



Accountability
Framework
initiative

AFi Finance Tool Stewardship Guide

The AFi Finance Tool supports financial institutions to assess and mitigate deforestation and related risks across their portfolios.

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This Stewardship Guide is provided by the Accountability Framework initiative (AFi) as part of the AFi Finance Tool. It supports financial institutions in assessing and engaging portfolio companies to address deforestation and related risks using a structured set of criteria aligned with the Accountability Framework. The Accountability Framework represents the consensus of the entire AFi Coalition, whose members as of the date of publication include:



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Norway's
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AFi FINANCE TOOL

Stewardship Guide

This Stewardship Guide is part of the Finance Tool developed by the Accountability Framework initiative (AFi) to support financial institutions in assessing and mitigating deforestation and related risks in their portfolios. It is designed to be used in tandem with the accompanying Criteria and Data References, provided as an Excel workbook. For an overview of the Finance Tool and its use, please visit [this web page](#).

The Guide provides a practical reference to support financial institutions in engaging with portfolio companies and clients. It is organised in the same way as the Criteria and Data References, covering 30 criteria across the three broad expectations:

1. **Establish commitments** to address deforestation and related risks
2. **Embed and implement commitments** throughout the business
3. **Disclose** supply chain characteristics, risk, and performance

For each criterion, the Guide supports investors through different parts of the stewardship process:

- **Assess:** how to evaluate the criterion in practice
- **Clarify:** how to dig deeper to understand the materiality of the criterion and the opportunity to address it
- **Act:** how formulate requests and pursue impactful engagement around the criterion

How to use this Guide

This Guide is a reference that can be used flexibly to support different stewardship functions for companies at different stages of progress in addressing deforestation and related risks. Users can focus on the sections most relevant to their work.

- **The Guide may be used modularly.** Stewardship processes often focus on a subset of topics at any given time. The next subsection provides considerations and suggestions on prioritising criteria for engagement.
- **Begin with your specific objective.** The Guide supports different stewardship functions, which may happen at different times. Based on your specific needs at any given time (eg, conducting a baseline assessment or preparing for a company meeting), you may wish to concentrate more on the ‘assess,’ ‘clarify,’ and/or ‘act’ sections for the most relevant criteria.
- **Consider the context.** The Guide is based on the [Accountability Framework](#), which applies globally across all forest-risk commodities. This supports scalability and standardisation, but it also means that not every recommendation is equally relevant to every company or situation. The information on ‘assess’ and ‘clarify’ can help you determine whether a company has satisfactorily addressed each relevant criterion based on the context of its business—or whether that criterion should be a priority for engagement.

- **Make use of existing information sources.** For each criterion, the Guide includes links to relevant information sources, such as the Accountability Framework [Core Principles](#), tools, and sample policies or codes. These can help deepen your understanding of good practice for mitigating deforestation risk. See the accompanying workbook for sources of data on each criterion.

Prioritising criteria for engagement

Companies usually address deforestation and related risks through a series of steps over time. Effective engagement can help guide and accelerate this progression from foundational steps to more advanced ones.

A generalised approach to sequencing and prioritisation of these steps is outlined below. This approach will also soon be available as an interactive, data-driven tool for investors: the Deforestation-free Transition (DEFT) Pathway, in development by Global Canopy.

Informed by this general structure, the selection and sequencing of engagement priorities should be informed by the financial institution's own goals and priorities, as well as how the financial institution can best use its influence to drive positive change. It is important to note that companies do not necessarily progress linearly through these stages. Many processes are iterative and will need to expand, improve, or be adapted over time. Financial institutions may therefore find that the best engagement strategies focus on a combination of foundational topics and more advanced ones. This can drive companies to close key gaps while putting in place new implementation or disclosure measures that the financial institutions considers most critical for mitigating risk.

Foundations: Awareness, governance, and company policies

Several preparatory and foundational steps are generally preconditions for a company to effectively address deforestation and related risks. These are often a main focus for early-stage engagement and may continue be priorities for ongoing engagement and follow-up as long as significant gaps remain. Topics in this foundational group include:

- risk assessment (2.3.1)
- senior leadership accountability (2.1.1)
- annual public disclosure (3.1.1 and 3.1.2) that includes disclosure of supply chain characteristics (3.2.1) and risk exposure (3.2.2)
- commitments to no-deforestation (1.1.1); no-conversion if the company's supply chains significantly impact savannas, grasslands, or wetlands (1.1.2); and respect for human rights (1.1.3, 1.1.4, 1.1.5)
- commitments are clear and well specified (1.3.1, 1.3.2)

Rollout: Core implementation mechanisms

Risk mitigation requires embedding and implementing responsible supply chain practices throughout the company. Engagement at this stage focuses on tangible mechanisms to monitor and manage risks and impacts within the company's operations and supply base. In many cases, progress on these topics will be iterative or stepwise, as companies expand and improve systems

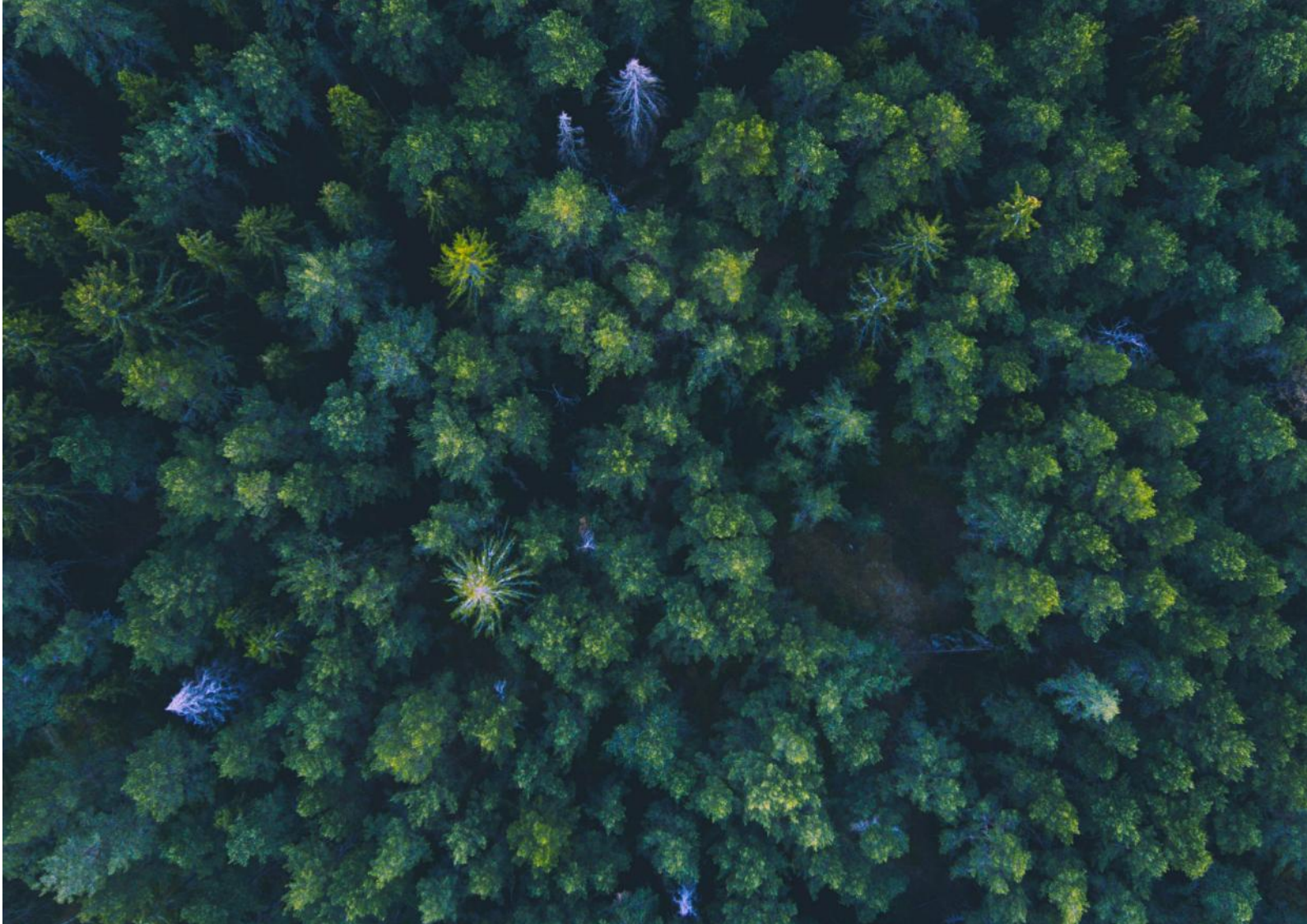
across different commodities, supply origins, and supplier tiers. Engagement may therefore guide companies through both the establishment and improvements of these systems. Topics include:

- company grievance mechanism (2.2.1)
- traceability (2.3.2)
- monitoring systems to detect impacts and assess compliance (2.3.3 and 2.3.4)
- policies for responsible sourcing (2.4.1), and mechanisms to cascade these policies to the company's direct suppliers (2.4.2)
- policies and procedures for addressing non-compliance when it occurs (2.5.1), including measures to remedy environmental and human rights harms (2.5.2)

Improvement and adaptation: Strengthening and deepening policies, implementation, and disclosure

Even with the prior sets of measures in place, companies may still have significant risk exposure due to limitations in both the scope and execution of their responsible supply chain approaches. This points to the need for engagement that seeks to expand commitment scope (to close key gaps) and/or strengthen implementation and disclosure. Prioritisation of engagement on these topics can be informed by context-specific risks of the given company. For instance, effective systems to monitor and manage indirect suppliers are likely to be a priority for companies with long supply chains. Topics include:

- commitments expanded to cover the company's full business scope (1.2.1 and 1.2.2), if they do not already do so
- mechanisms to cascade the company's commitments to its indirect suppliers (2.4.3)
- support to suppliers to improve performance and achieve compliance (2.4.4)
- participation in collaborative initiatives (eg, at the landscape or sector level) to address risks beyond the company's full manageable control (2.2.4)
- disclosure of information about supply chain performance related to traceability (3.3.1) and deforestation- and conversion-free product volumes (3.3.2)



SECTION 1

Establish company commitments

This section includes nine criteria grouped into three categories. These criteria enable financial institutions to assess the presence and strength of a company's commitments to address deforestation, conversion, and human rights violations associated with its operations and supply chains. Engagement is typically directed at encouraging the company to establish commitments on these topics and to close any key gaps in commitment scope.

1.1 Topical scope

1.1.1 Commitment to no-deforestation

The company has a commitment to no-deforestation.

Assess

Determine whether the company has a public commitment to no-deforestation in alignment with the Accountability Framework. This should include a clear and precise definition of deforestation aligned with the Framework.

Clarify

The public commitment should be clear and precise, not requiring further explanation or clarification. If the commitment refers to specific methodologies (eg, the High Carbon Stock Approach [HCSA]) or tools (eg, specific certification programmes) relevant to deforestation, these should be in addition to the commitment to no-deforestation itself.

See also Sections 1.2 and 1.3 for elements to consider when assessing the adequacy of commitments.

Act

If there is no commitment, request that the company adopt a commitment in line with the Accountability Framework.

If the company has a commitment but it is significantly misaligned with the Accountability Framework, request improvements to the commitment.

Recommended sources of information:

- Accountability Framework [Core Principle 1: Protection of forests and other natural ecosystems](#)
- Accountability Framework [Operational Guidance on Commitments and Progress Pathways](#)
- AFi [How to Write a Strong Ethical Supply Chain Policy](#)
- [AFi Self-assessment Tool](#) to benchmark the company's commitments against the Accountability Framework

1.1.2 Commitment to no-conversion

The company has a commitment to no-conversion.

Recommendations to assess, clarify, and act regarding the no-conversion commitment are the same as those for the no-deforestation commitment (1.1.1).

1.1.3 Commitment to respect internationally-recognised human rights

The company has a commitment to respect internationally-recognised human rights.

Assess

Assess whether the company has an overarching commitment to respect all human rights, including to:

- Respect the rights set out in the International Bill of Human Rights.
- Conduct business consistent with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.
- Actively engage affected rightsholders to enable meaningful participation in decision-making about matters that may affect them.
- Protect the security of environmental and human rights defenders.
- Respect human rights equally for all persons, regardless of gender and without discrimination.

Act

If no such commitment exists, request that the company establish a formal commitment to respecting internationally-recognised human rights, aligned with the Accountability Framework.

If the company has a commitment but it is significantly misaligned with the Accountability Framework, request improvements to the commitment.

Recommended sources of information:

- Accountability Framework [Core Principle 2: Respect for human rights](#)
- [AFi Self-assessment Tool](#) to benchmark the company's commitments against the Accountability Framework
- AFI [How to Write a Strong Ethical Supply Chain Policy](#)

1.1.4 Commitment to respect IP and LC rights, including securing FPIC

The company has a commitment to respect the rights of Indigenous Peoples and local communities (IP and LC), including the right to free, prior, and informed consent (FPIC).

Assess

Determine whether the company has a clear, public commitment to respect the rights of IP and LC across its operations, supply chains, and financial investments, including to:

- Respect the rights outlined in international human rights instruments, including the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and ILO Convention 169.
- Secure FPIC before undertaking any activity that may affect IP or LC rights, lands, territories, livelihoods, or food security.
- Remediate adverse impacts on IP or LC rights through mutually-agreed procedures.

Act

If the company does not have a public commitment to respect the rights of IP and LC including the points above, request that it adopt a commitment (or strengthen its existing commitment) accordingly.

Recommended sources of information:

- Accountability Framework [Core Principle 2: Respect for human rights](#)
- Accountability Framework [Operational Guidance on Respecting the Rights of Indigenous Peoples and Local Communities](#)
- [AFi Self-assessment Tool](#) to benchmark the company's commitments against the Accountability Framework
- AFi [How to Write a Strong Ethical Supply Chain Policy](#)

1.1.5 Commitment to respect workers' rights

The company has a commitment to respect the rights of workers in its operations, supply chains, and financial investments, and to conduct business consistent with the ILO Declaration on the Fundamental Principles and Rights at Work and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Assess

Determine whether the company specifically commits to respect the following provisions for all workers, including employees, contractors, temporary, seasonal, part time, and other workers throughout all levels of the supply chain:

- no child labour
- no forced or compulsory labour
- freedom of association and collective bargaining
- no discrimination
- no abusive practices or undue disciplinary procedures
- legal and decent working hours
- safe and healthy workplaces
- living wages and fair benefits for workers
- living income for smallholders and other individual producers
- responsible recruitment

Act

If the company does not have a public commitment to respect workers' rights including the points above, request that it adopt a commitment (or strengthen its existing commitment) accordingly.

Recommended sources of information:

- Accountability Framework [Core Principle 2: Respect for human rights](#)
- Accountability Framework [Operational Guidance on Workers' Rights](#)

- [AFi Self-assessment Tool](#) to benchmark the company's commitments against the Accountability Framework
- AFI [How to Write a Strong Ethical Supply Chain Policy](#)

1.2 Business scope

1.2.1 Commitments apply broadly across the business

This includes:

- all forest-risk commodities produced or purchased in non-trivial quantities
- all geographic origins with risks of deforestation, conversion, or land rights violations
- the company's own operations plus all types of suppliers (direct and indirect)
- all forms of commodities purchased (including derivatives and embedded commodities)

Assess

Determine whether the company's commitments cover each of the parameters listed above.

Clarify

If the scope of the company's commitments is ambiguous or appears to have exclusions with respect to any of the parameters listed above, the following points should be clarified:

- Has the company conducted assessments to identify all parts of its business where agricultural or forestry commodities may pose risks of deforestation, conversion, or human rights abuses?
- Do the company's commitments cover all commodities and production origins where material risks are present?
- If the commitment excludes certain commodities or origins, are these exclusions either not material or justified by credible risk assessments? Details, such as summaries of risk assessments, may be sought to confirm that exclusions are adequately justified.
- If commitments do not apply broadly (according to the parameters above), does the company have plans and time-bound milestones to expand the scope of its commitments where gaps exist? For instance, if commitments currently exclude indirectly sourced commodities, are there plans to expand commitments to include these portions of the supply chain?

Act

If the company's commitments are not sufficiently broad scope (based on the considerations above), request that the company:

- Extend commitments to cover all commodities and origins that pose environmental or social risks.
- Extend commitments to cover all commodity volumes (including materials embedded in animal products) and all tiers of suppliers (direct and indirect).

Recommended source of information:

- Accountability Framework [Core Principle 3: Specification of commitments](#)

1.2.2 Commitments apply across the corporate group

The company's commitments apply to all business units defined to be part of the corporate group.

Assess

Determine whether the company's commitments apply to all business units within the corporate group. The Accountability Framework provides the following indicators to assess whether a business entity is considered part of the corporate group:

- Formality of relationship: Is there formal ownership, such as through an investment holding structure?
- Declared as a group: Has the group publicly declared the business entities are linked?
- Family control: Are the companies owned or run by members of the same family?
- Financial control: Are there contractual or other financial arrangements that indicate one party controls the performance of another?
- Management control: Is there extensive overlap in officials between companies?
- Operational control: Are landholdings under a group's operational control?
- Beneficial ownership: Is ultimate ownership hidden in offshore companies or by the use of nominees?
- Shared resources: Do companies share a registered address, land or other physical assets, or provision of company functions or services?

Clarify

If the scope of the company's commitments appears not to include all business units that are part of the corporate group (or the entirety of the corporate group of which the company is part), the following points should be clarified:

- Has the company conducted a full mapping of its corporate structure to identify all relevant entities, including subsidiaries, affiliates, and joint ventures?
- Does the company have plans and time-bound milestones to expand the scope of its commitments to include all entities within the corporate group?

Cross-reference corporate structure data (eg, SEC filings, company registries, or ownership databases) to identify business units or affiliates that may fall outside the current scope of the company's commitments.

Act

If commitments do not encompass all entities within the corporate group, request that the company extend them to cover the entire group. This includes all forms of business relationships, including subsidiaries, joint ventures, contractors, licensees, and financial relationships where the company has influence.

Recommended sources of information:

- Accountability Framework [Core Principle 3: Specification of commitments](#)
- Accountability Framework definition: [Corporate group](#)

1.3 Commitment timeframes

1.3.1 Time-bound targets and milestones

Commitments include time-bound targets and milestones that reflect the urgency of addressing the subject environmental and social issues.

Assess

Determine whether the company's commitments on no-deforestation and no-conversion include publicly-disclosed, time-bound targets and milestones that are:

- specific, quantitative, and objectively verifiable
- appropriately ambitious based on the urgency of environmental and social risks
- aligned with other relevant frameworks and goals (eg, globally and/or at the sector or national/regional level)

Companies should commit to respecting all human rights at all times, but it is acceptable to include time-bound implementation milestones related to human rights.

Act

If commitments lack time-bound targets and milestones (or if these are vague or non-verifiable):

- Request that the company publish time-bound targets for each aspect of its commitments.
- Encourage these timeframes to align with those of with relevant international, sectoral, or national/regional frameworks and goals.
- Provide the company with examples of targets and milestones for fulfilling commitments that follow good practice.

Recommended sources of information:

- Accountability Framework [Core Principle 3: Specification of commitments](#)
- Accountability Framework [Operational Guidance on Commitments and Progress Pathways](#)

1.3.2 Cutoff date

No-deforestation and no-conversion commitments specify a cutoff date, after which production units associated with deforestation and/or conversion are deemed non-compliant. The cutoff date is no later than the date of the commitment. (For no-deforestation, it is recommended to be no later than 31 December 2020.)

Assess

Determine whether company commitments related to deforestation and conversion include a cutoff date that is not later than the date of the commitment. (In some cases, it may be appropriate for commitments to specify different cutoff dates for different contexts.)

Clarify

Assess whether cutoff date(s) align with relevant norms and requirements for the contexts in which the company operates. For no-deforestation, many instruments including the EU Deforestation Regulation (EUDR) specify a cutoff date of 31 December 2020, which is aligned with the Accountability Framework.

Act

If cutoff dates are missing or unclear, request that the company establish clear cutoff dates that fully align with the Accountability Framework.

Recommended sources of information:

- Accountability Framework [Core Principle 1: Protection of forests and other natural ecosystems](#)
- Accountability Framework [Operational Guidance on Cutoff Dates](#) (See Section 2: Common cutoff dates)



SECTION 2

Embed and implement commitments

This section includes 14 criteria grouped into five categories. These criteria enable financial institutions to assess the quality of the company's systems and practices to address deforestation and related risks throughout the company's supply base and supplier relationships. They also address the adequacy of the company's traceability and monitoring systems, which are important for demonstrating regulatory compliance and facilitating market access.

Engagement on this set of topics typically focuses on encouraging the company to establish the full set of necessary implementation systems, and to strengthen or broaden these systems where needed.

2.1 Governance

2.1.1 Senior leadership accountability

The company has senior leadership and board-level responsibility and accountability to stand behind its commitments.

Assess

Determine whether there is functional senior leadership oversight of the company's commitments and, if so, what forms this takes.

Clarify

If governance or accountability structures are referenced but lack detail, the following points should be clarified:

- How is sustainability (and, specifically, risks related to deforestation, conversion, and human rights abuses) formally incorporated into the responsibilities of board structures (eg, committees) and executive-level management?
- Are there internal KPIs on these topics to which senior leadership is accountable?
- Are senior leadership compensation packages or performance incentives linked to the achievement of these commitments? If so, how are these links structured and monitored?

Act

If there is not adequate board-level and senior management accountability for the company's commitments related to deforestation, conversion, and human rights, request that this be established. If officers have been designated as holding responsibility for these topics but there are not clear KPIs, incentives, or accountability mechanisms to deliver on commitments, request that these be put in place to elevate attention to addressing these risks.

Recommended sources of information:

- Accountability Framework [Core Principle 4: Company systems to drive effective implementation](#)
- [Topic Summary: Company Management Systems](#)

2.2 Stakeholder and rightsholder engagement

2.2.1 Grievance mechanism

The company operates an effective operational-level grievance mechanism for rightsholders and other stakeholders to raise complaints and access remedy for environmental or social harms.

Assess

Confirm whether the company operates one or more operational-level grievance mechanisms. Information on the company's grievance mechanism(s) should be publicly available, including a publicly-available grievance log providing a summary of grievances and the status of their resolution.

Clarify

If the company references a grievance mechanism but its accessibility or adequacy is unclear, the following points should be clarified:

- Does the company's grievance mechanism meet the Effectiveness Criteria outlined in the UN Guiding Principles on Business and Human Rights (UNGPs)?
- Can the company demonstrate that the grievance mechanism is accessible to all relevant stakeholders and rightsholders, such as affected communities, workers, Indigenous Peoples, and other vulnerable groups? The grievance log can provide one indication that the grievance mechanism is in active use.

Act

If the company does not have its own grievance mechanism, request that the company establish an operational-level grievance mechanism that meets the UNGP Effectiveness Criteria.

If the company has a grievance mechanism but it does not meet the UNGP Effectiveness Criteria, is not fully accessible to all relevant stakeholders and rightsholders, or does not include a public grievance log, then request that these deficiencies be addressed.

Recommended sources of information:

- Accountability Framework [Core Principle 4: Company systems to drive effective implementation](#)
- Accountability Framework [Core Principle 9: Remediation and environmental restoration](#)
- Accountability Framework [Operational Guidance on Remediation and Access to Remedy](#) (See Section 2: Company responsibility to provide access to an effective remedy and Annex 1: Criteria and indicators of an effective company grievance mechanism)

2.2.2 Stakeholder engagement

The company engages stakeholders by providing relevant information and opportunities for input regarding the company's supply chains and their impacts.

Assess

Determine whether the company has a formal stakeholder engagement plan that guides how it identifies, communicates with, and receives input from rightsholders and other affected and interested parties.

Confirm that the plan is integrated into the company's broader management systems for addressing environmental and social risks.

Clarify

If the company references stakeholder engagement but this information lacks detail, the following points should be clarified:

- Has the company mapped relevant stakeholders, including directly and indirectly affected groups?
- Does the company share timely information with stakeholders in formats that are accessible to them?
- Are engagement methods tailored to stakeholder needs, and do they provide meaningful opportunities for input and influence, including by potentially-vulnerable or marginalised stakeholders?
- In what ways is the company using stakeholder input and addressing stakeholder concerns in relation to its management of environmental and human rights impacts?

Act

If the company does not have a robust stakeholder engagement process that generally aligns with the elements outlined above, request that the company:

- Adopt and implement a stakeholder engagement plan.
- Complete inclusive stakeholder mapping (including workers, Indigenous Peoples and local communities, suppliers, NGOs, and government) with emphasis on potentially-vulnerable or marginalised groups.
- Provide stakeholders with timely, relevant, and accessible information about the company's activities and plans.
- Implement context-appropriate engagement processes.
- Document, respond to, and publicly report how input received has been considered or addressed.

2.2.3 Participation in collaborative and multi-stakeholder processes

The company participates in multi-stakeholder initiatives (eg, landscape, jurisdictional, or sectoral initiatives) to address environmental and social risks where the company is not fully able to address such issues on its own.

Assess

Determine whether the company participates in collaborative efforts to address salient environmental and social risks. Salient issues can be identified based on risk assessments (see

2.3.1) or areas of significant or persistent non-compliance (see 2.5). In relation to salient risks, assess whether the company:

- Participates in or supports multi-stakeholder initiatives that work to mitigate such risks, for instance by improving governance, strengthening law enforcement, recognising land rights of Indigenous Peoples and local communities, or protecting forests and other natural ecosystems.
- Discloses its participation in such initiatives and how these efforts contribute to reducing risk, addressing non-compliance, or improving environmental and social outcomes in sourcing areas.

Clarify

If the company references participation in collaborative initiatives but provides limited detail, the following points should be clarified:

- Which specific landscape, jurisdictional, or sectoral initiatives is the company involved in? Does this participation correspond to the production or sourcing contexts where the company faces salient environmental and social risks?
- What is the nature of the company's participation, and what level of financial or other resources does the company contribute to these initiatives?
- How does the company's participation in these initiatives help reduce risks, address non-compliance, overcome systemic or structural supply chain challenges, or improve environmental and social outcomes in sourcing areas?

Act

Request that the company engage in a prioritised set of landscape, jurisdictional, or sectoral initiatives that are most relevant to the production or sourcing contexts where the company faces salient environmental and social risks. This may include or require:

- Mapping and understanding dependencies and impacts in the company's major production and sourcing contexts, in accordance with Taskforce on Nature-related Financial Disclosures (TNFD) guidelines.
- Joining and providing material support for relevant multi-stakeholder initiatives in these production or sourcing contexts to address key environmental and social risks beyond the company's full manageable control.
- Publicly reporting on the company's participation, objectives, and expected and actual outcomes for each initiative.

Recommended sources of information:

- Accountability Framework [Core Principle 10: Collaboration for landscape and sectoral sustainability](#)
- Accountability Framework [Operational Guidance on Achieving Commitments Through Collaboration](#)
- TNFD [Recommendations for nature-related risk management and disclosure](#)

2.3 Risk assessment, traceability, and monitoring

2.3.1 Risk assessment

The company conducts risk assessments to understand current and future risks of non-compliance and harms related to deforestation, conversion, and human rights abuses across its supply base. The company uses this information to prioritise traceability, risk mitigation, monitoring, and supplier engagement.

Assess

Determine whether the company has conducted (and maintains up-to-date) risk assessments to identify environmental and social risk across its supply chains. This includes:

- Conducting risk assessments for all commodities and geographic origins that are material to the business, including consideration of both direct and indirect suppliers.
- Conducting risk assessments both in advance of initiating sourcing from new suppliers or sourcing areas, and on a periodic basis to ensure up-to-date information.
- Making use of shared risk profiles or participating in collaborative risk assessment efforts (where available) to help ensure accurate and aligned characterisation of risk.

Clarify

If the company indicates that it conducts risk assessments but does not provide sufficient detail, the following points should be clarified:

- For which commodities and geographic origins have risk assessments been conducted? Are up-to-date risk assessments lacking for any commodities or origins that are material to the company's business?
- What is the scale (granularity) of the risk assessments in high-risk origins (eg, national, state/provincial, or landscape)?
- How frequently are risk assessments conducted or updated to reflect changing conditions?
- What methodologies, tools, or services does the company use to conduct or obtain risk assessments? How does it ensure the accuracy and comparability of assessments?
- How does the company use the results of risk assessments to prioritise and implement actions addressing deforestation and related risks?

Act

If the company has not yet established a comprehensive and credible risk assessment process in consideration of the points above, request that the company:

- Provide a plan and timeline for conducting risk assessments for all commodities and origins that are material to its business.
- Improve risk assessment methodologies, if and as needed, to provide accurate risk characterisations and information at a suitably granular level (in particular, this may require moving from national risk assessments to finer scales of analysis in origins that are not low risk).

- Disclose information on how it uses risk characterisations to prioritise and guide its efforts to halt deforestation and related impacts in its supply base.

Recommended sources of information:

- Accountability Framework [Core Principle 5: Supply chain assessment and traceability](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#) (Section 3)
- Accountability Framework definition: [Low risk](#)

2.3.2 Traceability

The company implements a traceability system to link purchased product volumes to their places of origin.

Assess

Determine whether the company conducts sufficient supply chain mapping or traceability to assess compliance with its social and environmental commitments at the supply-base level. The Accountability Framework provides specific traceability expectations and options for achieving sufficient traceability via multiple methods.

Clarify

If the company references traceability but does not provide sufficient detail to be able to ascertain the adequacy of its traceability systems and current levels of traceability, the following points should be clarified:

- In contexts where the company operates as a trader or first buyer, can the company document the origin of raw materials down to the level of the production unit (ie, farm, ranch, plantation, or forest management unit)?
- For downstream buyers (eg, manufacturers and retailers):
 - What traceability method(s) does the company use?
 - For what proportion of purchased volumes can materials be traced far enough upstream to verify compliance at the supply-base level?
- If the company lacks adequate traceability across its full supply chain, does it have a credible, time-bound plan to progressively improve traceability? Does this plan prioritise improvements for higher-risk origins, commodities, and suppliers?
- How is the company supporting traceability for smallholder suppliers to help ensure that they are not excluded due to technical or financial barriers?
- Is traceability progress disclosed using recognised metrics, such as those from the Accountability Framework (see criterion 3.3.1)?

Act

If the company has insufficient traceability for significant parts of its supply chain and lacks credible time-bound plans to address traceability gaps, request that the company:

- Develop a traceability system and a credible, time-bound plan to achieve adequate traceability, prioritising early progress for higher-risk origins, commodities, and suppliers. The system should include (as appropriate) both:
 - supply chain mapping and traceability by the company itself
 - requirements (eg, supplier code of conduct) for suppliers to conduct traceability back to the supply base level and furnish evidence of this to the buyer
- Support traceability improvements for smallholder suppliers to address risk of non-compliance and avoid smallholder exclusion.

Recommended sources of information:

- Accountability Framework [Core Principle 5: Supply chain assessment and traceability](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#)
- Accountability Framework [Operational Guidance on Smallholder Inclusion in Ethical Supply Chains](#)

2.3.3 Monitoring of deforestation and conversion

The company implements an effective monitoring system to identify prior and new deforestation and conversion associated with its operations and supply base.

Assess

Determine whether the company has an adequate monitoring system to evaluate compliance with its no-deforestation and no-conversion commitments, and to detect any new deforestation or conversion in its supply base. This system should also include a response protocol in the event that new deforestation or conversion is detected.

Clarify

Where information is incomplete or the adequacy of monitoring systems is unclear, seek clarification from the company on the following points:

- For what proportion of the company's supply base does the company monitor deforestation and conversion? Which contexts currently lack such monitoring, and is there a time-bound plan to achieve adequate monitoring in these contexts?
- Who is responsible for conducting monitoring? For instance, if the company is a downstream buyer, to what extent does it conduct its own monitoring, request data from suppliers, or make use of second- or third-party services or tools? How adequate is each of these methods?
- How does the company detect and respond to potential new deforestation or conversion in its supply base?
- How does the company assess the monitoring systems of its suppliers or engage its suppliers to improve these systems?
- How does the company monitor deforestation and conversion where it has insufficient traceability? Are there plans to improve such monitoring over time, if needed?

Act

If the company's monitoring systems are not adequate to assess and detect deforestation and conversion across its operations and supply base, request that the company:

- Develop or strengthen its deforestation and conversion monitoring system to provide adequate assessment and detection across the company's entire supply base.
- Increase its requirements, engagement, or support for suppliers to strengthen their monitoring systems and the quality of monitoring data furnished to the company.
- Develop or strengthen protocols for timely detection and response to potential new deforestation or conversion in the company's supply base.

Recommended sources of information:

- Accountability Framework [Core Principle 11: Monitoring and verification](#)
- Accountability Framework [Operational Guidance on Monitoring and Verification](#)

2.3.4 Monitoring of human rights

The company implements an effective monitoring system to identify actual and potential human rights harms associated with its operations and supply base.

Assess

Determine whether the company has adequate monitoring systems and protocols to assess compliance with its human rights commitments, and to detect potential human rights harms associated with its business. This may include use of risk assessments, social audits, grievance mechanisms of the company and its suppliers, information furnished by rightsholders (eg, labour unions and community monitoring initiatives), and media and other public information sources.

Clarify

Where information is incomplete or the adequacy of monitoring systems is unclear, seek clarification from the company on the following points:

- Does the scope of the company's human rights monitoring system cover the rights of Indigenous Peoples, local communities, and workers, as detailed in criteria 1.1.4 and 1.1.5?
- Who is responsible for conducting monitoring? For instance, if the company is a downstream buyer, to what extent does it conduct its own monitoring, request data from suppliers, or make use of second- or third-party services or tools? How adequate is each of these methods?
- What methodologies are used to monitor human rights (eg, field visits, worker interviews, stakeholder engagement, document reviews)? How does the company assess and ensure the adequacy of these methods?
- Does the company's monitoring process include engagement with local stakeholders and rightsholders, especially in high-risk areas?
- What requirements for human rights monitoring does the company place on its suppliers? For instance, are suppliers required to monitor their entire operations and

subcontractor networks, and provide regular, consistent reporting on human rights performance?

- How does the company assess the monitoring systems of its suppliers or engage its suppliers to improve these systems?
- How does the company monitor human rights risks or impacts where it has insufficient traceability? Are there plans to improve such monitoring over time, if needed?

Act

If the company's monitoring systems are not adequate to assess and detect actual and potential human rights harms across its operations and supply base, request that the company:

- Develop or strengthen its human rights monitoring system so that it fully covers the rights of Indigenous Peoples, local communities, and workers, as detailed in criteria 1.1.4 and 1.1.5.
- Ensure that the monitoring system covers the company's entire supply base.
- Increase its requirements, engagement, or support for suppliers to strengthen their monitoring systems.
- Incorporate stakeholder participation and community and worker information sources into the monitoring system, particularly in high-risk areas, with safeguards to protect confidentiality and the safety of rightsholders.

Recommended sources of information:

- Accountability Framework [Core Principle 11: Monitoring and verification](#)
- Accountability Framework [Operational Guidance on Monitoring and Verification](#)

2.4 Responsible supply chain policies and systems

2.4.1 Sourcing and procurement policies

The company has sourcing and procurement policies that are aligned with its responsible supply chain commitments and obligations.

Assess

Determine whether the company has sourcing and procurement policies to address risks related to deforestation, ecosystem conversion, and human rights abuses associated with its sourcing.

Clarify

Determine the extent to which the company's sourcing and procurement policies align with its commitments related to deforestation, conversion, and human rights. Confirm whether these policies cover the company's entire supply base or are limited to certain portions of the supply chain, such as direct suppliers only.

Determine how effectively the company's sourcing and procurement policies are implemented in practice. Relevant questions include:

- Are these policies implemented systematically through purchasing contracts or other formal mechanisms?
- How are suppliers informed of the company's purchasing requirements or criteria related to sustainability?
- Are procurement teams trained to implement these policies, and are there performance metrics or incentives tied to doing so?

Act

- If the company lacks responsible sourcing and procurement policies, request that these be established.
- If the company has policies but they are not well aligned with the company's commitments related to deforestation, conversion, and human rights—or do not apply to the entire supply base—request that the policies be improved to close these gaps.
- If sourcing and procurement policies are not systematically applied through means such as embedding in contracts and in the daily activities of procurement teams, request that the company take necessary measures to implement the policies systematically.

Recommended sources of information:

- Accountability Framework [Core Principle 4: Company systems to drive effective implementation](#)
- Accountability Framework [Core Principle 6: Managing for supply chain compliance](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#)

2.4.2 Direct supplier policies and systems

The company requires and engages its direct suppliers to have policies and systems aligned with the company's own responsible supply chain commitments and obligations.

Assess

Determine whether the company requests or requires its direct suppliers to have commitments, policies, and systems for no-deforestation, no-conversion, and respect for human rights that align with the company's own policies. Assess whether this occurs across the company's entire supply chain or is limited to certain portions of it.

Clarify

If it is unclear to what extent the company cascades its commitments to its direct suppliers, seek clarification on the following:

- Does the company formally request or require its direct suppliers to have policies on no-deforestation, no-conversion, and respect for human rights that align with the company's own policies?
- What portion of the company's direct suppliers (or portion of product volumes from direct suppliers) have such policies? Where are the largest gaps?

- How does the company request, engage with, or support its direct suppliers to adopt effective systems to manage risks throughout their supply bases? It may be helpful to ask questions about specific components, including:
 - risk assessments
 - supply chain mapping and traceability activities and status
 - procedures for identifying and addressing non-compliance
 - monitoring systems and use of independent verification
 - use of additional implementation or control measures such as certification
- How does the company monitor its direct suppliers' adoption and implementation of policies for no-deforestation, no-conversion, and respect for human rights?

Act

If the company does not require its direct suppliers to adopt and implement policies aligned with the company's own responsible supply chain commitments and obligations, request that the company does so.

If the company has begun requesting or engaging with its direct suppliers to cascade its commitments upstream but this process is not far advanced, request that the company:

- Strengthen such requirements for direct suppliers, especially those that operate in or source from areas that are not low risk.
- Engage with direct suppliers to provide support as needed.
- Monitor progress towards cascading commitments across its direct supply base, and furnish such information to the financial institution to support follow-up.

If the company lacks reliable information about its direct suppliers' risk exposure, commitments, and systems, request that the company ask its suppliers to disclose this information, for instance through CDP.

Recommended sources of information:

- Accountability Framework [Core Principle 5: Supply chain assessment and traceability](#)
- Accountability Framework [Core Principle 6: Managing for supply chain compliance](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#)
- Accountability Framework [Operational Guidance on Monitoring and Verification](#)

2.4.3 Indirect supplier policies and systems

The company requires and engages its direct suppliers to cascade responsible production and sourcing policies and systems upstream to its indirect suppliers.

Assess

Determine whether the company requires or supports its direct suppliers to cascade criteria on no-deforestation, no-conversion, and respect for human rights to its indirect suppliers. Assess whether this is done in all contexts that are not low risk, or only for certain direct suppliers or portions of the company's supply chain.

Clarify

If it is unclear to what extent the company's direct suppliers cascade the company's requirements further upstream to the company's indirect suppliers, seek clarification on the following:

- What level of visibility does the company have into the origins, risk, and compliance status of products furnished from indirect suppliers? How is this information furnished, and what is its quality and coverage?
- Does the company require or request its direct suppliers to cascade requirements or criteria on no-deforestation, no-conversion, and respect for human rights across their own supply bases?
- What portion of the company's indirect suppliers (or portion of product volumes from indirect suppliers) are covered by such requirements? Where are the largest gaps?

Act

If the company has not established effective mechanisms to cascade responsible sourcing policies and systems broadly across its indirect supply base, request that the company address key gaps in this regard, such as:

- Conduct additional supply chain mapping and improve product traceability, focused on commodities and sourcing origins that are not low risk, to improve visibility into the origins, risks, and compliance status of indirect supplies.
- Require direct suppliers to cascade the company's commitments to indirect suppliers. This includes requiring indirect suppliers to adopt policies aligned with the company's policies; establish effective implementation systems; and furnish information on supply origins, risk, and compliance status to the buyer.
- Monitor progress towards achieving aligned policies and control systems across the company's indirect supply base, and use this information to continue driving improvement where gaps remain.

Recommended sources of information:

- Accountability Framework [Core Principle 5: Supply chain assessment and traceability](#)
- Accountability Framework [Core Principle 6: Managing for supply chain compliance](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#)
- Accountability Framework [Operational Guidance on Monitoring and Verification](#)

2.4.4 Supplier capacity building and support

The company supports suppliers to effectively implement responsible supply chain commitments and obligations.

Assess

Determine the ways in which the company supports its direct and/or indirect suppliers to adopt responsible production and sourcing practices. Support may include technical assistance, financial incentives, improved market access, or other mechanisms.

Clarify

If information on the company's support for addressing environmental and social risks in its supply base lacks detail, the following points should be clarified:

- In which portions of the company's supply chain (eg, commodities, geographic origins, and specific supplies) is the company providing support to suppliers? How were these contexts determined in relation to risk level, business materiality, or other factors?
- What forms of support are provided (eg, supplier training, capacity building, shared monitoring tools, or aligned incentives), and how does this support address key risks?
- Are there portions of the company's supply base that are not low risk where the company does not support its suppliers to achieve compliance or drive improvement? If so, what other measures or plans does the company have to address risk in these contexts?

Act

If the company lacks adequate mechanisms to support suppliers where this is needed to mitigate environmental or social risk in the supply chain, request the company to:

- Establish structured supplier support mechanisms, such as technical assistance, training, financial incentives, or improved market access, which are tailored to supplier needs.
- Provide a time-bound plan to implement these mechanisms in its supply base, prioritising areas that have the most significant risks of deforestation, conversion, or human rights abuses.
- Link support to measurable improvements to help ensure that assistance directly drives increased compliance and improvement on the ground.

Recommended sources of information:

- Accountability Framework [Core Principle 4: Company systems to drive effective implementation](#)
- Accountability Framework [Core Principle 6: Managing for supply chain compliance](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#)
- AFi [Topic Summary: Company Management Systems](#)

2.5 Addressing non-compliance

2.5.1 Non-compliance protocol

The company has and implements policies and procedures for addressing non-compliance in its supply base. This includes engaging, suspending, and/or excluding suppliers with non-compliance depending on the nature of the non-compliance and the supplier's response to it.

Assess

Determine whether the company has a clear process for identifying and responding to non-compliance with its environmental and social commitments and obligations.

Clarify

If the company's approach to monitoring and addressing non-compliance is unclear or incomplete, the following points should be clarified:

- Does the company have measures to systematically monitor and detect non-compliance?
- How does the company determine appropriate responses to non-compliance, considering factors such as the severity of the issue, supplier culpability, and the supplier's willingness and capacity to improve?
- How does the company actively engage suppliers when non-compliance is identified to resolve issues without enabling further violations? Does this engagement include time-bound plans, monitoring, and follow-up to help ensure that issues are resolved in a timely and appropriate manner?
- How does the company help ensure that its responses to non-compliance do not worsen impacts or result in unintended negative consequences, for instance by excluding smallholders from supply chains or failing to resolve ongoing human rights violations?

Act

If the company lacks a robust non-compliance response system, request the company to:

- Establish systems to detect non-compliance proactively, such as automated deforestation alerts in its sourcing areas.
- Establish a formal non-compliance procedure, with clear steps to identify and engage suppliers with non-compliance, and, if necessary, to suspend or exclude suppliers that have severe or systemic environmental or social harms.
- Ensure that its approach to non-compliance includes appropriate decision-making criteria and incentives structures to avoid perpetuating or normalising non-compliance while minimising potential adverse impacts from supplier suspension or exclusion.

Recommended sources of information:

- Accountability Framework [Core Principle 6: Managing for supply chain compliance](#)
- Accountability Framework [Operational Guidance on Supply Chain Management](#)

2.5.2 Remediation and remedy

The company has policies and takes effective measures to remedy post-cutoff date deforestation or conversion, as well as harms to human rights, within its operations and supply base.

Assess

Evaluate whether the company has systems in place to provide, or cooperate in providing, fair and just remedy for harm to people or the environment within its operations or supply chains.

Clarify

If the company references human rights remedy or environmental restoration in general terms, but does not provide sufficient detail, the following points should be clarified:

- How does the company identify illegal or post-cutoff date deforestation and conversion in its supply chain?
- Does the company have a commitment and plan to remedy illegal or post-cutoff date deforestation or conversion in its operations and supply base? Appropriate approaches to do so may depend on the company's position in the supply chain. For example, producers and land managers should have active processes of restoration or compensation, whereas commodity buyers should encourage and support such efforts through supplier requirements and engagement.
- How does the company identify actual and potential human rights harms in its supply chain?
- What are the company's processes for providing or supporting remedy for human rights harms? For harms within the company's own operations (eg, plantations or processing facilities), does this include specific, time-bound remediation processes? For harms linked to the company's sourcing, does this include engagement, monitoring, and follow-up with suppliers to remediate existing harms while preventing recurrence?

Act

If the company does not have a clear and credible approach to remedy and restoration, or if its systems are underdeveloped or poorly implemented, request that the company:

- Establish or strengthen policies and procedures to provide, or cooperate in providing, remedy for human rights harms and restoration or compensation for environmental damage. (Generally, producers and primary processors are required to provide for remedy, while commodity buyers that are linked to environmental or social harms are expected to support and cooperate in providing remedy.)
- Ensure that the company and its suppliers have effective grievance mechanisms in place (see 2.2.1).
- Require suppliers to develop time-bound remediation plans. Support the implementation of these plans, if needed.
- Regularly monitor the effectiveness of remedy and restoration processes, and follow up as necessary to ensure that issues are resolved in a timely and appropriate manner.

Recommended sources of information:

- Accountability Framework [Core Principle 9: Remediation and environmental restoration](#)
- Accountability Framework [Operational Guidance on Environmental Restoration and Compensation](#)
- Accountability Framework [Operational Guidance on Remediation and Access to Remedy](#)



SECTION 3

Disclose supply chain characteristics, risk, and performance

This section includes seven criteria grouped into four categories pertaining to the adequacy of company disclosure. Engagement is typically directed at improving the coverage and quality of disclosed information so that the financial institution has an adequate view into the company's deforestation-related risks and progress towards addressing them.

3.1 Presence and credibility of disclosure

3.1.1 Annual progress reporting

At least once a year, the company reports on performance and progress related to the elimination of deforestation, conversion, and human rights abuses in its operations and supply base.

Assess

Determine whether the company provides annual disclosure regarding risk exposure, actions, and progress towards eliminating deforestation, ecosystem conversion, and human rights abuses.

Act

If the company does not provide annual disclosure regarding risk exposure, actions, and progress towards eliminating deforestation, ecosystem conversion, and human rights abuses, request that the company does so. See the remaining criteria in this section for additional engagement points related to the content and quality of disclosures.

Recommended sources of information:

- Accountability Framework [Core Principle 12: Reporting, disclosure, and claims](#)
- Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#)

3.1.2 Standardisation and credibility of disclosure

Company disclosures adhere to credible standards and methodologies.

Assess

Determine whether company disclosures on deforestation and related risks adhere to credible standards and methodologies. This can be achieved by:

- disclosing through CDP;
- publishing a sustainability report that adheres to applicable standards of the Global Reporting Initiative (GRI); and/or
- publishing a sustainability report that covers deforestation and related risks using indicators that are equivalent to and aligned with these tools or with the AFi's [Common Methodology](#).

CDP and GRI are identified specifically as they provide thorough and standardised disclosure questions (CDP) and standards (GRI) that cover deforestation and related risks and align with the Accountability Framework.

Clarify

If the company discloses through CDP:

- Is the disclosure either public or disclosed privately to the financial institution?
- Does the company disclose on 100% of relevant commodity supply chains, or are there significant exclusions?

If the company publishes a sustainability report using GRI standards:

- Does it disclose on indicators in GRI 13 (Agriculture, Aquaculture, and Fishing Sector Standard), if appropriate for the company's supply chain position?
- Does it disclose on indicators in GRI 101 (Biodiversity Standard), including land use change risk and impacts?

If the company uses a different reporting approach, the following points should be clarified:

- Why was this approach chosen?
- How does it provide a comparable level of disclosure on risk exposure, actions, and performance related to addressing deforestation, conversion, and human rights abuses?
- Is the approach based on double materiality (ie, materiality of environmental and social risks in addition to business materiality)?

Note that disclosure in accordance with national and supranational laws such as the EU Corporate Sustainability Reporting Directive (CSRD) and its European Sustainability Reporting Standards (ESRS) typically covers many but not all elements of disclosure relevant to deforestation and related risks.

If the company is not currently disclosing through one or more of the methods listed above, what steps is it taking to improve the quality, completeness, and standardisation of its reporting?

Act

If the company does not disclose through CDP, publish a sustainability report based on GRI standards, or otherwise report on deforestation and related risks using standardised indicators, request that the company does so.

If reporting is not based on double materiality (ie, materiality of environmental and social risks in addition to business materiality), request that the company adjusts its reporting approach to incorporate a double materiality lens.

If the company reports in one of the above-mentioned ways but there are significant gaps in reporting coverage, request that the company fills key gaps, including, as applicable:

- Disclose information on 100% of relevant commodity supply chains.
- Disclose information against indicators covering risk exposure, actions/risk mitigation measures, and performance.
- Include information on data sources, methods, and verification processes to enable assessment of the reliability of the reported information.

Recommended sources of information:

- Accountability Framework [Core Principle 12: Reporting, disclosure, and claims](#)

- Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#)
- AFi [Common Methodology for Assessment of Progress Towards Deforestation-and Conversion-Free Supply Chains](#)

3.2 Disclosure of supply chain characteristics and risk exposure

3.2.1 Disclosure of supply chain characteristics

The company discloses key attributes of its operations and supply base that enable stakeholders to understand potential exposure to social and environmental risk. This includes:

- Which sectors, industries, and supply chain stages the company is involved in.
- Which agricultural and forestry commodities the company sources in non-trivial amounts (in any form including embedded commodities).
- From which countries and sub-national jurisdictions the company sources commodities.
- In which countries and sub-national jurisdictions the company has operations or otherwise owns, manages, or controls land.

Assess

Determine whether the company publicly discloses these key attributes of its operations and supply chains.

Clarify

If the company provides general information that lacks detail or specificity, the following points should be clarified:

- Which sectors and industries does the company operate in, and what stages of the supply chain does it participate in for relevant soft commodities (eg, production, processing, trade, manufacturing, and/or retail)? This question may be particularly relevant for companies that have vertical integration or operate in multiple supply chain stages.
- Which soft commodities does the company source, including commodities embedded in animal feed?
- What is the geographic scope of the company's sourcing (including countries as well as sub-national areas such as states or provinces within countries that are not low risk for deforestation and human rights abuses)?
- Where does the company own, manage, or operate land used for commodity production, processing, or related activities?
- Is this information publicly disclosed, regularly updated, and presented in a format that allows stakeholders to assess environmental and human rights risks?

Act

If the company does not disclose key attributes of its operations and supply chains, request that the company does so. Specifically, request that the disclosures address significant gaps in any of the four key attributes listed in this criterion.

Recommended sources of information:

- Accountability Framework [Core Principle 12: Reporting, disclosure, and claims](#)
- Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#)

3.2.2 Disclosure of risk exposure

The company discloses its level of risk exposure for deforestation, conversion, and human rights abuses. These determinations are based on the company's supply chain characteristics combined with risk assessment at the commodity, sourcing origin, and/or supplier level.

Assess

Determine if company disclosures include information on exposure and risk related to deforestation, conversion, and associated human rights abuses.

Clarify

If the company provides risk-related disclosures without sufficient detail, the following points should be clarified:

- Does the company disclose risk exposure for its entire business (all operations and supply chains)? If not, what is excluded and how large are these exclusions?
- How does the company determine its exposure to risk of deforestation, conversion, and human rights abuses? Are these conclusions based on the company's supply chain characteristics combined with risk assessment at the commodity, sourcing origin, and/or supplier level?
- Do the disclosures apply a double materiality lens, addressing the company's impacts on people and nature, as well as financial risks and dependencies the company faces from environmental and social conditions (eg, climate risks, land tenure conflicts, and/or biodiversity loss)?
- Are the company's risk assessments adequate in scope, depth, and alignment with good practices (see 2.3.1)?

Act

If the company does not adequately disclose its exposure to deforestation, conversion, and human rights risks, request the company to:

- Publish a thorough disclosure of its exposure to risk of deforestation, conversion, and human rights abuses across the company's operations and supply chains.
- Disaggregate risk reporting to identify the commodities, geographies, and/or suppliers that post greatest risks, and the proportion of revenue associated with these riskier contexts.
- If risk characterisation is not based on double materiality, request that the company adjust its reporting approach to incorporate a double materiality lens.

Recommended sources of information:

- Accountability Framework [Core Principle 12: Reporting, disclosure, and claims](#)

- Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#)

3.3 Disclosure of performance

3.3.1 Disclosure on level of traceability

The company reports on level of traceability achieved for 100% of sourced product volumes.

Assess

Determine whether the company provides information on:

- Level of traceability achieved across its supply chains (eg, percentage of supply traceable to different geographic scales or supply chain stages).
- Actions and progress towards improving traceability where it is currently insufficient.

Clarify

If the company's traceability disclosures are incomplete or unclear, the following points should be clarified:

- Do traceability disclosures cover all sourced volumes for each relevant commodity, or are there exclusions or data gaps?
- Where traceability is currently insufficient, what plans, measures, and timeframes has the company established to improve it?

Act

If the company does not report on traceability levels across its supply chains, request the company to:

- Disclose level traceability for 100% of sourced product volumes. It is recommended that this be done according to the metric specified in Section 3.2 of the Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#).
- Disclose plans, measures, and timeframes to improve traceability where it is currently insufficient. Explain how these plans are informed by risk levels and/or other factors and how they will serve to mitigate risk of non-compliance throughout the company's supply chains.

Recommended sources of information:

- Accountability Framework [Core Principle 12: Reporting, disclosure, and claims](#)
- Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#)

3.3.2 Disclosure on percentage of deforestation- and conversion-free sourcing

The company reports on the deforestation-free or deforestation- and conversion-free (DCF) status for 100% of produced and sourced product volumes.

Assess

Assess whether the company discloses its percentage of DCF sourcing in line with the recommended Accountability Framework metric.

Clarify

If it is not clear whether the company's disclosure aligns with the recommended metric or covers the entity of the company's sourcing, the following points should be clarified:

- Does the disclosure cover 100% of sourcing for commodities that pose deforestation or conversion risk and are sourced in non-trivial quantities? If not, what is the size and nature of the disclosure gaps—by commodity, geography, supplier tier, or volume?
- Does the disclosure indicate the methods used to demonstrate DCF status? (It is recommended that this disclosure follow the standardised method explained in Section 4.1 of the Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#).)
- What steps is the company taking to close any gaps in its DCF reporting and what is the timeframe for doing so?

Act

If the company does not yet provide a complete disclosure on its percent DCF sourcing in line with the recommended metric, request that the company does so within the next year.

If the company discloses on its percent DCF sourcing but these disclosures are not complete and aligned with the recommended metric, request that the company address these gaps.

If the company provides a complete disclosure on percent DCF that reveals significant gaps in compliance, these can be addressed via engagement around the criteria in Sections 1 and 2 of this Guide.

Recommended sources of information:

- Accountability Framework [Core Principle 12: Reporting, disclosure, and claims](#)
- Accountability Framework [Operational Guidance on Reporting, Disclosure, and Claims](#)

3.4 Verification of disclosed information

3.4.1 Verification

Sustainability-related disclosures have undergone independent assurance.

Assess

Determine whether the company's sustainability disclosures have been audited by a credible third party. Where status of or progress towards DCF sourcing is reported for high-risk contexts, assess the extent to which these specific outcomes have been independently verified.

Clarify

If the company references the use of verification but this information lacks clarity or detail, the following points should be clarified:

- What type of verification was conducted, and what specific information or data was verified? For instance, was the company's full sustainability report verified and/or was

there additional verification of specific data within the report, such as DCF status of sourced products?

- If on-the-ground impacts (eg, related to deforestation, conversion, and human rights) were verified, for what portions of the company's supply chains has this been done?
- Which organisation(s) conducted the verification, and what assurance protocols or standards did they follow?

Act

If the company's sustainability reporting is not independently verified, request that the company pursue independent verification.

If reporting on no-deforestation, no-conversion, and respect for human rights is not verified through credible remote sensing and/or field methods, request that the company provide a time-bound plan for verifying such results, at least for high-risk contexts. Such verification may be done through engagement with suppliers or the use of certification or other tools.

If information on verification processes and methods is not provided, request that the company publicly disclose this information.

Recommended sources of information:

- Accountability Framework [Core Principle 11: Monitoring and Verification](#)
- Accountability Framework [Operational Guidance on Monitoring and Verification](#)



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