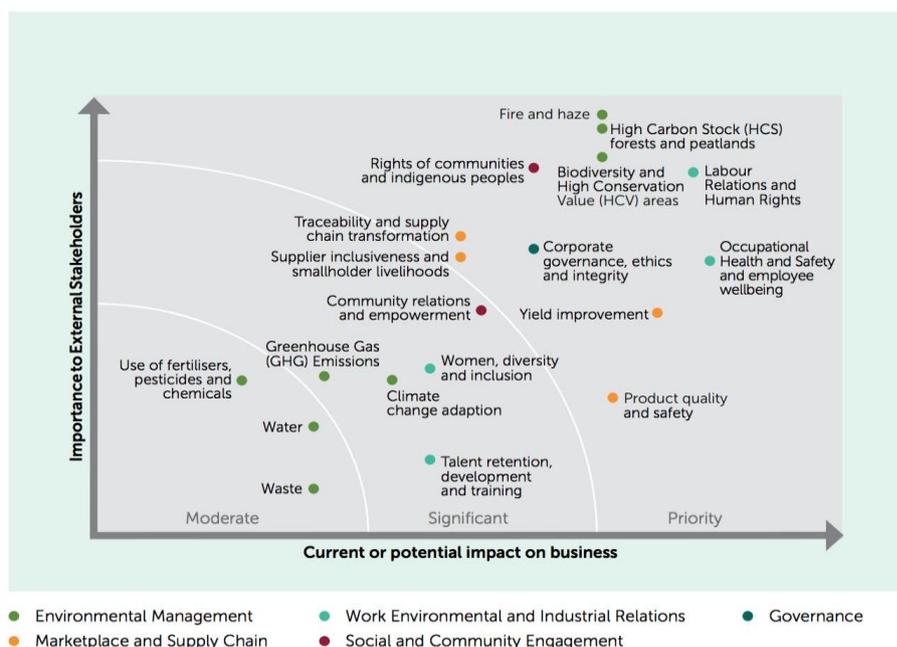


Chart 2: GAR materiality Matrix⁷

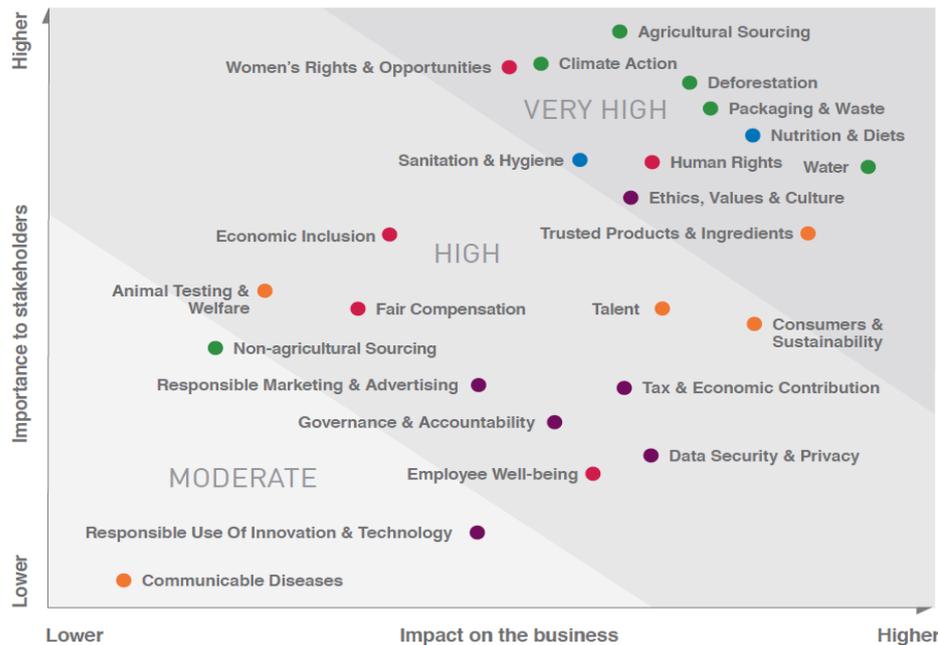


The two palm oil materiality matrices, from GAR and Wilmar respectively, highlight key focal areas. Most of the topic areas are similar, but how they are placed in the matrix varies according to the process and stakeholders involved in their organization. Shared top priorities among both groups include deforestation, fire and haze, health and safety, peatland development, and labour conditions.

⁶ Details on Wilmar’s materiality assessment and this materiality matrix can be found in their sustainability report for 2016:

⁷ Details on the Materiality assessment in addition to the matrix can be found in their 2017 sustainability report <http://infopub.sgx.com/FileOpen/GAR26-29-06-2018-SR2017.ashx?App=Announcement&FileID=512419>

Chart 3



The materiality matrix for Unilever is for their entire organization, covering thousands of brands and products, not simply those related to palm oil. However, it is notable that their highest priority areas are those that tie in with palm oil purchasing. Half of their highest priority issues are environmental, include concerns with water, climate action, deforestation, agricultural sourcing and packaging and waste. They also highlight human rights, women’s rights, and ethics, value and culture. As buyers and retailers are increasingly concerned and seeking action related to these issues, the increased demand for disclosures and data becomes clear.

The materiality matrix is easy to understand and makes it simple to see how different issues might be prioritized. However, it can be difficult to create. The following challenges associated with conducting a materiality analysis are particularly useful to keep in mind:

- Identifying stakeholders to involve -- topics’ position in the matrix should reflect views from the whole organization, not simply particular departments (e.g. finance or HR).
- Finding appropriate people to represent stakeholder groups and understand how representation affects which topics are highlighted.
- Inconsistent response rates from different stakeholders creates unbalanced input -- Weighing responses and drawing appropriate conclusions is ultimately a company’s own responsibility and may be a daunting task for those unfamiliar with sustainability reporting.

2.2 Additional Principles and Content Considerations

Any sustainability reporting process involves some level of materiality assessment. The remaining principles as defined by the GRI clarify the information and data required for sustainability reports, prioritizing issues according to the materiality assessment.

Completeness Principle:

The Completeness principle, according to GRI, refers primarily to the scope of reporting and the boundaries set by the reporting company in presenting information. Companies preparing sustainability reports should endeavour to provide sufficient information to “reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization’s performance in the reporting period”⁸. Completeness may also reflect the extent to which companies endeavour to collect and present all material information regarding those impacts, ensuring that the picture created by the report is both reasonable and balanced.

Stakeholder Inclusiveness Principle:

In defining issues’ materiality and the scope of reporting, companies should consider issues’ relevance for stakeholder assessments and decisions. Stakeholders can be “internal or external to the organization and can include those who are invested in the organization as well as those who have other relationships to the organization”⁹.

Sustainability Context Principle:

The report should present the organization’s past, present and future in the wider context of sustainability at the local, regional and (if possible) global level. Reports present company performance in relation to broader concepts of sustainability that inform how business is conducted. This can involve discussing the organization’s performance in the context of the limits and demands placed on environmental or social resources at the sectoral, local, regional, or global level.

Other considerations

In addition to the GRI principles, two broader considerations when determining content are:

- **Intent** - It is an important to consider what the overall goals of the reporting process might be. Should it sway action? Is it for internal or external audiences, or both? How can you communicate the reports’ key messages to its audiences most effectively?
- **Ability to Report** - Materiality analysis helps determine the most critical sustainability issues for the organization to consider. Your firm may already be monitoring some of these, either for internal reasons or to report on compliance with certifications or regulations. There may also, however, be several issues on which existing data collection is limited or absent. For some issues, data collection may not be feasible given the size or type of organization, role of supply chain members, etc. For new areas of data collection, there is no shortage of existing indicators and metrics that can provide guidance on appropriate frequency and methods (see section 5) but not all areas of interest may be addressed right away. In this case, materiality analysis can help decide which new monitoring and data collection protocols are most important to introduce first.

⁸ GRI Reporting Principles, 2015

⁹ GRI Reporting Principles, 2015

3 Content Consideration: External Reporting Frameworks, Standards, and Indices

While growth in interest and uptake of sustainability reporting is positive, the proliferation of governmental, private, NGO and other organizations providing guidance and best practices has resulted in an increasingly complex international reporting landscape. Regulators also are turning to mandatory reporting requirements to address heightened public and stakeholder concerns on environmental and social issues. This means it is in organizations' best interest to be prepared to address questions and disclose sustainability plans.

Corporate sustainability reporting tools can be divided into a few categories: frameworks, standards, ratings and indices. Here we describe several of the most common ones pertinent to the palm oil sector. We include links to resources associated with these organizations in Annex 1.

3.1 Frameworks

Frameworks typically refer to principles, initiatives or guidelines provided to corporations to assist them in their disclosure efforts.

Examples include:

- **Global Reporting Initiative¹⁰**, the GRI is the most prevalent reporting framework, used by companies of all sizes around the world. The GRI has recently introduced the GRI Standards, a set of modular, interrelated reporting standards that combine universal standards, along with topic-specific standards that cover economic, environmental and social impact reporting¹¹. The figure to the right from GRI indicates their vision of how these different topic areas can work together to create a comprehensive sustainability report. While companies can prepare a sustainability report that simply references some of the GRI Standards, two options are available for organizations willing to prepare their sustainability reports 'in accordance' with the Standards: Core or Comprehensive. These differing levels of compliance refer to the number of indicators that companies are expected to report on for each material aspect they have identified¹². Each option can be applied by all organizations, regardless of their size, sector or location.

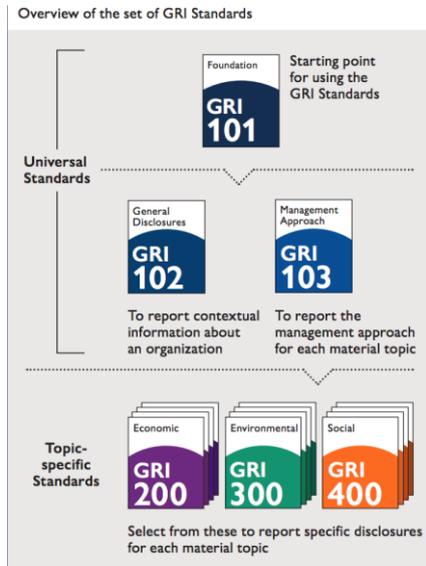
¹⁰ The newest iteration of the GRI is referred to as the GRI Standard. We are still classifying as a framework for the purposes of this document given its the overall objective and intent.

¹¹ Specific questions and answers related to the guidelines can be found here:

<https://www.globalreporting.org/standards/questions-and-feedback/how-to-use-the-gri-standards/>

¹² To meet the CORE standard, companies only need to provide one KPI per material aspect while for the comprehensive standard they are required to provide several per material aspect.

Source: [GRI 101: Foundation](#)



Relevance to Palm Oil: Of the sustainability reports of palm oil companies reviewed, those using a reporting framework were all using the GRI. The GRI is also incorporated in all levels of the Asian Sustainability Ratings (ASR) Standard, with the core measure in the Bronze, Silver, and Gold level, and Comprehensive in the Platinum level.

- **CDP**, formerly the Carbon Disclosure Project, is an organization supporting cities, companies, and investors to measure and track their environmental impact. As their name suggests, the CDP is climate focused, though it's also provides metrics and associated with water and forests.

Relevance to Palm Oil: In 2018 CDP produced a report specifically about Indonesian Palm Oil, "aimed at companies and investors seeking to understand how they can play their part in supporting a responsible palm oil value chain." This report recommends investors and companies doing business with palm oil companies adopt sustainable practices. Reporting can highlight those efforts and help external actors understand how grower firms meet their sustainability criteria.

- The **Task Force on Climate Related Financial Disclosures (TCFD)** develops voluntary climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

Relevance to Palm Oil: Similar to the CDP, data is provided to external stakeholders to help them determine which companies to invest in or do business with. Organizations downstream in the supply chain purchasing palm oil and investors aligning themselves with CDP and the TCFD will be seeking sustainability metrics from producers and suppliers across the supply chain to ensure they meet their criteria.

3.2 Standards

It can be confusing because at times the terms “standards” and “frameworks” are used interchangeably. Standards tend to apply to individual sectors, establishing specific reporting requirements to ensure data can be more consistently reported and easily compared.

Examples include:

- The **Sustainability Accounting Standards Board (SASB)** develops industry-based sustainability standards across five broad themes: climate change, safety, access, resource management, and responsible financing¹³. Their standards address “financially material” issues, identifying information most important for financial decisions. Their tools are most relevant for financial institutions and investors desiring to compare companies. They encourage companies to adopt their standards in order to attract investors’ attention.

Relevance to Palm Oil: The SASB is North American focused but examining their standards can highlight areas for organizations to boost their ratings and attractiveness to investors.

- AccountAbility’s **AA1000 Series of Standards** are principles-based standards used by a broad spectrum of organizations – global businesses, private enterprises, governments and civil society organizations – to demonstrate leadership and performance in accountability, responsibility and sustainability.

Relevance to Palm Oil: Third party assurance is not yet common in palm oil sustainability reporting. However, the AA1000 is the Assurance mechanism used by the National Center for Sustainability Reporting in Indonesia.

- The **International Standards Organization** has a number of sustainability standards that establish best practices for creating and maintaining internal management systems. Though not officially reporting standards, companies use ISO standards as extremely effective tools to create and refine sustainability policies and practices, generating more reliable and credible data for reporting.

ISO 14000: Environmental Management System.

ISO 26000: Corporate Social Responsibility Management System

ISO 45001: Occupational Health and Safety

Relevance to Palm Oil: Several palm oil companies point to the ISO standards as the management systems in place to support sustainability efforts. For example, ISO 14001 -- Plan, Do, Check, Act, is an environmental management system procedure particularly relevant to developing and tracking data informing sustainability reports.

- **Greenhouse Gas (GHG) Protocol:** The GHG Protocol Corporate Accounting and Reporting Standard provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory. The standard covers how to account and reporting seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

¹³ Abernathy et al., 2015

3.3 Ratings and indices

Ratings and indices are third-party evaluations of organizations' sustainability or ESG performance. Several prominent agencies now conduct sustainable performance analysis. The Dow Jones Stock Index (US), FT Stock Exchange 4 Good (UK) and FTSE- (Indonesia), for example, are indices made up of stocks that meet a particular sustainability criterion. Several organizations, such as Trucost, provide ratings and analytics to identify companies meeting particular criteria, and use firms' sustainability reports for some metrics. By examining the criteria of particular ratings and indices, one can learn what kind of information is material to these groups. Within reports, organizations can also point to the Indices where their company is listed, providing additional credibility associated with external evaluation. This can be seen on the table of contents page in GAR's sustainability report, where they highlight that they are a member of the Dow Jones Sustainability Indices, as well as members of the UN Global Compact. References is also made to the Global Compact within the report, as well as their use of the GRI standards.

Source: GAR Sustainability Report 2017, page 2-3.

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Our cover photo shows a group of smallholders in our concession in Riau



Why is there such an emphasis on Climate Change and GHGs within Frameworks, Standards and, Indices?

A large number of procedures, protocols, and data guidance relate to climate change measures. These are the primary foci of the CDP and the Task Force on Climate Related Financial Disclosures. The GHG protocol is embedded in frameworks such as the GRI standards, CDP, SASB, among others. Investors and capital providers are demanding more information on the risks and opportunities companies face due to climate change, and how companies have or intend to contribute to mitigating impacts related to climate change, in order to make well-informed financial decisions.

There are likely several reasons why there is such a focus on climate and energy, which include:

- It is a global issue affecting all businesses, regardless of type of organization
- Financial risks associated with climate change are estimated to be very high, and disclosure through reporting should support a transition to a low-carbon economy, alleviating such risks
- Clear measures are readily available
- Clear standards, regulations and targets already exist
- GHGs are an easy-to-understand reporting metric
- There are global discussions and debates on climate change
- Often clear cause-effect between taking specific action and reducing emissions, less obvious with other ecological issues or with labour.

Overall, companies that report climate-related information can directly benefit from providing quality disclosure to their stakeholders. The disclosure process can increase awareness and understanding of climate-related risks and opportunities within the company, improve risk management, and inform strategic planning. Good climate-related disclosure that reflects strong governance and strategy on issues related to climate change can contribute to securing lower costs of capital and a more diverse investor base.

Certain sectors are more likely to report. Those involving more direct risks to society and the environment than others tend to publish more. This can be due to stronger stakeholder pressure and public scrutiny, a need to prepare for future environmental regulations, or even a response to targeted boycotts or protest movements.

4 Content Consideration: Sustainability Commitments and Policies

Many organizations have policies or are committed to principles that guide thinking and practice associated with social and environmental well-being, of employees and in the places they work.

4.1 High Level Principles and Commitments

UN Global Compact (UNGC)

What is it: The UN Global Compact is an international multilateral organization seeking to facilitate business leaders' action on sustainability issues. The Global Compact has ten principles which members must uphold, related to human rights, labour standards, environment and anti-corruption.

Human Rights

[Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and

[Principle 2](#): make sure that they are not complicit in human rights abuses.

Labour

[Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

[Principle 4](#): the elimination of all forms of forced and compulsory labour;

[Principle 5](#): the effective abolition of child labour; and

[Principle 6](#): the elimination of discrimination in respect of employment and occupation.

Environment

[Principle 7](#): Businesses should support a precautionary approach to environmental challenges;

[Principle 8](#): undertake initiatives to promote greater environmental responsibility; and

[Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

[Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

Relevance to Palm Oil: Like the Roundtable on Sustainable Palm Oil (RSPO) the Global Compact requires annual Communications of Progress (COP) reporting on progress toward these objectives. The Indonesian palm oil company PT. Tandan Sawita Papua (TSP) joined the Global Compact in 2011. Every participant has their own page with information about their participation and a link to their COP, which lists the principles and the actions they are taking in relation to the principles and how they connect to the

SDGs. The RSPO has been a member of the UNGC since 2014, and many sustainability leaders that are involved in the palm oil supply chain are members, including Unilever and Cargill.

UN Sustainable Development Goals (SDGs)

What is it: Launched in 2016, the SDGs include 17 goals and 169 targets that define the UN's development agenda until 2030.



Relevance to Palm Oil: The palm oil sector can contribute meaningfully to the SDGs, particularly through labour and employment issues (covered in goal 1, 3, 4, 5, and 8), as well as environmental considerations (covered in goal 13, and 14, 15), and production outputs (addressed in 2, 7, and 12). Several Palm Oil companies align efforts with elements of the SDGs. In their 2017 sustainability report, for example, Wilmar points to SDG 4, 8, 12, 15, and 17 as the most core to their operations and business. Cargill lists almost all of the SDGs and notes a variety of partnerships helping them address specific objectives related to community benefits and employees' wellbeing, including UNICEF and the Decent Rural Living Initiative.

In the image below, from GAR's 2017 Sustainability Report, the firm indicates how their targets relate to the SDGs and their progress towards each target. The numbers on the top left refer to the GRI standards addressed on each page.

TARGETS AND UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

(102-10, 102-15, 103-3)

 CONSERVATION OF HIGH CARBON STOCK (HCS) FORESTS AND PEATLANDS; CONSERVATION OF BIODIVERSITY AND HIGH CONSERVATION VALUE (HCV) AREAS; PREVENTING FIRE AND HAZE		Progress on UN SDGs  		Needs Work	On Track	Achieved
Key Commitments	Progress	Future Targets				
No development of and the conservation of HCS forests	<ul style="list-style-type: none"> HCS Approach rolled out in GAR's 18 concessions Conservation planning with local communities: 13 villages agreed to protect over 7,000 hectares of HCS forests 	<ul style="list-style-type: none"> Continue to implement HCS Approach Joint conservation planning to be carried out with 5 more villages in 2018 (see schedule on GAR website) 	●			
No development of and the conservation of peatlands of any depth Develop strategies for long-term rehabilitation of peatlands	<ul style="list-style-type: none"> Physical rehabilitation of 2,600 hectare Peat Ecosystem at PT AMNL, West Kalimantan Over 100 hectares of buffer zone with local beneficial plants Integrated Ecological Farming launched to support rehabilitation efforts 	<ul style="list-style-type: none"> Continue with physical rehabilitation Continue with Integrated Ecological Farming projects for communities 	●			
No development of and the conservation of HCV areas	<ul style="list-style-type: none"> Rehabilitated over 1,400 hectares of riparian buffer zones 	<ul style="list-style-type: none"> Continue with riparian buffer zone implementation SMART Research Institute (SMARTRI) in new R&D collaboration with Cambridge University on riparian restoration 	●			
Conserve and protect rare, threatened and endangered species as well as ecosystems and critical habitats of rare, threatened and endangered species	<ul style="list-style-type: none"> Achieved target of releasing 100 wild-born, ex-captive orangutans in partnership with Orangutan Foundation International (OFI) 	<ul style="list-style-type: none"> Renewing partnership with OFI in 2018 and continuing to work on rehabilitating and releasing orangutans 	●			

[The SDG Compass](#) is a specific tool providing indicators linking practices and sustainability efforts to the SDGs. The compass identifies indicators specifically relevant for business, facilitating tracking and reporting organizations' directly to the goals. The SDG Compass is now included as part of the Platinum criteria for the Asia Sustainability Reporting Rating, discussed below.

When Frameworks, Standards, and Policies come together

Often organizations use these frameworks, standards, and sustainability policies in concert. Sustainability reports offer an opportunity to highlight the range of activities related to sustainability taking place in a firm. Companies also can use these data for external evaluations. The following is the criteria for the Asia Sustainability Reporting (ASR) Rating. The GRI standards form the core of all the criteria and rankings, whereas ASR's platinum rating requires additional disclosures on energy and GHG emissions, third party assurance, use of the SDG Compass (discussed in the following section), and Comprehensive Option of the GRI.

Rank	Score	Criteria 2017	Criteria 2018	Criteria 2019
Platinum	93-100	- G4 Guideline or - GRI Standards - Assured by third party	- GRI Standards - Assured by third party - Disclosure on Energy - Disclosure on GHG Emission - SDG Compass	- GRI Standards - Assured by third party - Disclosure on Energy - Disclosure on GHG Emission - SDG Compass - Comprehensive Option
Gold	86-92			
Silver	79-85	G4 Guideline or GRI Standards	GRI Standards	GRI Standards
Bronze	72-78			

(*) A score of 93 or higher but not meeting the overall criteria will be rank as GOLD

4.2 Palm-Oil-Oriented Commitments and Policies

There are several reporting policies and programmes designed for the Palm Oil Sector specifically. Based on a document review of sustainability reports of several companies in the palm oil sector we found several initiatives that were most frequently mentioned by leading firms.

RSPO

What is it: The Roundtable on Sustainable Palm Oil is a multi-stakeholder initiative including members across the palm oil supply chain, as well as social and environmental NGOs and government actors. The RSPO's Principles and Criteria (P&Cs) address specific environmental and social issues related to palm oil production.

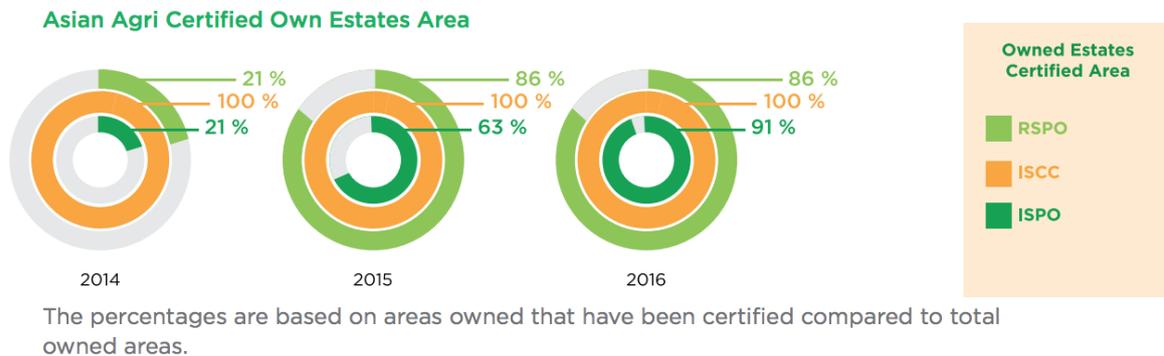
Relevance to reporting: RSPO reporting requirements demonstrate compliance with the organization's Principles and Criteria, defined and endorsed by the RSPO's voting membership. In their Annual Communications of Progress (ACOPs), members submit reports documenting their compliance with the P&Cs, whose topic areas align with many other sustainability standards and frameworks. In practice, this means ACOP reporting can support other reporting on such issues as labour, land clearance and greenhouse gas emissions, though the RSPO provides more granular detail toward indicators relevant to the sector (e.g. data related to peat, fires, fertilizer use, conservation areas within plantations, etc.)

Indonesian Sustainable Palm Oil Standard (ISPO)

What is it: Introduced in 2011, the Indonesian Sustainable Palm Oil standard (ISPO), is intended to ensure all Indonesian oil palm growers meet a baseline legal standard. Large growers were to be in compliance by 2014, while smallholders must be in compliance by 2022.

Relevance to reporting: Palm oil companies operating in Indonesia report on whether they are to the ISPO standard, which signals legal compliance, and consequently reduced risk for engagement, to external stakeholders. In the following example from Asian Agri's 2017 Sustainability report, they indicate progress of achieving different certifications on their plantations:

Source: Page 33 of Asian Agri Sustainability Report 2016. ISCC refers to a biomass certification.



Malaysian Sustainable Palm Oil Standard (MSPO)

What is it: Established in 2013 and launched in 2015, the MSPO is a national voluntary sustainability standard created to support small and medium sized farmers in Malaysia, particularly those for whom RSPO certification was too costly, to progress toward more sustainable operations.

How it relates to reporting: As both the ISPO and MSPO are national standards intended to increase compliance and improve practices across the landscape of palm oil producers, their requirements are slightly lower than the RSPO's. They therefore provide a means to demonstrate sustainability commitment for those organizations for whom RSPO appears out of reach. Data management and reporting is required for both the ISPO and MSPO to demonstrate compliance, and therefore can support organizations in developing reporting processes.

No Deforestation, No Peat, No Exploitation (NDPE)

What is it: Promoted by many NGOs, and adopted by several palm oil companies NDPE began as something to which individual firms might commit and now functionally included in RSPO Principles and Criteria. An NDPE policy commits an organization to:

- Ending deforestation and conserving High Conservation Value (HCV) areas and [High Carbon Stock \(HCS\) areas](#);
- Protecting all peatlands (regardless of depth);
- Recognizing the right of local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to any new developments;
- Complying with the [fundamental conventions](#) of the International Labour Organisation (ILO) and upholding the wider United Nations [Guiding Principles](#) on Business and Human Rights.

The policies apply to a signatory's own plantation operations as well as all the plantations operated by their third-party suppliers. The protection of peatlands became law in Indonesia in [December 2016](#).

How it relates to reporting: Companies with an NDPE policy should highlight this in their sustainability reporting and report on metrics demonstrating progress toward achieving

the embedded objectives. For areas where the organization is falling short, it would be expected for plans to be in place to overcome challenges. Deforestation policies have expanded rapidly: a CDP survey of 64 multinational companies sourcing Indonesian palm oil found the number of companies with time-bound, zero gross or zero net deforestation, HCV, HCS & FPIC inclusive commitments grew from 25% in 2017 to 41% in 2018¹⁴.

Program for Pollution Control, Evaluation, and Rating (PROPER)

What is it: An assessment programme by the Indonesia Ministry of Environment and Forestry that aims to improve the environmental performance of businesses in Indonesia. It covers all industrial sectors, including oil and gas, manufacturing, food and beverages as well as Palm Oil.

How it relates to reporting: The Green PROPER Award's assessment criteria are based on environmental management systems, energy efficiency, emissions and greenhouse gas reduction, water efficiency, reduction in hazardous waste output, solid waste recycling, biodiversity protection, and community development.

Decent Rural Living Initiative

What is it: An effort to address labour rights challenges, the Decent Rural Living Initiative is a partnership between Cargill, Golden Agri-Resources (GAR), Musim Mas, Sime Darby Plantations and Wilmar, in conjunction with Forum for the Future. The initiative includes:

- Developing a rights awareness platform, with a focus on occupational health and safety
- Increasing telecommunications connectivity in rural locations
- Spearheading a social dialogue process with unions and workers across South Sumatra in support of a Collective Bargaining Agreement
- Improving family well-being on concession lands

How it relates to reporting: Developing and reporting on further initiatives demonstrate commitment to key issues that have been identified internally or externally. Such efforts can also provide means to address larger scale sustainability goals, such as those tied to the SDGs.

¹⁴ CDP 2018

5 Content Consideration: Collecting and Managing Data

5.1 Key Performance Indicators

Data collection is critical for measuring sustainability practices' effectiveness, as well as organizations' sustainability progress compared to others. **Key Performance Indicators (KPIs)** are metrics and targets to measure and track performance on sustainability issues and management processes. For reporting purposes, armed with key issues from a materiality assessment, you can consider what you *should* measure, what you *can* measure, and how to communicate your results.

While there is no hard and fast rule as to what metrics, figures or data are 'best', when it comes to climate and environmental challenges, international standards like the CDP, GRI and GHG Protocol are usually good reference points. In 2017, CERES produced a guidance document specifically for the palm oil sector, identifying key performance indicators for producers, suppliers, and retailers respectively. While comprehensive in terms of broader sustainability categories covered, the absolute number of indicators (21) is not large and provides a useful starting point along with terminology and other recommendations. The specific indicators outlined by CERES are listed in [Annex 3](#). CERES also includes a table at the end of their document demonstrating how these indicators align with CDP, RSPO's ACOP, and SPOTT. Given the overlap in many themes and topic areas across certification and reporting expectations, existing monitoring and evaluation may address many new initiatives' requirements and reduce the need for additional data collection.

Considering data objectives overall, there are a few considerations:

Identifying Data Gaps and Cost-Benefit of Collection

For a given organization, if stakeholder engagement on sustainability highlights an issue where indicators were not already being collected, it may be necessary to establish new processes, guidelines, and investment data are collected appropriately and in a timely manner. There are of course costs associated with data collection, so firms initially may not initially be able to collect all the data required for particular standards. How can an organization determine when it is worth it? Materiality analyses and matrices can be helpful to identify gaps in priority areas, while GRI and other guidelines (e.g. CERES palm oil indices) can provide guidance for which metrics to use.

- Effective collection. More data is not always better. It is necessary to carefully consider baselines, consistency, transparency, ease of updating, accessibility and relevance to different stakeholders.
- Reporting on where improving vs. giving the full picture of risks and areas of opportunity. Reporting emissions and consumption at the firm level is much more effective than piecemeal monitoring.

Transparency

It is often the case that companies, particularly those new to sustainability reporting, avoid reporting on an issue they feel that paint them in an unfavourable light. However, given the rise of analytics, sustainability evaluators, auditors and regulators, this strategy also permits external actors to conduct their own research and frame the narrative. It is generally in organisations' best interest to provide information rather than leaving it to external interests. For example, a target may be set and not hit, and an organization could choose not to report on it (in many cases this could be due to a change in strategy rather than attempting to gloss over or minimize the finding). Companies who are forthright about this choice can be looked upon favourably, so long as they express commitment to a goal or target and how they may be changing practice, procedure, policy to achieve it.

5.2 Tools and Resources for Seeking and Collecting Data Specific to Palm Oil

There are several Supportive Tools and Protocols Produced by NGOs for specific Issues:

Sustainable Palm Oil Transparency Initiative (SPOTT)

What is it: SPOTT assesses 70 palm oil producers and traders on the public disclosure of their policies, operations and commitments to environmental, social and governance (ESG) best practice. Each company receives a percentage score as a measure of its transparency in relation to ESG risks.

How it relates to reporting: Investors and buyers, may use SPOTT to inform their decisions. Companies listed in the SPOTT database can benefit from the external evaluation of their practices and transparency to improve and highlight progress in their own sustainability reports.

High Conservation Value and High Carbon Stock Approach (HCS/HCV)¹⁵

What is it: Developed by the Forestry Stewardship Council (FSC) in 1999, the High Conservation Value (HCV) approach outlines environmental and social values from which to evaluate forested regions. The six values cover biological diversity, landscape level ecosystems, rare ecosystems, habitats of rare species, critical ecosystem services, community livelihood needs, and cultural values. The intent is for HCV assessments to take place in production landscapes ahead of any land clearance to ensure important areas are maintained or enhanced.

The High Carbon Stock (HCS) Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values, which may be developed. The methodology is intended to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected. It is a more recent development to support no deforestation policies and can work in concert with HCV assessments.

¹⁵ More detail on the similarities and distinctions between can be found in this document prepared by Proforest on the issue: <https://www.proforest.net/en/files/hcv-and-hcs-compared.pdf>

How it relates to reporting: HCV is integrated into several sustainability certifications, including RSPO. Reduced deforestation strategies are often a key component of palm oil sustainability reports, and are of interest to external stakeholders, particularly those working toward No Deforestation in their supply chain. The HCS approach provides a methodology and reporting structure to facilitate reporting and provide context and confidence to those wanting to understand metrics and indicators associated with forest cover and deforestation.

Palm Risk Assessment Methodology: Palm Areas, Land, and Mills (WRI-PALM)

What is it: Based on geospatial data related to fire activity, tree cover loss, and specific data associated with tree cover loss in peatlands, primary forest, protected areas, and high carbon density areas, this tool is designed to rank palm oil mills based on environmental risk factors to inform sustainable sourcing strategy and prioritize supplier engagement.

How it relates to reporting: According to the designers of the tool, data can be generated to: prioritize high-risk mills or geographies for auditing, mitigation, and supplier engagement; prioritize high-risk mills or geographies for further investment in farm-level traceability; and create incentives for high-risk mills to improve performance¹⁶. The outputs from all of these activities can be tracked, reported on and inspire new sustainability activities to improve risk scores.

¹⁶ Lake et al., 2016

6 Overall best practices/guidelines

The content sections of this report have focused on resources and guidance related to types of content. This final section considers sustainability reports more broadly and includes considerations for the overall production of a report once at the writing phase.

Balance -- include both good news and areas for improvement

A pitfall of many sustainability reports is the lack of reporting on challenges and drawbacks, in an effort to highlight only positive news and results. Doing so is limiting for several reasons. The first and most fundamental is that it undermines the report's credibility. All organizations have challenges and plans seldom play out exactly as expected. Sharing these challenges is more transparent and can improve readers' confidence that the report gives an honest account.

Baselines -- Appreciate the need for data comparability

Though it may be slower than anticipated or desired, regular benchmarking is necessary to show progress. This begins with establishing a baseline in areas where data is not currently collected and including the initial baseline while reporting on progress. Benchmarking also can be motivating to staff, by demonstrating progress over time, and may highlight where shortcomings exist.

Reporting for Change, not simply Compliance

The goal of sustainability reporting is to mainstream thinking and action associated with the environmental and social impacts of doing business. Sustainability reports **are not** intended as an exercise to produce reports that are not read, or not meaningfully implemented. **They are** intended to track data, activities, and practices, to inspire and inform change. Just writing a report is not sufficient; an effective sustainability programme uses the reporting process to identify and address areas for improvement.

Progress Better than Not Starting

Leaving out information can be more problematic than sharing challenges, the most important element can be that an organization is demonstrating it is on the path to improvement. The ISO 14001 Plan-Do-Check-Act provides a useful framework to highlight how an organization is seeking to make change and the actions it will undertake to do so.

Report on case studies (outcome focused)

Numbers do not always speak for themselves. Case studies and examples of how programmes have influenced operations can highlight targets met and make impacts more meaningful and understandable to readers.

Considering needs of Investors/Financial Audiences

Much of the push for increased disclosure has come from the financial sector, seeking detailed non-financial disclosure and ESG data to inform investment decisions. Being aware of the metrics and indicators most critical to financial audiences eases their ability to assess risk. With increased transparency and credibility among financial audiences, financial rewards in the form of investment and business development may follow.

Placing KPIs in the proper Context

KPIs aligned with public policy goals help place reporting and disclosure in the proper context and allow stakeholders to see a company's contributions to national and international sustainability efforts.

Avoiding Reporting Fatigue

Quality sustainability reporting requires continuous change and improvement. Despite the benefits and increasing need to report, it can come at a substantial expense, in terms of time and human resources devoted to monitoring and evaluation alongside the efforts required to implement sustainability programmes and practices.

Firms can avoid reporting fatigue by:

- Using external consultants
- Delegating tasks across the organization to capture the full range of material issues.
- Ensuring participants are well informed and given numerous opportunities to meaningfully participate.
- Integrating sustainability KPIs into numerous sectors across the organisation
- Incentivizing employees to achieve targets and participate in the process.
- Approaching sustainability reporting participation from the top down and the bottom up.
- Monitoring progress on any commitments made.
- Highlighting good news to motivate further action.

Much of the above list requires strong sustainability leadership so that reporting is included in job descriptions and management structures are in place to facilitate the processes.

Annexes

Annex 1: Palm Oil Sustainability Reports

Asian Agri Sustainability Report: Leading Through Engagement and Partnership [[2016 Report](#)]

Cargill 2017 Palm Oil Annual Report [[Report](#)]

Cargill Palm Oil Progress Update Q2 2017 [Report]

Cargill Palm Oil Progress Update Q3 2017 [Report]

Felda Global Ventures (FGV) It's in Our DNA. [[2017 Report](#)]

Golden Agri Changing for the Better. Sharing Responsible Practices with our Supply Chain. [[2017 Report](#)]

Kuala Lumpur Kepong Berhad Sustainability Report [[2017 Report](#)]

Sime Darby Innovating for the Future [[2016 Report](#)]

SIMP [[2017 Report](#)]

SOCFIN [[2017 Report](#)]

Wilmar. Moving Forward Together. Corporate Sustainability Report [[2017 Report](#)]

Annex 2: Reporting Guidance and Further Resources

CERES Guide for Responsible Palm -- see [Annex 3](#)

Full Report [Available Online](#)

GRI

[GRI Standard](#) -- Short document on how new GRI standard differs from previous iterations

Materiality

Defining Materiality: What Matters to Reporters and Investors.

[Available Online](#)

Traceability

UN Global Compact. A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains

[Available Online](#)

PWC, 2014. Price Waterhouse Coopers Guidance for KPIs

[Available Online](#)

EY 2013. Sustainability Reporting, the Time is Now.

[Available Online](#)

EY. 2015. Tomorrow's Investment Rules

Emerging risk and stranded assets have investors looking for more from nonfinancial reporting

[Available Online](#)

EY 2017. The Road to Reliable Non-Financial Reporting

[Available Online](#)

EY 2017. Is your nonfinancial performance revealing the true value of your business to investors?

[Available Online](#)

Impact Assessment Tools

GHG Protocol Scope 3 Evaluator: <https://ghgprotocol.org/scope-3-evaluator>

Social Hotspots Database: <https://www.socialhotspot.org/>

Human Rights and Business Country Guides: <https://globalnaps.org/human-rights-and-business-country-guides/>

WBCSD Global Water Tool: <https://www.wbcd.org/Programs/Food-Land-Water/Water/Resources/Global-Water-Tool>

WBCSD Poverty Footprint Tool: <https://www.unglobalcompact.org/library/3131>

SDG Compass: www.sdgcompass.org

AccountAbility Assurance Standard AA1000AS: www.accountability.org/standards

Report on Mandatory CSR regulations:

http://iri.hks.harvard.edu/files/iri/files/corporate_social_responsibility_disclosure_3-27-15.pdf

Aligning Existing Metrics and Guidelines

GRI and the Sustainable Development Goals

[Table of SDG indicators for each goal connected to GRI indicators.](#)

GRI and the CDP (previously known as the Carbon Disclosure Project)

[Linking GRI and CDP How are the GRI Sustainability Reporting Standards and CDP's 2017 climate change questions aligned?](#)

Connecting Sustainability to ISO Standards

[ISO Guide 82: Guidelines for Addressing Sustainability in Standards](#)

Task Force on Climate Related Financial Disclosures. Demonstrates how to connect various metrics including SDGs, CDP, linking financial concerns to sustainability choices.

[Available Online.](#)

Linking the GRI Standards and HKEX ESG Reporting Guide

[Available Online](#)

Annex 3: CERES Reporting Guidance for Responsible Palm

Scope

1. Report whether the company's palm oil policy applies to:
 - a. the physical oil the company produces, purchases, and/or trades;
 - b. the company's direct suppliers and all of their operations; and/or
 - c. the company's subsidiaries, joint ventures, and/or investments.

Supply Chain Transparency

2. Report the total area of the company's oil-palm landbank.

Detail: Disaggregate the total figure by land type (e.g. conservation set asides, developed, undeveloped, new planting planned). Report the total area planned for development in the upcoming year.

3. Report the percent of physical supply from traceable mills.

Detail: Traceable mills are those for which the reporting company knows the name, coordinates, and owner.

4. Report the percent of physical supply from traceable estates.

Detail: Traceable estates consist of landholdings >25ha for which the company knows the name, geo-referenced boundaries, and owner.

5. Report maps with names, coordinates, boundaries and owners of:

- a. traceable mills (Quarterly);
- b. traceable estates; and
- c. company-owned new plantings and undeveloped concessions.

Detail: Report details of new plantings and undeveloped concessions through the HCSA review process, if applicable. For estates in the company's own operations, report boundaries of set-aside areas, areas of recent deforestation and peat clearance, and areas where land disputes exist. Report whether the company has shared any of the above information with Global Forest Watch or an equivalent public platform.

6. Report the names of the company's direct palm oil suppliers.

Monitoring and Engagement

7. Describe the company's grievance process and report a list of grievances pertinent to the company's palm oil policy.

Detail: Unless confidentiality is requested by the filer, provide the following information for each grievance: a summary, the date filed, the issue (e.g. clearing peat, document retention), complainant category (e.g. NGO, community member, worker), whether the grievance has been assessed and assessment type (e.g. internal, 3rd party), the status of the complaint (e.g. resolved to the satisfaction of the complainant, under investigation, unresolved), and the outcome. Include corrective action plans where applicable. Report efforts to ensure that the grievance process is accessible at company-owned operations to affected stakeholders.

8. Describe the company's efforts to monitor and support legal land tenure.

Detail: Describe how the company monitors its suppliers' compliance with land use regulations (e.g. relevant requirements in supplier contracts). Report how the company works with governments, civil society groups, and/or other companies to support smallholder and community land rights.

9. Describe the company's methodology for prioritizing, assessing, and engaging suppliers, refineries, and/or mills.

Detail: Describe the tools the company uses to prioritize engagements (e.g. spatial monitoring). Report the number of mill or refinery-level assessments which the company has directly commissioned or for which the company has access to results. Report criteria used in such assessments and summaries of corrective action plans. Report the company's criteria for supplier suspension/exclusion and the names of suppliers recently suspended. Report efforts to support suppliers in adopting sustainable practices.

Land Acquisition and Development

10. Report how the company is addressing land conflicts in its own operations.

Detail: Report the number of land conflicts, the status, conflict resolution efforts (e.g. court, 3rd party mediation, internal mediation), and the outcome (e.g. formal community agreements).

11. Report the company's procedures for new plantings and undeveloped concessions.

Detail: Describe procedures for upholding Free, Prior, and Informed Consent (FPIC) and protecting forests and peatlands. Report whether the company implements the High Carbon Stock Approach (HCSA) and the hectares of new development that have completed the HCS Approach Peer Review Process within the previous year. Describe the company's monitoring process and requirements for suppliers' new plantings and undeveloped concessions.

Environment

12. Describe how the company manages set-aside areas and participates in restoration.

Detail: Describe methodology used to identify, protect, and restore peat, HCS forests and HCV areas. Report assessments and management plans. Describe incentives provided for community-based management and protection of set-asides and whether the company has taken responsibility for the conservation of set-asides inside or outside its concessions.

13. Describe the spatial monitoring methodology the company uses to evaluate both fires and deforestation.

Detail: For both fires and deforestation, describe:

- the area monitored (e.g. 50 km mill sourcing radii, expansion areas, plantations);
- the definitions of what is being monitored (e.g. rate of fire activity, rate of tree cover loss);
- the data sources being used;
- the time frame(s) used to measure change, including the baseline; and
- the percent of total mills in the supply chain falling under this monitoring methodology.

14. Report the company's annual gHg emissions from company-owned operations related to palm oil, including from land use change.

Detail: Specify methodology used to calculate emissions. Report time-bound objectives for progress on this indicator.

Human Rights

15. Describe the social and human rights issues in the company's operations and supply chain, and how the company identifies, assesses, prevents, and addresses such issues.

16. Report labour-related information according to the free and fair labour principles for company-owned mills and plantations.

Detail: In particular, focus on:

- whether the company's policy prohibits retention of worker identification documents;
- whether the company's policy requires the reimbursement of all worker recruitment fees;
- percent of workers on permanent vs. short-term contracts (e.g. fixed term, casual/daily), disaggregated by gender;

- percent of workers who belong to a union; and
- pesticides used in company-owned plantations.

Smallholders

17. Describe the scope and impact of the company's programmes to support smallholders.

Detail: Report the number of smallholders engaged. Include any measures to support productivity increases, sustainable farming strategies (such as no-deforestation, intercropping, certification, GAP, BMP), cooperative or scheme development, and access to inputs, financial tools and markets.

18. Report the percent of the company's total palm oil supply that is from smallholders.

Detail: Include percentages disaggregated by smallholder types (e.g. independent, schemed).

Compliance

19. Describe the company's approach to third party verification of the company's policy.

Detail: List systems of third-party verification the company uses or plans to use. If applicable, report the percent of supply and/or suppliers verified under such systems.

20. Report the percent of the company's supply that is certified.

Detail: Disaggregate the percentage by certification scheme used.

External Initiatives

21. Describe the company's participation in external initiatives and activities that aim to support implementation of the company's policy.

Detail: Provide specific examples of company involvement with initiatives such as industry platforms, jurisdictional approaches, community collaborations, strengthening certification schemes, and government engagement. List all regions in which the company is supporting jurisdiction-level or supply-shed sustainability approaches in partnership with local governments and/or peer companies.

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About NEPCon

NEPCon (Nature Economy and People Connected) is an international non-profit organisation that works to build capacity and commitment for mainstreaming sustainability. For almost 25 years, we have worked to foster sustainable land use and responsible trade in forest commodities. We do this through innovation projects, capacity building and sustainability services.

We engage in innovation projects and initiatives that drive and support nature conservation and sustainable land management around the world. These activities range from donor-financed, international projects to capacity building and own-financed non-profit activities.

We have supported the establishment of over 100 protected areas. We make our risk assessments, tools and other information freely available. To date, we have evaluated forest legality in more than 60 countries.



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