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HOW TO

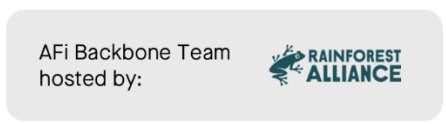
Use the Accountability Framework to Guide Reporting on Agricultural and Forestry Supply Chains

This guide explains how companies can apply the Accountability Framework to support clear and comprehensive reporting on risks and impacts related to deforestation, ecosystem conversion, and human rights in commodity supply chains.

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The **Accountability Framework** was created through a consultative process with a wide range of stakeholders including companies, NGOs, and government, and following applicable good practices for multi-stakeholder initiatives. It represents the consensus of the entire **Accountability Framework initiative (AFi) Coalition**, whose members as of the date of this publication include:



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Overview

Companies that produce or source agricultural or forestry commodities face a range of expectations for reporting and disclosure on environmental, social, and governance (ESG) topics. The Accountability Framework provides guidance and recommended indicators that support a structured approach for credible reporting related to halting deforestation and ecosystem conversion and respecting human rights in agricultural and forestry commodity supply chains. This guidance is intended to be followed as a part of broader reporting on the risks and impacts associated with company operations and value chains.

To help clarify good practice and reduce company reporting burdens, the Accountability Framework's guidance on reporting incorporates the expectations of buyers, investors, and civil society. It also refers to and is compatible with existing reporting standards and platforms, as well as key disclosure regulations. Detailed guidance on reporting across all topics within the scope of the Framework can be found in the **Operational Guidance on Reporting, Disclosure, and Claims**.

This guide provides a brief overview of how companies can use the Accountability Framework to strengthen their sustainability reporting related to responsible supply chains. It describes how companies can use the Framework to:

- define the scope of reporting
- select appropriate indicators and reporting standards
- identify what to report about company activities and systems
- structure disclosure on deforestation- or conversion-free product volumes

Define the scope of reporting

The Accountability Framework states that the scope of both corporate action and disclosure should:

- address all segments of a company's business for which agricultural and forestry commodities pose environmental or social risks, including all relevant commodities, geographies, and business units, affiliates, and subsidiaries
- apply to all supplies, including those produced in the company's own operations and those sourced from direct and indirect suppliers
- apply to all forms of the commodity sourced, including whole and processed products, derivatives, and embedded volumes
- apply to all financing associated with commodity production, processing, and associated infrastructure

Following this guidance, reporting on a given commodity should not contain any exclusions from disclosure based on geography, supply chain segment, or type of material.



Select appropriate indicators and reporting standards

Company reporting should use standardised, technically-sound, and appropriate indicators to ensure that reported information is accurate and sufficiently detailed. Doing so also supports the comparability of reported information over time and across companies, geographies, and sectors.

To facilitate meaningful and comparable disclosure, the Accountability Framework includes an accompanying set of common indicators developed in collaboration with leading reporting and assessment initiatives. These are compiled in the AFi's **Common Methodology for Assessment of Progress Towards Deforestation- and Conversion- Free Supply Chains**. Companies selecting indicators for inclusion in sustainability reporting can use this tool to guide reporting in line with the Framework and stakeholder expectations.

Several of the most commonly used reporting standards that address environmental and human rights issues linked to agricultural and forestry supply chains are well-aligned with the Accountability Framework and can be used to report following its guidance. Using these tools can help ensure that information is reported using robust and credible indicators.

Two reporting standards that can be used to guide indicator selection in public sustainability reports are the Global Reporting Initiative and the UN Guiding Principles Reporting Framework.

- **The Global Reporting Initiative (GRI)** provides a broad and well-accepted set of standards that support reporting using indicators developed through extensive consultative processes. GRI 13, the Sector Standard for Agriculture, Aquaculture, and Fishing, provides indicators on all topics within the scope of the Framework. This standard compiles indicators and reporting guidance on deforestation and conversion, biodiversity, climate, and human rights impacts, in addition to other relevant sustainability topics. It includes indicators on natural ecosystem conversion, which are compatible with more detailed reporting on progress towards deforestation- or conversion-free supply chains, as summarised below.
- **The United Nations Guiding Principles Reporting Framework (UNGP RF)** provides indicators for reporting on activities and outcomes related to human rights. It provides a helpful structure for reporting in alignment with the Accountability Framework on the content of commitments, company systems and policies, stakeholder engagement, and monitoring related to human rights.

In addition to or as part of annual sustainability reports, companies are encouraged to report via **CDP**, which has collaborated with the AFi to develop and provide detailed and precise indicators on efforts to eliminate deforestation and ecosystem conversion from supply chains. The Forests module of the CDP questionnaire is fully aligned with the Accountability Framework, and companies can therefore use CDP to report effectively on all aspects of their policies and commitments related to deforestation and conversion.



Identify what to report about company systems and processes

Most reporting standards include elements on company management systems to help fulfil responsible supply chain goals, commitments, and obligations. This includes both the company's own systems and those of its suppliers. The **Operational Guidance on Reporting, Disclosure, and Claims** provides detailed information on the management systems and company actions that should be incorporated into sustainability reporting related to deforestation, ecosystem conversion, and human rights risks and impacts in supply chains. As described in the guidance, comprehensive reporting should include information on the following elements, which are summarised below.

Company exposure to environmental and social risks: In order to transparently communicate their exposure to environmental and social risks, companies should disclose information about their land holdings, commodity purchases, and purchase origins. This includes the volume of relevant commodities produced or sourced by the company, locations of operations, and origins of commodity supplies. They should also identify and describe salient risks to ecosystems and human rights linked to their operations or supply chains, and how these risks are identified, categorised, and prioritised.

Governance and internal management systems: Companies should provide information about their governance structures, including levels of responsibility and accountability for environmental and social issues. Reporting should also describe companies' approaches to risk assessment and the availability of grievance mechanisms.

Traceability: For each commodity a company sources, it should report on the proportion of its total sourced volume that is traceable to each relevant geographic scale (eg, production unit, landscape/jurisdiction, or country). This reporting should be based on the finest scale to which each batch of materials is traceable, and the total should sum to 100% for each commodity. Information may be disaggregated by other relevant factors, such as sourcing origin, if this is useful to convey levels of progress across different segments of the supply chain.

Monitoring and verification: Companies should report on the monitoring and verification tools and systems used to assess compliance with company commitments and other obligations, such as certification systems or the use of remote sensing tools to assess farm-level or area-level deforestation. Reporting should include information about the proportion of supply chain volumes that are monitored via each approach.

Site establishment practices: Companies should report on systems and activities to help ensure that production and processing facilities are established in a way that protects forests, natural ecosystems, and human rights. These include integrated and participatory assessment and land-use planning processes to identify conservation and community values of land, assess land tenure, evaluate potential impacts of the proposed activities, and design plans to minimise negative impacts and mitigate unavoidable impacts.

Supplier management: Companies that source commodities from suppliers should report on the systems in place to manage their direct and indirect suppliers for compliance with responsible supply chain policies. This includes mechanisms for communication with suppliers about company commitments and policies, support to suppliers to fulfil company commitments and facilitate compliance, and policies to address non-compliance.

Landscape and sector engagement: To help address systemic risks and sustainability challenges related to their production and sourcing areas, companies often need to engage with other companies, as well as governments and other stakeholders, at landscape or sectoral levels. Companies should report on the landscape and sector initiatives in which they participate, and the nature of their participation.



Structure disclosure on deforestation- or conversion-free product volumes

In addition to reporting on their systems and activities, companies should report accurately and comprehensively on the extent to which the commodities they produce and source are free of deforestation and other ecosystem conversion.

To support interpretable and comparable reporting on this topic, the AFI provides a standardised set of metrics on deforestation- and/or conversion-free (DCF) commodity volumes. These metrics allow companies to disclose the DCF status of 100% of the agricultural or forestry commodity volumes that they produce and source, broken down by the method used to assess or verify DCF status, including third-party certification, monitoring of production units, and monitoring of sourcing areas.

Available via the CDP questionnaire and in the AFI's **Common Methodology** (described above), these metrics provide a consistent and comprehensive way for companies to disclose performance and progress towards DCF supply chains. See the **Operational Guidance on Reporting, Disclosure, and Claims** for the AFI's complete guidance on DCF disclosure.

Learn more

More information about reporting in alignment with the Accountability Framework can be found in the **Operational Guidance on Reporting, Disclosure, and Claims**.

In addition, the Accountability Framework offers detailed guidance regarding the design and implementation of all company systems and practices included in company reporting. You can access all of the Framework's Operational Guidance on responsible supply chains on the **AFI's website**.

Using the Framework as a reference for designing and implementing company policies and practices can ensure companies are well-positioned to report in alignment with stakeholder expectations.

