



Accountability
Framework
initiative



AFi Explainer

Using the Accountability Framework to address nature-related goals, risks, and disclosures

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Introduction

Increasingly, corporate action to protect climate, forests, water, and biodiversity has begun to converge into one overarching concept: nature. Regulators, financial institutions, civil society groups, and other stakeholders are encouraging companies in all sectors to address and disclose on these interconnected risks through the nature lens.

For companies to understand which components of nature action are most relevant for them, it is important that they undertake materiality and risk assessments. However, when it comes to companies that produce or source significant amounts of agriculture and forestry products, the outcome of those assessments is highly predictable.

For most companies with footprints in the land sector, deforestation and ecosystem conversion drive corporate impacts on climate and nature. These types of companies include commodity traders, food and beverage manufactures and retailers, and producers or retailers of wood or paper products. Globally, deforestation and conversion of other ecosystems for agriculture and forestry are responsible for at least 10% of global greenhouse gas emissions and one-third of terrestrial biodiversity loss. This land use change also affects water resources and soil health, and it can have serious impacts on human rights and livelihoods.

Eliminating deforestation and conversion from supply chains should be an urgent priority for these companies. It is also a no-regrets strategy that supports company achievement of any and all nature regulations, targets, and frameworks.

The Accountability Framework provides guidance to support companies with setting commitments to no-deforestation, no-conversion, and respect for human rights in agricultural and forestry supply chains. Implementing those commitments in line with the Framework will put companies on a path to measurable progress that aligns with the leading nature target-setting and disclosure instruments. Using the Framework, companies in these sectors can follow a practical and effective approach to addressing their principal nature impacts and risks.

Understanding corporate action on nature

Across the globe many core elements of nature—land, ocean, water, and atmosphere—are deteriorating, including the vital ecosystem services that underpin economies and societies. Much of this nature loss is linked to the actions of companies whose businesses involve producing, manufacturing, or selling products ranging from oil and gas to food and wood products.

Over the past decades, governments, businesses, and other actors have taken measures to limit these risks and impacts. Governmental efforts have taken on specific threats, such as the Glasgow Leaders Declaration on Forests and Land Use in 2021. They have also laid out broader transformative agendas, such as the Kunming-Montreal Global Biodiversity Framework signed by 196 countries in 2022.

In the context of these policy initiatives and global goals, individual supply chain companies must determine what kinds of impacts on nature are relevant to their businesses, and what actions to take to address them. Amidst efforts by government, corporate, and finance sectors

to define and guide responsible action, several NGO-led or multi-stakeholder frameworks have arisen to support companies in understanding, disclosing, and addressing their nature risks.

Frameworks for corporate action

Among other efforts to guide corporate action for nature, a set of related frameworks now exists to help companies set targets, take effective action, and structure their disclosures related to nature.

The [Accountability Framework initiative](#) (AFi) supports companies in addressing risks associated with deforestation and conversion of other ecosystems. Forests alone are home to an estimated 80% of the world's land-based animal and plant species, and cover about one-third of global land area. Non-forest natural ecosystems, like grasslands, savannahs, and wetlands, are also highly important for biodiversity and ecosystem services.

The [Taskforce for Nature-related Financial Disclosures](#) (TNFD) standardises companies' assessment, management, and disclosure of nature-related risks and opportunities across land use change, land management, pollution, water use, and other impacts. Many organisations have integrated the TNFD's approach into their own disclosure frameworks, including CDP and the European Sustainability Reporting Standard.

Similarly, standardised quantitative targets for corporate greenhouse gas emissions reduction, developed by the [Science Based Targets initiative](#) (SBTi), are now situated in a broader context of science-based targets for nature. Managed by the [Science Based Targets Network](#) (SBTN), these nature targets broaden the SBTi's quantitative approach to corporate accountability to include impacts on land, oceans, and freshwater.

Throughout these frameworks, there are a set of key concepts that guide companies to understand both their impacts on nature, and the most important actions for addressing them. Among these are the concepts of double materiality and the mitigation hierarchy.

Considering double materiality

While traditionally materiality has dealt with risks to the company's financial or reputational health, corporate sustainability approaches have matured to consider a double materiality approach. Through a double materiality lens, a company assesses social and environmental impacts together with financial risks to the business. Current good practice for assessing and characterising the relevance of nature to a company's business, therefore, involves consideration of both:

1. actual and potential dependencies of the company's enterprise value and financial performance on nature (financial materiality); and
2. companies' actual and potential impacts on nature (impact materiality).

The TNFD is based firmly on a double materiality approach to nature, and calls on companies to assess and disclose on their nature-related dependencies, impacts, risks, and opportunities through that lens. To help companies conduct such assessments, the TNFD has developed the [LEAP Approach](#) to guide companies to be understand their relationships with nature. Methods such as these—and the double materiality approach more broadly—are crucial to help

companies prioritise the most important and urgent risks and impacts in their business and supply chains, including those related to deforestation, conversion, and human rights.

Deforestation and the mitigation hierarchy

To minimise their impacts to nature, many companies look to adopt the principles associated with a [mitigation hierarchy](#) in prioritising their actions. Recognising that safeguarding ecosystems has a greater benefit than attempting to repair or re-establish them once they are lost, companies seek to prevent harms to nature before they occur. If this is not possible, companies are often directed to mitigate such harms as much as possible, and if harm is unavoidable, to take action to restore the areas harmed. Compensating nature losses on other sites or in other ways is a last resort option. This framing of action is appropriate for many aspects of corporate action to protect nature, such as addressing impacts related to pollutants or infrastructure development.

However, whilst a mitigation hierarchy can highlight the way in which preventing deforestation and conversion is fundamental to addressing nature risks—focusing on avoiding harms before they occur—it is generally not an effective lens for considering deforestation across complex agriculture and forestry supply chains. Deforestation- and conversion-free supply chain approaches follow a ‘gross’ deforestation/conversion objective, in which land use change impacts are seen as irreversible and cannot be fully compensated. Targets that include land use change reduction, including SBTN Land targets and SBTi Forest, Land, and Agriculture (FLAG) targets, require absolute reductions in land use change, distinct from other actions taken to address supply chain impacts.

Companies may therefore need to incorporate both of these distinct approaches when considering impacts to nature.

Using the Accountability Framework to support nature action

As deforestation and conversion are primary impacts associated with agricultural and forestry supply chains, when companies in these sectors adopt a double materiality approach to nature risk, it is a near guarantee that land use change will emerge as material. Because these impacts cannot be effectively restored or compensated for, avoidance of land use change should be a priority action for these companies.

Therefore, for companies in the land sector, the Accountability Framework offers a roadmap for immediate no-regrets actions to reduce corporate impacts on nature. This roadmap is closely aligned, and in many ways was co-designed, with leading nature and climate instruments (eg, TNFD, SBTN, and SBTi). It supports companies in taking effective action on deforestation and conversion as a core component of their overall nature and climate strategies. Using the Framework also positions companies to fulfil nature-related reporting requirements. It guides companies to:

- set ambitious commitments, milestones, targets, and action plans to reduce deforestation, ecosystem conversion, and human rights abuses associated with agricultural and forestry production and trade;
- put in place effective policies and systems to support implementation throughout their supply chains; and
- establish credible methods to report progress.

Setting goals

The Accountability Framework guides companies on how to lay the foundations of responsible supply chains. This includes principles and guidance clarifying the intention and wording of commitments to eliminating deforestation and natural ecosystem conversion from their operations, supply chains, and financial investments. These commitments are a crucial foundation for meeting nature goals. They are key components of all climate and nature frameworks, and Framework-aligned commitments are essential components of SBTi and SBTN targets.

The Framework also guides companies to commit to respecting the rights of Indigenous Peoples, local communities, and workers. The impacts of agriculture and forestry on ecosystems are closely linked to impacts on human rights. The Framework, therefore, recommends that companies set policies and take integrated action on nature and human rights risks.

Taking action

The Accountability Framework guides companies to put in place a comprehensive approach to managing risks and achieving strong performance related to deforestation, ecosystem conversion, and human rights. It can help companies at all stages of the supply chain to address risks and impacts in their operations, activities, and value chains.

The Framework supports companies to establish systems that drive effective implementation of their commitments across their businesses in an integrated manner. This includes systems to understand the origin of materials, and to engage suppliers to prevent deforestation, conversion, or human rights abuses throughout sourcing areas. It also includes remediation and environmental restoration when harms to nature or human rights are associated with company operations, supply chains, or financial investments. In addition, the Framework offers good practices for landscape and jurisdictional approaches that can be applied to local contexts to maximise impact and meet nature goals through eliminating deforestation and conversion.

This holistic approach—working across a company’s entire business and with other actors in sourcing regions—increases operational efficiencies and reduces business risks associated with non-compliance with policies. In this way, embedding the principles of the Accountability Framework into company systems supports companies in addressing land use change as a priority impact to nature. It also lays the foundation for awareness, mitigation, and disclosure of the broad suite of nature risks considered by financial institutions, buyers, civil society groups, and other stakeholders.

Disclosing progress

The AFI has worked with leading reporting and disclosure platforms to ensure that indicators and metrics related to deforestation and ecosystem conversion are measurable, meaningful, and consistent. This includes aligned indicators in CDP, GRI, TNFD, and other disclosure platforms. Following the Framework's guidance on disclosure, therefore, enables companies to measure and report on impacts in ways that meet the expectations of their stakeholders.

For example, the forest-related section of the [CDP questionnaire](#) is fully aligned with the Accountability Framework, and it provides the most comprehensive and robust set of indicators on deforestation- and conversion-free commodity production and trade. Additionally, [GRI 13: Agriculture, Aquaculture and Fishing Sector Standard](#) includes specific Framework-aligned guidance and indicators on natural ecosystem conversion as part of a broader suite of indicators related to responsible supply chains. This standard also supports companies in the agriculture sector to report on deforestation and conversion through the more detailed [GRI 101: Biodiversity Standard \(2024\)](#). Companies that report in accordance with GRI Standards are also well-positioned to meet the disclosure requirements of the TNFD.

Regardless of the disclosure framework used, companies that produce or source agricultural or forestry commodities should disclose on supply chain deforestation and conversion as key indicators of their performance and progress related to nature.

Get started with the Framework

The Accountability Framework provides companies that produce, source, or finance agricultural and forestry commodities with an actionable roadmap for achieving deforestation- and conversion-free supply chains, which is a priority action for reducing impacts on nature and addressing business risks. The Framework also supports and aligns with primary instruments for quantifying corporate impact on nature. In this way, it guides companies through assessment and disclosure consistent with CDP, GRI, SBTi, SBTN, TNFD, and others. To get started with the Accountability Framework, [visit the AFI website](#) or access the free [AFi e-learning platform](#).