

The Accountability Framework

The Accountability Framework initiative (AFi) is a collaborative effort to help companies fulfill their ethical supply chain commitments for agriculture and forestry supply chains. The initiative is doing this by developing and promoting a framework that brings greater clarity, consistency, effectiveness, and accountability to the implementation of these commitments. By doing so, the initiative will accelerate progress to:



Halt deforestation



Protect other natural ecosystems



Respect community land rights



Protect human rights & labor rights

The core document – draft for public consultation

The core of the Accountability Framework is this document, which includes the following sections:

Executive summary

1. Scope and specification of supply chain commitments
2. Business and supply chain management to support effective implementation
- 3-5. Setting and implementing commitments related to deforestation, conversion of other natural ecosystems, and human rights
6. Monitoring, verification, reporting and claims
7. Remediation and remedy in the event of commitment violations
8. Broader stakeholder engagement related to responsible supply chains

Annex – provisional definitions

The consultation

The Accountability Framework core document is presently in draft stage. The AFi Steering Group seeks input from all interested stakeholders on the content and utility of the draft document and invites suggestions for how it could be improved. As you review the document, please note the two-column format (beginning after the Executive Summary). The draft Framework itself is in the left column, while the right column provides supplementary explanations along with three additional types of notes:

-  Questions on which the AFi partners especially invite consultees' feedback and input
-  Notes on the applicability of each section of the Framework
-  Topics that are expected to be elaborated further in an Operational Manual, which will accompany the core document in 2018

Before reviewing the core document, readers are encouraged to view the self-guided introductory presentation, which further explains the context, purpose, and approach of the AFi; please visit <https://accountability-framework.org/public-consultation/>.



The Accountability Framework

*Setting and implementing effective commitments on
deforestation, land conversion, and human rights in responsible supply chains*

DRAFT FOR PUBLIC CONSULTATION
10-October-2017

Sponsoring organizations constituting the Accountability Framework initiative Steering Group:



Executive Summary

In recent years, hundreds of companies have made public commitments to eliminate deforestation and human exploitation from their agriculture and forestry supply chains. These pledges are a promising development for the protection of ecosystems and the wellbeing of people and communities. But to translate these commitments into demonstrated progress on the ground requires effective mechanisms and clear guidance on implementation, monitoring, verification, and reporting.

The Accountability Framework fills this need by providing a globally applicable approach for establishing and implementing commitments on deforestation, land conversion, and human rights in responsible agriculture and forestry supply chains. The Framework is put forward by a coalition of civil society organizations who, together with other supporters, advocate for its adoption in the context of agriculture and forestry production and trade.

The Framework is not meant to replace or supersede existing initiatives or tools to support responsible supply chains. Likewise, it is not a new certification system. Rather, it provides an overarching structure that helps to align, improve, and augment the array of available implementation tools while supporting supply chain actors to identify and utilize credible and effective methods to implement their commitments. The Framework is designed to be used by commodity-producing and commodity-buying companies as well as government, advocacy groups, financial institutions, and others.

The Accountability Framework includes two parts: a high-level framework for setting and implementing effective supply chain commitments and a more detailed Manual, which will provide additional specificity on each topic. The present document is a first draft of the high-level framework, which is the focus of a stakeholder consultation period through the end of November 2017. Based on stakeholder input, the document will be revised, and may undergo additional consultation, before it is published in early 2018. Sections of the Manual are being developed beginning in late 2017 and will also undergo public consultation prior to publication.

The Framework addresses eight topic areas that are essential for establishing and implementing effective commitments; these are outlined below in summary form.

1. Scope and specification of commitments

- 1A: Scope. Commitments apply broadly across the company to address social and environmental risk.
- 1B: Applicable law. In addition to their voluntary commitments, companies conform to applicable law on human rights, labor, land and the environment.
- 1C: Terminology and definitions. Commitments reference and apply common terminology related to forests, other natural ecosystems, and human rights.
- 1D: Verifiable actions and time-bound targets. Commitments include publicly stated, time-bound targets.

2. Business and supply chain management systems

- 2A: Internal systems and processes. Companies establish systems and processes that effectively promote and facilitate implementation of commitments.
- 2B: Traceability, risk management, and supplier management. Origins of materials in supply chains are sufficiently known or controlled to ascertain that the production and processing units of origin comply with commitments, or to determine the extent and nature of issues that must be resolved. Processors and commodity-buying companies incentivize and actively support full compliance of their suppliers.

3. Supply chains are deforestation-free and protective of other natural ecosystems

- 3A: Deforestation-free. Companies commit to eliminating deforestation from their supply chains

- 3B: Other natural ecosystems. Companies commit to avoiding the conversion of other natural ecosystems as a result of their operations and supply chains. Other natural ecosystems include savannahs, natural scrublands, peatlands, wetlands, and natural grasslands.

4. Supply chains respect and promote human rights

- 4A: Rights of indigenous people and local communities. Companies commit to respecting, promoting and protecting the rights of indigenous peoples and local communities in all production and trade activities.
- 4B: Labor rights. *This subsection is a placeholder pending further consultation and stakeholder engagement to define the role of the Accountability Framework in helping to address labor rights issues.*

5. Responsible land use planning and management

- Companies commit to supporting responsible land use planning and effective long-term land management, commensurate with their role in the value chain.

6. Monitoring, verification, reporting, and claims

- 6A: Monitoring. Regular monitoring is conducted relative to the time-bound targets associated with each commitment. Monitoring follows accepted technical methods suitable for assessing social, environmental, and land-use outcomes related to the commitment scope.
- 6B: Verification. Progress toward meeting commitments is assessed and documented through verification processes conducted according to norms of good practice for credibility, rigor and independence.
- 6C: Reporting, disclosure, and claims. Progress and outcomes related to the implementation of commitments are reported publicly on a regular basis.

7. Remediation and access to remedy

- Where companies have caused or substantially contributed to adverse social or environmental impacts that violate commitments, they provide for or cooperate in remediation of these harms. An effective grievance mechanism is in place to ensure such access to remedy.

8. Stakeholder engagement and external relations

- Companies conduct their business and use their influence in an ethical and transparent manner to help protect the environment and advance human rights within their sphere of operations and influence.

The preceding summaries are elaborated with greater specificity in the body of the document. In addition, please consult the full document for definitions, additional explanations and commentary, and questions on which stakeholders are especially encouraged to provide feedback as part of the consultation process.

For more information about the Accountability Framework initiative, to review the full set of materials available for public consultation, or to subscribe to updates, please visit <https://accountability-framework.org>.

Vision

The sponsoring organizations of the Accountability Framework initiative (AFi) and their many partners around the world share a vision. We work for a world where forests and other natural ecosystems are conserved for their many values, where human rights are universally respected, and where rural people and communities can thrive while serving as effective stewards of the land. Others in the public and private sectors have articulated this same vision and joined together to amplify it in global pledges and targets including the New York Declaration on Forests and the Sustainable Development Goals.

To achieve this vision requires transforming how agriculture and forest commodities are produced and traded. Most immediately, these supply chains must be de-coupled from deforestation and ecosystem destruction and must protect land rights, labor rights, and other human rights enshrined in international law and good practice. Efforts to reduce supply chain risk must not take place in isolation, but in synergy with governments and others working to halt deforestation, improve land governance, reform public policies and incentives, and shift consumption patterns to respect the Earth’s finite resources. When this multi-pronged approach is effective, supply chain initiatives help to end deforestation and conversion at landscape scales while meeting Nationally-Determined Contributions for greenhouse gas reductions under the Paris Agreement. They support equitable rural development and the wellbeing of smallholders, workers and communities. And they are undiluted by the leakage of negative impacts among land areas, commodity sectors, or ecosystem types.

The Accountability Framework initiative seeks to fulfill this vision by helping companies and others overcome key barriers to transform supply chains on a broad scale. First, the AFi aims to provide clarity and commonality about how to define and implement key aspects of supply chain commitments in different commodity and geographical contexts. Second, the initiative seeks to better integrate the various systems to measure, verify, and report on progress, while defining best practices to improve these functions where they are currently inadequate to drive strong accountability. Finally, the AFi aims to inspire new commitments toward the end of collectively addressing the entirety of key commodity sectors.

Applicability and role of the Accountability Framework

The Accountability Framework provides a globally applicable approach for establishing and implementing commitments on deforestation, land conversion, and human rights in responsible agriculture and forestry supply chains. It is intended to improve the effectiveness and credibility of responsible supply chains initiatives by:

- clarifying key aspects of implementation of supply chain commitments
- clarifying which standards, tools and systems can effectively fulfill which dimensions of supply chain commitments in different contexts
- helping to improve the level of coherence and alignment among these different tools
- providing a global reference to inform the development of new tools and systems where they are needed to support implementation of commitments
- defining civil society expectations related to responsible supply chain commitments

The Accountability Framework references and builds upon accepted principles of international law and industry-agreed good practices on human rights and the environment.

It is not meant to replace or supersede existing initiatives or tools to guide the

The current set of sponsoring organizations for the AFi are those whose logos are shown on the cover page of this document.

For more information on the context and purpose of the Accountability Framework initiative, please see the accompanying Introductory Slides and visit <http://accountability-framework.org>.

These specific objectives reflect the results of a scoping and consultation process in late 2016 and early 2017, which assessed present gaps and barriers impeding the effective implementation of supply chain commitments. The AFi works to help fill these key gaps.

 *In many cases, the elements of the Accountability Framework can be fulfilled through existing systems such as voluntary certification programs, sector-level zero deforestation agreements and moratoria, regulatory frameworks, multi-stakeholder initiatives and others. The relationship between the Framework and existing implementation tools and systems*

implementation of supply chain commitments. Likewise, it is not a new certification system. Rather, it serves as an overarching framework that provides clarity on how existing initiatives can be used in complementarity ways to fulfill commitments. It also specifies norms for effective implementation, monitoring, verification, and reporting to guide activities in contexts where existing tools are lacking or inadequate.

The Accountability Framework is being developed through a consultative process led by a coalition of sponsoring civil society organizations and involving a range of stakeholders. The framework is expected to be supported as well by a growing set of partners, endorsers, and adopters. **These organizations advocate for all applicable elements of the Framework to be adopted in the context of all agriculture and forestry production and trade that presents risks for land conversion or human rights violations.** Application of the Framework should support continuous improvement by supply chain actors and others who support or influence supply chain responsibility.

Scope and organization of the Accountability Framework

At present, the Accountability Framework addresses critical social and environmental topics that are most commonly included in company supply chain commitments, and for which clarity on effective and credible implementation is most urgently needed. These topics include the protection of forests and other natural ecosystems as well as land rights, worker rights, and other human rights in the context of commodity production units and primary processing facilities.

However, to be fully sustainable, agriculture and forestry supply chains must also address many other social and environmental issues. In the future – depending on demand and stakeholder feedback – the framework may be expanded to address additional needs for sustainable supply chains, such as improving producer and worker livelihoods, restoring ecosystems, preventing land degradation, increasing production efficiency, and protecting water resources. For now, the Accountability Framework sponsors and supporters strongly encourage users to address these other important issues by using or participating in other standards, guidelines, partnerships, and initiatives focused on these topics.

The core of the Accountability Framework is this document, which includes the following sections:

- 1: Scope and specification of supply chain commitments
- 2: Business and supply chain management systems to support effective implementation of commitments
- 3-5: Setting and implementing commitments related to deforestation, conversion of other natural ecosystems, and human rights
- 6: Monitoring, verification, reporting and claims
- 7: Remediation and remedy in the event of commitment violations
- 8: Broader stakeholder engagement related to responsible supply chains

In addition to this document, the Accountability Framework will also include a more detailed Manual that is integral to the Framework and provides further specificity related to each section. This Manual will also clarify how different regional, national and commodity-specific initiatives relate to the global Accountability Framework. The Manual is being designed so that its contents can be directly used by companies and other users, for instance through

will be elaborated in a Manual that accompanies this document.

The Framework is oriented to contexts with moderate, high, or unknown risks of land conversion or human rights violations. These risks can be present in tropical and sub-tropical as well as temperate settings, and in both developed and developing nations.

For all

What kinds of detail or guidance would you be most interested to see included in the Manual?

supplier codes and contracts, monitoring systems, reporting platforms, certification schemes, grievance redress mechanisms, and the work of service providers that support implementation of responsible supply chains.

Intended uses of the Accountability Framework

The Accountability Framework responds to requests from the private sector for NGOs to offer clearer, simpler, and more unified direction on how to formulate, implement, and measure progress toward responsible supply chain commitments. As such, the Framework is designed to be used by companies that produce, trade, or purchase agriculture and forestry commodities, along with these companies' suppliers, subsidiaries, customers and affiliates.

How can companies use the Accountability Framework?

For companies pursuing responsible supply chains, the Accountability Framework is intended to help in several ways:

- i) To assess their present commitments and implementation systems against a good practice benchmark agreed by a broad NGO coalition, and determine whether adjustments are warranted;
- ii) To navigate and assess the wide array of definitions, implementation tools, and systems and help identify which ones are most suitable to help operationalize the company's commitments, globally and in different contexts; and
- iii) To incorporate or clarify key details in their operational systems and procedures to help improve the effectiveness and credibility of implementation efforts and to ensure alignment with common good practices and accepted norms.

Key intended company user groups include senior sustainability and procurement staff; managers of regional operations; and team members responsible for procurement, supplier management, monitoring and verification, sustainability reporting, and related policies and procedures. In general, the present document is more oriented toward senior and global staff, while the details in the Manual may be especially relevant for operational team members and regional staff. However, the two parts of the Framework will be tightly integrated to support companies in establishing a single coherent implementation approach that links global commitments and policies to contextualized details and systems.

The AFi partners encourage companies to publicly communicate their intent to follow the Accountability Framework and the steps they are taking to do so. However, since the Accountability Framework is not a certification system, the AFi does not intend to support company claims regarding compliance to the Framework. Rather, the Framework will help to improve the credibility of claims made based on other tools and systems. For more information, please see <https://accountability-framework.org/claims>.

Other intended users include:

- **Peoples and communities affected by commodity production**, and the civil society organizations that support or represent them, can use the Framework to help monitor conditions and impacts on the ground, and to participate in accountability processes to help protect their individual and collective rights and seek remedies for right violations when necessary.
- **Producers' associations or cooperatives** can apply the Framework to anticipate buyer preference for responsible supply and differentiate themselves to seek market advantages for providing such supply.

For companies

Do these 'use cases' reflect present needs within your company? Are there other key needs for clarifying and supporting the implementation of responsible supply chains?

For companies

Are these the main user groups for norms and guidance on sustainability topics? What kinds of features, format, or interactive tools would make the Accountability Framework especially useful to company staff?

In addition to being intended user of the Framework (once it is complete), each of these groups is invited through this consultation process to help design and develop the Framework in a manner that helps address key needs and gaps related to their role in implementing supply chain commitments.

- **Governments** can apply the Framework to help implement their own initiatives and obligations, including by monitoring progress at a jurisdictional, sub-national or national level, and linking local or national efforts to global policy frameworks. In their role as commodity buyers or regulators of trade, governments can use the Framework to help implement procurement standards or trade provisions that promote responsible production and trade.
- **Advocacy or “watchdog” groups** can use the Framework to help assess – in common and meaningful ways – the quantitative and qualitative progress of specific companies in setting and fulfilling supply chain commitments.
- **Investors** can use the Framework to define or implement responsible lending practices, and to help screen or evaluate potential lending opportunities based on the actual performance of prospective borrowers relative to key social and environmental risk metrics.
- **Reporting and tracking initiatives** can use the Framework to help create more reliable, comparable, and interpretable summaries of progress across sectors, geographies, and themes.
- **Implementation service providers** can adopt the Framework to help develop and apply best-practice approaches to implementation, monitoring and verification, thereby improving the credibility and value of their work.
- **Certification systems and commodity roundtables** can use the Framework to help inform the development of new standards and procedures, or revision of existing ones, to align with emerging best practice tools and safeguards on the focal environmental and social topics, and to integrate more tightly with other implementation, monitoring, and reporting tools that companies are applying.

Q For all

For the audience type that best fits yourself or your organization, does the description seem consistent with how you might utilize the Framework? Are there other key needs for clarifying, supporting, or assessing the implementation of responsible supply chains? What kinds of features, format, or interactive tools would make the Framework especially useful to your organization?

1. Scope and specification of commitments

1A. Scope

Commitments apply broadly across the company to address the social and environmental risks that may arise as a result of the company’s operations. *Broad scope is essential if company commitments are to drive transformative change while minimizing displaced impacts.*

- Commitments apply to all segments of the business for which agriculture or forest production or trade may pose significant environmental or social risks; their scope is not limited to specific markets, product lines, ownerships, or geographies.
- If commitments do not apply to the entire business because some business segments are not subject to significant environmental or social risks, then the commitments clearly specify the products, operations and financial transactions included within the scope. The defined scope is justified by a credible risk analysis that is made publicly available in summary form.
- Within the bounds of the defined scope, commitments include the company’s related business activities, including all subsidiaries, affiliates, joint ventures, majority holdings, and suppliers that produce, process, or trade commodities, as well as the financing of any of these.

This section elaborates good practices for formulating supply chain commitments that are clear, credible, and can be objectively monitored and assessed.

A Applicability

This section applies to companies at all levels of the supply chain.

This element is consistent with the definition of “company” provided in the Annex.

1B. Relationship between company commitments and applicable law

In addition to their voluntary commitments, companies conform to applicable law on human rights, labor, land and the environment.

- As specified in the UN Guiding Principles on Business and Human Rights, companies respect human rights, even where national laws or policies may not.
- Where applicable law and company commitments both apply to the same topic, the highest standard prevails.

1C. Terminology and definitions

Commitments reference and apply common terminology related to forests, other natural ecosystems, and human rights. This is important because commitments can be understood and monitored only if key concepts are clearly defined. Use of common terminology avoids duplicative efforts to define terms and helps establish comparable performance indicators and data for monitoring and verification.

- Commitments reference and utilize the common definitions of the Accountability Framework and, where applicable, specific contextualized definitions (e.g., established in certification standards, legislation, or legitimate multi-stakeholder processes) that will be identified in the Manual as being credible and consistent with these common definitions.
- These common definitions are applied in all relevant aspects of business and supply chain management, such as supplier contracts and oversight, procurement, and reporting.

1D. Verifiable actions and time-bound targets

Commitments include publicly stated, time-bound targets that reflect the urgency of addressing the subject environmental and social issues and that are specific, quantitative, and can be objectively evaluated and verified.

- For each aspect of its commitments, the company publicly specifies time-bound and geographically-specific targets. Targets specify achievement of commitments as quickly as is feasible, while also recognizing differing capacities for implementation and the importance of maximizing inclusion (especially of smallholders) to achieve scale and ensure lasting change. Where applicable, company targets reference and align with broader goals or targets, such as the New York Declaration on Forests, except to the extent that existing company commitments already specify more aggressive targets.
- If implementation will be phased across different product groups, business segments, or levels of suppliers (e.g., direct and indirect), a time-bound implementation schedule is specified per segment. This sequencing prioritizes areas for which the environmental and social issues are likely to be the most significant.
- Stated targets and any associated indicators are specific enough so that progress and claims can be objectively assessed, both internally (within the company and its supply base) and by external parties.
- Targets and indicators are reviewed periodically to assess their continued suitability for defining effective implementation, and are revised if necessary. This is done in view of changing circumstances and in consultation with relevant stakeholders.

Applicable law includes sub-national, national, and international laws. Where more than one such law applies, the highest standard prevails. Responsibility of commodity-buying companies for legal compliance of their suppliers is addressed similarly to other upstream supply chain impacts and risks as elaborated in Section 2B.

 *Provisional definitions of many terms are provided in the Annex to this document. Once finalized, these common definitions will be included in the Manual, which will also clarify the relationship between these common definitions and various contextualized definitions presently in use.*

Specific time-bound targets provide needed detail regarding when, where and how the company intends to fulfill its commitments. They also provide an objective measure to assess performance, facilitate any needed modifications in operations, and foster accountability.

2. Business and supply chain management systems

2A. Internal systems and processes to drive effective implementation

Companies establish systems and processes that effectively promote and facilitate implementation of commitments. Following are key elements of company systems to support effective implementation of responsible supply chain commitments.

- The company establishes senior leadership responsibility and accountability to stand behind its commitments, including at CEO and/or board-level.
- Commitments are embedded into decision-making processes and performance metrics of core business units (e.g., procurement) and of operational units, agents, affiliates and subsidiaries at regional, national and local levels. This includes by raising awareness, capacity, and dedication of relevant personnel through articulation in company policies, manuals, and training initiatives.
- Companies develop and apply effective systems to guard against providing financing or other forms of support to producers or suppliers involved in deforestation, land conversion, or the violation of human rights, except where this support is to achieve time-bound improvement plans toward fulfilling the company's commitment (see Section 2B).
- To the extent that a commodity-buying company lacks full or direct control over its suppliers, it engages with its direct suppliers to ensure that they source only from indirect suppliers that comply with the company's commitments and with the Accountability Framework. In these situations, the company also works with its peers sourcing from the same area, and with other parties such as the government, to encourage suppliers to adopt and implement compliant practices.

2B. Traceability, risk management, and supplier management

Origins of materials in supply chains are known or controlled to a sufficient extent to ascertain that the production and processing units of origin comply with commitments, or to determine the extent and nature of issues that must be resolved. Processors and commodity-buying companies incentivize and actively support full compliance of their suppliers.

- For companies at all stages of the value chain, raw material supplies are assessed for risks of non-compliance with commitments, and risk assessments are kept current. Effective control systems – including certain certification programs, government monitoring and enforcement systems, jurisdictional management, or trader-managed control systems – may be utilized to identify low-risk supplies. For segments of the supply base where risks related to any of the environmental or social topics in the Accountability Framework are moderate, high, or unknown, further traceability is conducted to the degree necessary to ascertain compliance or to identify areas of non-compliance. In such situations:
 - o Producers, processors, and traders know the origin of raw materials to the level of the farm, estate, plantation, ranch, or forest management unit. For smallholders, origin is known to the level of the farmer group or the smallest legal jurisdiction, except where risk at this level of aggregation is high, in which case supplies are traced to individual farms. If traceability to these levels is not initially available, then traceability is progressively improved to these levels over a pre-defined timeline, prioritizing the highest risk settings.
 - o Manufacturers and retailers trace supplies further upstream until they are able to ascertain compliance or determine the extent and nature of non-

This section identifies management systems to help institutionalize social and environmental responsibility within companies and across supply chains. While these systems and management approaches are not guarantees of effectiveness, they are usually pre-conditions for it.

A Applicability

This section may apply differently depending on the company's size, organizational structure, and position in the supply chain. Points that are applicable only to certain kinds of companies are noted as such.

? For companies

In your experience or estimation, do these kinds of systems and processes help ensure that company-wide supply chain policies are carried out across the organization? Are there others you would add?

As indicated here, the Accountability Framework does not call for full traceability under all circumstances. Traceability is a means to the end of ensuring responsible supply chains, including by identifying and making investments to address outstanding issues.

 *The Manual will provide further detail on characteristics and examples of effective control systems that fulfill the Accountability Framework.*

? For companies

Are these expectations for risk assessment and traceability feasible in the context of your business, including in the context of spot trading (if conducted)? If not, what are the limitations or barriers to knowing or controlling your supplies in this way?

compliances that must be resolved. This requirement may be met using information provided by suppliers that conforms to the applicable elements of the Accountability Framework, including related to monitoring and verification.

- Companies communicate to suppliers that they will accept only materials that are produced and controlled in accordance with the Accountability Framework. Companies that maintain long-term or recurring buying relationships with producers or processors support these suppliers to be able to fulfill commitments. Support prioritizes engagement with lower-capacity suppliers, such as smallholders, to avoid their exclusion from supply chains.
- Companies manage non-compliance in their supply base to resolve such issues expeditiously without sanctioning or promoting (intentionally or unintentionally) further non-compliance in or around supply areas. Specifically:
 - Non-compliant processors or traders may be retained as suppliers if they have developed and are implementing an expeditious and time-bound action plan to achieve compliance across their entire operation. When necessary, this includes supporting remedial actions to retain or re-integrate non-compliant entities (see Section 7). Supply contracts with non-compliant processors or traders are terminated for reasons of non-compliance if there are persistent breaches or lack of significant improvement according to the time-bound plan despite investment or support to address non-compliances.
 - Non-compliant producers (except smallholders) are excluded as suppliers in certain cases (as will be further specified in the Manual) until they can demonstrate compliance, including any necessary remediation (Section 7). Producers that are not excluded have developed and are implementing a time-bound action plan to achieve compliance.
 - Non-compliant smallholders can be retained as suppliers if they are actively working to remedy non-compliance and prevent further non-compliance in the area, or if they are part of a smallholder group, program, or local supply chain (e.g., of a processor or trader) that is taking such steps.

3. Supply chains are deforestation-free and protective of other natural ecosystems

Forests and other natural ecosystems are critical for carbon storage, biodiversity protection, water supply, adaptation to climate change, and sustaining the wellbeing of indigenous peoples and local communities. Accordingly, the Accountability Framework advocates for a rapid transition to eliminating natural ecosystem conversion for agriculture or forestry commodity production. Deforestation-free commitments are a critical step toward this end, but in some contexts can risk displacing conversion pressure from forests to other natural ecosystems. Therefore, this section addresses deforestation-free supply chains (section 3A) as well as the more comprehensive no-conversion approach (section 3B). Both types of commitments should utilize common definitions (section 1B) and follow good practices for delineating and effectively conserving natural ecosystems (section 5) and for monitoring, verification and reporting (section 6).

Retailers include supermarkets and restaurant chains.

Best practice for exclusion versus continued inclusion of non-compliant suppliers should balance the dual aims of promoting continuous improvement without incentivizing continued non-compliance (of existing suppliers) or new non-compliance (including in new production areas). The weight of these considerations may differ by geographic and policy context (e.g., whether moratoria are in place): in some contexts, strong sanctions and exclusion mechanisms send an effective market signal to end non-compliant practices, while in other cases this approach encourages suppliers to sell to other, less responsible, buyers and may worsen negative impacts. Accordingly, this element specifies a general approach to non-compliance and exclusion, but not a single generic rule. Further detail will be provided in the Manual.

A Applicability

This section applies to companies at all stages of the value chain.

? For all

In what ways (if any) do you believe that the provisions of this section should be adjusted or nuanced for a smallholder context?

3A. Deforestation-free supply chains and protection of forests

Companies commit to eliminating deforestation from their supply chains to help achieve a halt in global deforestation as specified in the New York Declaration on Forests and the UN Sustainable Development Goals. "Deforestation-free" signifies that a company's land-based activities, sourcing and financial investments are not linked to deforestation.

- Commitments protect against the conversion of forests to agriculture, plantation forestry, livestock production or other land uses, except at minimal levels. Conversion also includes human-induced degradation to a degree that forests lose key characteristics or functions, as elaborated in the definitions.
- Supply chains are deforestation-free by the date specified in existing company commitments or by the New York Declaration on Forests target date of 2020, whichever is earlier.
- To minimize incentives for deforestation leading up to the target date, each commitment specifies a cutoff date (after which land units associated with recent deforestation are deemed non-compliant) as being the date of commitment's issuance or earlier. If a specific cutoff date has already been defined within existing norms or policies for a given commodity and context, then this cutoff date applies for all commodity production and trade in this context.

3B. Protection of other natural ecosystems

Companies commit to eliminating the conversion of other natural ecosystems as a result of their operations and supply chains. Other natural ecosystems include savannahs, natural scrublands, peatlands, wetlands, and natural grasslands. "No conversion" signifies that a company's land-based activities, sourcing and financial investments are not linked to the conversion of natural ecosystems.

- Commitments protect against the conversion of non-forested natural ecosystems (including gradients of forest to non-forest natural ecosystems) to agriculture, plantation forestry, livestock production or other land uses. Conversion also includes human-induced degradation, including drainage of peatlands or other wetlands, to a degree that natural ecosystems lose key characteristics or functions.
- Companies that have not yet committed to no-conversion production and sourcing establish such a commitment, specifying a deadline for the rapid cessation of all natural ecosystem conversion while minimizing any conversion in the interim.

4. Supply chains respect and promote human rights

4A. Protection of the rights of indigenous people and local communities

Companies commit to respecting, promoting and protecting the rights of indigenous peoples and local communities in all production and trade activities. This includes, among others, these peoples' and communities' rights to property, culture, a healthy environment, self-determination, self-governance, non-discrimination, and full and effective participation in the decisions that affect them. Companies commit to:

- Conform with the UN Declaration on the Rights of Indigenous Peoples.
- Respect the rights of indigenous peoples and local communities to self-governance, to define their development priorities, and to maintain and transmit their cultural identity (including traditional knowledge and cultural sites).
- Ensure that, in the context of any company activity, indigenous peoples' and local communities' formal and customary rights to lands, territories and resources are

See the Annex for a definition of "minimal levels" and explanation of what this signifies in practice.

Agriculture and forest products associated with conversion in "high forest cover landscapes" (HFCLs) are not compatible with Section 3A and are not considered deforestation-free. The AFI does not sanction such conversion. The AFI recognizes that some governments may be exploring commodity development in HFCLs as part of national development plans and land-use plans. The AFI welcomes input on how it can best help to ensure positive conservation and development outcomes in such contexts.

🔍 For companies

Is a "no conversion" approach feasible for your company? If not, why not? In which contexts (commodity & region) do you perceive the greatest challenges? If you feel that such an approach is infeasible at present, what is a viable timeline for phasing out the conversion of non-forested natural ecosystems?

🔍 For all except companies

Do you or your organization support a "no conversion" approach? Why or why not?

📌 Applicability

This section applies to companies at all stages of the value chain.

identified, recognized and secured. This includes their rights to own, occupy, use and administer these lands, territories and resources.

- Ensure that, prior to any activity that may affect indigenous peoples' and local communities' rights, land, resources, territories, livelihoods, and food security an effective process of free, prior and informed consent (FPIC) is implemented in a culturally appropriate manner, in accordance with the traditions, norms and values of these peoples and communities, and through the representatives and institutions they choose.
- Ensure that where commercial or conservation uses impinge on their rights, lands, resources, territories and livelihoods, indigenous peoples and local communities have: i) continued access to these lands, territories and resources; ii) just and fair compensation; and/or iii) an equitable share in the benefits from such uses – each in a manner commensurate with their formal and customary rights, the negotiated outcomes of the FPIC process, and applicable law.
- Take measures to provide just and fair restitution and compensation through mutually agreed procedures in cases where the company has caused or substantially contributed to appropriation of or harm to the lands, territories or resources of indigenous peoples or local communities without an effective FPIC process.
- In the case of ongoing land conflicts, halt any efforts to acquire or gain control of land, resources or territories related to these conflicts until they are addressed through a mutually agreed negotiation process consistent with applicable law.

4B. Protection of labor rights

This subsection is a placeholder pending further consultation and stakeholder engagement to define the role of the AFi in helping to address labor rights issues.

The AFi recognizes that many organizations have been working for years toward common approaches and best practices to address critical issues and improve accountability related to labor rights. The AFi has begun a scoping and consultation process with organizations working on labor rights and social accountability to determine how the AFi can best contribute to this space in view of progress-to-date and current efforts. This process will continue throughout the public consultation period. Based on the outcomes of this process, Section 4B may be elaborated in future versions of this document, with the close involvement of credible experts and organizations working on labor rights issues.

 *The Manual will provide further information on implementing FPIC.*

For all

Input on how the AFi can most effectively support and complement existing efforts to address labor rights issues is welcome. Please see several questions on the feedback form related to this topic.

5. Responsible land use planning and management

Companies commit to supporting responsible land use planning and effective long-term land management, commensurate with their role in the value chain. These actions are critical to help fulfill commitments related to natural ecosystems (Section 3) and respect for land rights (Section 4A). Responsibilities for companies at each stage of the value chain are specified below and will be further detailed in the Manual.

- **Land developers:** For companies involved in developing land for commodity production – or in supporting, financing, or acquiring land for such development:
 - Prior to any development or other change in land use or land designation, the company conducts or supports a participatory assessment of the conservation and community values and land tenure rights of the subject land, the potential impacts of the proposed activities, and alternatives or mitigation actions to address such impacts. This assessment uses **recognized and technically sound approaches**, considers social and environmental aspects together and in relation to one another, actively provides for the participation of potentially affected indigenous peoples and local communities, and is made publicly available. Plans for land development or other land designations are based on the results of this assessment.
 - In contexts where commitments to eliminate deforestation or land conversion may conflict with the self-determined land use plans or intentions of indigenous peoples and local communities, companies follow guidance in the Manual to determine if and how they can fulfill applicable commitments in the given context.
 - As a result of the land assessment and planning process – and prior to initiating any activities – an **effective mechanism** is put in place to ensure the long-term protection and effective management of any areas of conservation or community importance. This mechanism is documented in writing, agreed by the relevant authorities, indigenous people and local communities, and specifies the roles and obligations of the company, affected peoples and communities, and other entities.
- **Land managers** of commodity production lands conduct or support **land management activities necessary to protect the conservation and community values of the subject site(s)** and adjacent areas, as specified in the preceding bullets or otherwise. Entities that acquire commodity production lands assume the obligations associated with those lands related to conservation, land management, community relations, and remedy of past harms.
- **Land developers, land managers, and traders** that have a significant production or procurement footprint in specific landscapes participate in or support **multi-stakeholder planning and policy efforts** to improve land governance at a landscape or jurisdictional level.
- **Processors, traders, and other buyers who purchase directly from producers** source products from lands where either: i) the preceding elements have been fulfilled, or ii) producers are following a time-bound plan for effective land management to protect sites' conservation and community values and to remedy past harms, consistent with Sections 2B and 7.

A Applicability

This may apply differently depending on the company's position(s) and role(s) in the value chain. For companies that play multiple roles, applicability is based on the company's role(s) in any given instance, activity, or transaction. This section does not apply to smallholders.

Examples of **recognized, technically sound approaches** include environmental and social impact assessment (ESIA), the High Conservation Value (HCV) approach, High Carbon Stock Approach (HCSA) assessments, Systematic Conservation Planning, delineation of Key Biodiversity Areas, and others. If the proposed activities may affect the rights, lands, resources, territories or livelihoods of indigenous peoples or other local communities, then the assessment should also integrate an FPIC process (Sec 4A).

Effective mechanisms may include zoning or administrative land changes, allocation or re-assignment of tenure rights, establishment of ecosystem management plans, incentives to local communities, and other commitments of funding, support, or technical assistance.

As an example, this provision on land management may require plantation managers to retain natural ecosystem areas under their control and to effectively manage (or support others to manage) the conservation values of these areas. Managers may also need to restrict access, prevent encroachment, and constructively engage with surrounding communities to help safeguard conservation areas.

Such efforts – typically led by government and often involving other stakeholders – can help clarify land-use designations and land rights while providing effective policies, law enforcement, and incentives for long-term management of lands designated for conservation or community use. Companies should orient supply chain interventions to support these wider efforts to address drivers of land conversion and to strengthen land governance.

6. Monitoring, verification, reporting, and claims

6A. Monitoring

Regular monitoring is conducted relative to the time-bound targets associated with each commitment (see Section 1C). Monitoring follows accepted technical methods suitable for assessing social, environmental, and land-use outcomes related to the commitment scope. Certain existing control systems may adequately fulfill monitoring needs, as will be elaborated further in the Manual.

- Monitoring methods are based on common definitions (Section 1B) and utilize recognized and technically sound approaches to increase the credibility and comparability of observations and reported values at different scales and across different geographies and commodities.
- Monitoring of forests, other natural ecosystems, and land use change on and around the land units associated with the company's operations or supply base is conducted through use of a credible earth-observation tool that adheres to the definitions and other elements of the Accountability Framework. To permit effective use of such tool(s), the company or its monitoring and verification providers obtain spatial location or boundary data for production units. Where initial monitoring based on regional or global datasets indicates a moderate or high risk of current, recent or future non-compliance, more detailed monitoring is conducted based on high-resolution imagery, field observation, or other effective techniques.
- Monitoring incorporates the input and active participation of affected parties as well as experts on local biodiversity, human rights, and environmental issues.
- As part of the monitoring system, mechanisms for grievances, complaints, and dispute resolution are established and functioning consistent with Section 7. These mechanisms define procedures for redress in the event of violations of land-related commitments.
- Where monitoring detects deficiencies or risks relative to the company's commitment, the company establishes – or supports its suppliers to establish – improvement plans and investments to address these issues (see Section 2B).

6B. Verification

Progress toward meeting commitments is assessed and documented through verification processes conducted according to norms of good practice for credibility, rigor and independence. Companies that purchase commodities may fulfill their verification needs by utilizing existing control systems (such as certification) or other verification providers that follow the Accountability Framework.

- Verification is conducted relative to clearly defined elements of a company commitment and an associated set of indicators against which safeguards, outcomes, and targets may be objectively evaluated. Verification indicators follow common definitions (Section 1B).
- Verification follows good practice norms for sampling and level of intensity; methods for detecting risks and non-compliances; qualifications and experience of the assessment team; independence of the assessment and the assessors from the company being evaluated; scope and depth of analysis to provide reliable assurance; and transparency regarding the verification scope, indicators, process, and results.
- Verification processes may utilize a risk-based approach to characterize risk levels across the scope of the verification activity and focus in-depth assessment efforts

A Applicability

This section applies to companies at all stages of the value chain, but specific obligations for monitoring, verification, and reporting are commensurate with the company's role(s) in the value chain. Commodity-buying companies that procure commodities through spot trading may fulfill these requirements by identifying low-risk supply pools from which to purchase and/or by requiring that spot sellers furnish credible information (consistent with the elements of this section) on the compliance of their products with the company's commitments.

Whereas supply chain traceability and monitoring can be part of an improvement process to assess progress within the supply chain and identify priorities for intervention, verification is an assurance process meant to provide independent validation that a given level of progress or performance has been achieved. Verification is important for conveying reliable information about performance up and down the supply chain and to external stakeholders.

 *The Manual will provide more information on the extent to which different verification methods and control systems fulfill the elements of Section 6B and other parts of the Framework.*

accordingly. Risk characterization may utilize data from first- and second-party monitoring as well as generalized (e.g., national or global) maps, databases, or analytics on social or environmental performance and risk. Where there is high risk of non-compliance or poor performance relative to the verification indicators, actual performance levels are independently assessed through third-party verification. Such assessment may also be required where risk levels are moderate or unknown.

- Verification processes incorporate relevant information and perspectives from local stakeholders to assess risks and performance levels related to the scope of the verification. Effective mechanisms are established to facilitate the sharing of such information in an open manner that protects the confidentiality and safety of persons providing information.

6C. Reporting, disclosure, and claims

Progress and outcomes related to the implementation of commitments are reported publicly on a regular basis. *These reports reference and adhere to common definitions (Section 1B) and good practices for conveying precise and verifiable information. Company claims regarding progress or performance are backed by credible verification (Section 6B).*

- At least once a year, companies publish information on the status of progress toward meeting their commitments. This information is publicly accessible in formats and languages that are culturally appropriate and accessible to stakeholders.
- Such reports present quantitative and qualitative metrics of implementation progress relative to the company's publicly issued commitments, targets and key performance indicators. Reports also indicate the monitoring methodology, data sources, and the means by which information has been independently verified, if at all (Section 6B).
- Reports include a summary of grievances and concerns received by the company (or otherwise known through reasonable efforts by the company) regarding the implementation of its commitments, the alleged impacts of production and trading operations, and the company's response to these. These summaries protect the confidentiality of those filing grievances or contributing information, if requested.
- Personnel of the company or its suppliers or business partners are not penalized for furnishing information for reporting purposes.
- Companies provide opportunities for public comment on progress reports and all aspects of commitment implementation.
- Communications about progress or performance utilizes common definitions (Section 1B) and is substantiated by public reporting on actual implementation actions and outcomes. Claims regarding the achievement of specific outcomes or performance thresholds (e.g., no deforestation or no child labor) are backed up by verification consistent with Section 6B and associated details in the Manual.

7. Remediation and access to remedy

Where companies have caused or substantially contributed to adverse social or environmental impacts that violate commitments, they provide for or cooperate in remediation of these harms. An effective grievance mechanism is in place to ensure such access to remedy. *Specifically:*

- Companies ensure that effective governmental and/or company grievance mechanism(s) are in place to identify and resolve complaints and conflicts. Grievance mechanisms are developed, assessed, and/or improved to fulfill the Effectiveness Criteria of the UN Guiding Principles on Business and Human Rights. Availability of

 *The Manual will provide more detail on these good practices for verification.*

For all

The AFi plans to convene a Verification Working Group to further elaborate good practices for credibility, rigour, transparency and independence of verification of supply chain commitments. This work will build on existing best practices and ongoing innovations in this area. As input to this work, the AFi welcomes stakeholder input regarding the greatest needs and opportunities to improve verification for responsible supply chains.

Applicability

This section applies most directly to companies that develop, own, manage, or have a business interest in commodity-producing properties. However, companies at all downstream stages of the value chain must also fulfill these provisions through their policies and practices on sourcing, supply chain management, and treatment of

company mechanism(s) does not prejudice or limit the right of affected parties to use additional mechanism(s) otherwise available to them.

- Companies ensure that grievance mechanisms provide fair and just remedies for affected parties in the case of adverse impacts that violate applicable law or company commitments.
- Companies protect the security of human rights defenders, whistle-blowers, complainants and community spokespersons and ensure their anonymity when requested.
- Remedy for recent conversion of forests or other natural ecosystems may include ecosystem protection and restoration, among other remedies. The appropriate remedy and the respective obligations of producers and other parties will vary by context; additional detail will be provided in the Manual.
- Companies do not divest their interests in land without either: i) fully resolving any outstanding grievances, or ii) legally transferring such obligations to another party (e.g., the new owner).
- Companies purchasing or otherwise acquiring control of commodity-producing properties assume responsibility to remedy past harms – consistent with their commitments, the Accountability Framework, and applicable law – whether or not these liabilities were known or disclosed at the time of acquisition.

8. Stakeholder engagement and external relations

Companies conduct their business and use their influence in an ethical and transparent manner to help protect the environment and advance human rights within their sphere of operations and influence.

- Company-supported advocacy and governmental engagement at all levels is consistent with the company's commitments, applicable law, and the elements of the Accountability Framework. This includes advocacy related to land rights or designations, regulations affecting commodity production and trade, and labor laws, among others. Companies publicly disclose all political contributions and campaign expenditures at all jurisdictional levels.
- Companies encourage partners, suppliers, customers and peers in the agriculture and forestry sector as well as relevant associations, industry groups and government actors to follow the elements of the Accountability Framework.
- Companies that currently work in, or source products from, contexts characterized by high social or environmental risk or poor governance remain engaged in these settings, with a focus on mitigating such risks.

non-compliances, as elaborated in Section 2B and elsewhere in the Framework.

A Applicability

This section applies to all companies.

Higher-risk settings often provide opportunities to improve social and environmental outcomes by working with well-intentioned producers and partners on a long-term basis. The AFI encourages companies already working in such settings to remain engaged and use their influence to support positive outcomes. Adherence to the Accountability Framework can help reduce risk and drive greater positive impact through good practices for responsible company activity in such contexts.

IMPORTANT NOTE

The logo of the Accountability Framework or its partner organizations may not be used without the express written permission of the Accountability Framework initiative or each respective partner organization.

For more information, please visit <https://accountability-framework.org/claims>.

Annex: Provisional Definitions of Key Terms and Concepts

This Annex provides provisional definitions of key terms and concepts used in the Accountability Framework. These definitions – like the entire draft Framework document – are put forward for stakeholder review and feedback as part of the public consultation process. Once refined, these definitions will be published as part of the Accountability Framework Manual.

The definitions are intended as generic global descriptions of key terms and concepts. As such, they are meant to be suitable as reference definitions for company policies, monitoring frameworks, and reporting systems at a global level. In practice, global definitions sometimes need to be further specified or nuanced to apply to specific contexts. For instance, what constitutes a “minimal level” of forest conversion may differ somewhat by context, depending on patterns of forest ecology, land use change, or other factors. Nevertheless, it is useful to define a globally applicable notion of “minimal level.”

Based on this logic, the draft generic definitions presented here are designed to be compatible with various existing contextualized definitions, such as those included within commodity- or region-specific commitments, certification standards, regulations and other normative frameworks, and the scientific literature. The Manual will clarify the relationship between the Framework’s generic definitions and key contextualized definitions presently in use. Where contextualized definitions are lacking but are needed to help guide implementation of commitments, these generic definitions may be applied, or else used as a reference to develop new contextualized definitions through legitimate processes.

Definitions related to forests, natural ecosystems, land use, and conversion/deforestation

Natural ecosystem: an ecosystem that substantially resembles – in terms of species composition, structure, and function – one that is or would be found in a given area in the absence of major human impacts. This includes ecosystems that have not been subject to major human impacts in recent history as well as those that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where main causes of impact have ceased or greatly diminished and the ecosystem has re-gained much of its prior species composition, structure and function. Natural ecosystems may contain some level of degradation.

Examples of terrestrial natural ecosystems include primary and secondary forests, savannahs, natural scrublands and grasslands, peatlands, and other wetlands. Plantations (as defined below) are not considered natural ecosystems. Livestock grazing areas that are enclosed or dominated by non-native vegetation are not considered natural ecosystems; however, pastoral or other systems for livestock rearing on native grasslands are generally considered natural ecosystems.

Forest: Tree-covered land – exceeding specified thresholds of tree canopy cover, tree height and patch size – that is not predominately under agricultural, urban or other land use.

Source: adapted slightly from FAO Forest Resources Assessment (Working Paper 180, 2015). Please note:

- *This definition includes primary forests whose composition, structure and dynamics remain largely in their natural state, as well as secondary forests possessing a mixture of natural and human induced composition, structure and dynamics.*
- *For the purpose of company deforestation-free commitments, the focus is on preventing the conversion of natural forests – that is, forests that are natural ecosystems (as defined above). To the extent that plantations are included in existing forest definitions and monitoring systems (e.g., of the FAO and national governments), the AFi advocates that natural forests be distinguished from plantations for the purpose of conducting forest inventories and quantifying forest loss and gain. This will facilitate comparability between government land-use monitoring and the tracking of supply chain commitments focused on human-induced conversion of natural forests.*

- *Forests that have lost considerable vegetation due to logging or natural causes are still considered forests if they are being managed for forest land use on a long-term basis and are expected to regenerate naturally or with the aid of silvicultural measures.*
- *In national laws, forests are variously defined, so areas classified as forests often include areas without tree cover as well as areas of monocrop timber plantations. On the other hand, some areas with tree cover may not be legally classed as forests. The definition above should not be interpreted as meaning that companies should disregard national forestry laws that regulate the use of legally defined forests with low tree cover or timber plantations.*
- *Forest thresholds are defined generically by FAO as 10% minimum canopy cover, 5 meter minimum height, and 0.5 hectare minimum patch size. In some instances, these thresholds are interpreted or adjusted based on context at the national, sub-national, or biome level by government policy or other processes.*

Plantation: an area planted with timber, fruit, or crop trees that lacks key elements of a forest ecosystem native to the area, such as species diversity and structural diversity. Plantations are generally characterized by one or two species planted on cleared land, harvested regularly, and managed and processed for commercial production of timber, pulp, fruits, or other tree products.

Conversion: change of a natural ecosystem to another land use. This is typically characterized by loss or profound change of the natural ecosystem's species composition, structure, and/or function.

This includes conversion of a natural ecosystem to plantation, cropland, pasture, water reservoirs, infrastructure, mining and urban areas. It also includes the large scale and progressive or enduring degradation of a natural ecosystem to the extent that it no longer possesses most of its former species composition, structure and/or function. Land-use change that meets this definition is considered to be conversion regardless of whether or not it is legal. Low-impact production or other activities within a natural ecosystem, such as rustic coffee cultivation or livestock grazing, are not considered conversion under certain circumstances.

Conversion-free (also: **no-conversion**): commodity production, sourcing, or financial investments that do not cause or contribute to conversion of natural ecosystems.

Deforestation (also: **gross deforestation**): conversion of forest to non-forest land use, or the long-term reduction of tree cover below the thresholds that define a forest.

Source: FAO Forest Resources Assessment (Working Paper 180, 2015). Please note:

- *For the purpose of company deforestation-free commitments, the focus is on human-induced conversion of natural forests.*
- *Consistent with the above definition, deforestation is considered to include the large scale and progressive or enduring degradation of a forest to the extent that it no longer meets the threshold definitions for forest.*
- *Deforestation excludes selective extraction of timber and non-timber products as well as logging activity within areas that are being managed as forests on a long-term basis and where the forest is expected to regenerate naturally or with the aid of silvicultural measures.*
- *Land-use change that meets this definition is considered to be deforestation regardless of whether or not it is legal.*
- *To the extent that plantations are included in existing forest definitions and monitoring systems (e.g., of the FAO and national governments), the AFi advocates that natural forests be distinguished from plantations for the purpose of quantifying forest loss and gain. This will facilitate comparability between government land-use monitoring and the tracking of supply chain commitments focused on human-induced conversion of natural forests.*

Deforestation-free (also: **no-deforestation**): commodity production, sourcing, or financial investments that do not cause or contribute to deforestation

Note: the Accountability Framework specifies deforestation-free (i.e., no gross deforestation) as the appropriate policy and goal for companies and supply chains. The term "deforestation-free" is used in favor of "zero deforestation" because "zero" can imply an absolutist approach that may be at odds with the need sometimes to

accommodate minimal conversion in the interest of facilitating rational land-use planning. Deforestation-free, as defined here, is the year 2020 target specified in the New York Declaration on Forests for private sector actors in the context of agricultural commodities and paper products.

Net deforestation: the difference in forest area between two points in time, taking into account both losses from deforestation and gains from forest regeneration and restoration. Net deforestation is usually measured with reference to a given geographic area (e.g., a district, state, nation, or globe) and a given timeframe.

Note: the Accountability Framework specifies that net deforestation is not an appropriate metric for characterizing the forest and land-use footprint of company operations, supply chains, or investments. Rather, companies should utilize the concept of (gross) deforestation, as defined above, in setting targets and monitoring outcomes. Net deforestation may be a relevant concept for setting targets and informing land-use planning at the landscape, jurisdictional, or national scale, considering all sectors and all land uses together. To the extent that the net deforestation concept is used in these contexts, the AFi advocates that natural forests be distinguished and tracked separately from plantations for the purpose of quantifying forest loss and gain.

No net deforestation (also: **zero net deforestation**): a net deforestation level of zero – or else net forest regeneration/restoration – between two points in time within a given area of land, such as a landscape, jurisdiction, or nation.

Note: the Accountability Framework specifies that no net deforestation is not suitable as a target for companies, supply chains, or investors. Rather, companies should eliminate all (gross) deforestation from their operations. No net deforestation may be an appropriate target at the landscape, jurisdictional, or national scale across all sectors and land uses.

Degradation (of natural ecosystems): changes within a natural ecosystem that negatively affect its species composition, structure and/or function and reduce the ecosystem's capacity to support biodiversity, supply products and/or deliver ecosystem services.

Note: this definition is adapted from multiple reference definitions of the FAO and other credible international sources; see <http://www.fao.org/docrep/009/j9345e/j9345e08.htm>.

Minimal level (of conversion or deforestation): a small amount of conversion or deforestation that: i) is undertaken for the purpose of facilitating rational land use allocation and is deliberately specified as part of an effective land use planning process (e.g., as specified in Section 5 of the Accountability Framework), and ii) in the context of the subject site or area, does not materially affect the viability of natural ecosystems or the habitat or ecosystem services they provide. Further guidance on minimal levels of conversion will be provided in the Manual.

As an example, the HCS Approach Toolkit specifies that the conversion of certain small, non-viable forest patches in fragmented landscapes may sometimes be permissible to optimize conservation, development, and livelihood outcomes; any such conversion should be accompanied by protection or restoration of other natural areas to enhance overall landscape connectivity and conservation value as part of a rational land use planning process. See <http://highcarbonstock.org>. The allowance for minimal conversion does not sanction substantial conversion of forests or natural ecosystems to enlarge commodity production areas.

High forest cover landscape (HFCL): a landscape that is at least 80% forest.

Note: This provisional definition is provided in reference to the explanatory note on HFCLs in Section 3. It is based on the definition provided in the HCS Approach Toolkit, version 2.

Definitions related to types of entities referenced in the Accountability Framework

Company: an enterprise, firm, or other organizational and legal entity involved in the production, provision, trade, or sale of goods and services (including financial services). For the purpose of the Accountability Framework, companies are defined to include their subsidiaries, affiliates, joint ventures, and majority holdings. This definition encompasses all company ownership structures, including privately-held, publicly traded, and state-owned companies as well as companies in which states hold an interest.

Producer: The owner or manager of a farm, estate, plantation, or ranch, or of a forest that is managed at least in part for tree harvesting. This includes smallholders and producer groups.

Smallholder: A producer who primarily relies on family or household labor, or reciprocal workforce exchange with other members of the community.

Other definitions

Applicable law: sub-national, national, and international laws that apply in a given context or situation. Where more than one such law applies, the highest standard prevails.

Control system: a system for assessing and managing the attributes of raw materials or products at their place of production and/or as they move through a value chain. In the context of the Accountability Framework, control systems are important for managing the social and environmental characteristics and impacts associated with raw material or products. Control systems include certification programs, systems of government regulation and enforcement (including moratoria), jurisdictional management systems, trader-managed control systems, and commercial systems.

Effective control systems – those that are most likely to help fulfill elements of the Accountability Framework – typically include monitoring and verification functions and are able to effectively trace products and their associated social and environmental risk and impact attributes back to their place of origin (at a level of granularity commensurate with the nature and magnitude of the risk attributes being managed).

Traceability: The ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labor (including health and safety), the environment and anti-corruption.

Source: UN Global Compact. Definition presented in A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains (2014), available at https://www.unglobalcompact.org/docs/issues_doc/supply_chain/Traceability/Guide_to_Traceability.pdf.