

The Accountability Framework

Core Principles

for

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

REVISED DRAFT FOR PUBLIC CONSULTATION
July 2018

NOTE: Before reviewing this document, readers are strongly encouraged to see the four-page introductory document ([here](#)).

This revised draft of the Core Principles is being released for stakeholder consultation in July 2018 alongside a partial draft of the Accountability Framework Operational Guidance (covering a subset of topics). This revised draft represents a working consensus of the AFI partners as well as input from prior consultations involving more than 200 company, NGO, government, and other stakeholders to date. The partners are sharing this draft publicly – and actively consulting a range of key stakeholders – to further build and refine the Framework in a way that reflects the views of interested stakeholders. Based on this consultative process, a revised version of this document, along with additional sections of the Operational Guidance, are expected to be available later in 2018. To learn more about the Accountability Framework initiative and the Framework development process, please visit <https://accountability-framework.org>.

DISCLAIMER: *This work product is intended to be advisory only and is not intended to serve as a legal opinion or legal advice on the matters treated. The reader is encouraged to engage counsel to the extent required.*

Overview

Context & purpose: In recent years, hundreds of companies have made public commitments to eliminate deforestation and respect human rights in agricultural and forestry supply chains. To fulfill the promise of these commitments requires effective mechanisms and clear guidance on implementation, monitoring, verification, and reporting. The Accountability Framework initiative (AFi) fills this need by providing a globally applicable approach for establishing and implementing commitments on deforestation, ecosystem conversion, and human rights in agricultural and forestry supply chains. The Framework is put forward by a coalition of civil society organizations who advocate for its adoption by all private and public actors involved in agriculture and forestry production and trade.

Vision: The sponsoring organizations of the AFi envision a world where forests and other natural ecosystems are conserved for their many values, where human rights are universally respected, where responsible production and trade are the norm, and where rural people and communities thrive while serving as effective stewards of the land. Many others have articulated a similar 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 agricultural and forestry commodities are produced and traded. This includes de-coupling commodity production from deforestation and ecosystem destruction and ensuring that supply chains respect land rights, workers' rights, and other human rights enshrined in international law. Responsible supply chain initiatives 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 to other locations, commodity sectors, or ecosystem types.

The AFi aims to contribute to this vision by helping companies, producers, and governments overcome barriers to transform supply chains on a broad scale. It provides companies with detailed guidance to support effective and measurable improvement trajectories toward meeting their commitments. It also helps guide complementary action of company service providers, government, advocacy groups, reporting and assessment initiatives, financial institutions, and others whose roles are also essential to realizing this vision.

Structure of the Accountability Framework: The Accountability Framework includes three parts:

- The **Core Principles** (this document) provide a high-level framework for setting, implementing, and monitoring effective supply chain commitments. These principles address the environmental and social scope of company action (Sections A-D, on pages 1-4) as well as mechanisms for implementation and monitoring (Sections 1-9, on pages 4-10). The principles are accompanied by Definitions, which clarify key terms throughout the document.
- The **Operational Guidance** provides additional detail and guidance on how to apply the Core Principles. It also specifies the relationship between the global Accountability Framework and different regional, national and commodity-specific initiatives, standards, and tools.
- A **User Interface** will be provided once the Framework is more fully developed to enable company personnel and other users to easily access material on the topics and at the level of detail suited to their needs.

ENVIRONMENTAL AND SOCIAL SCOPE

Sections A-D define key elements of a strong company commitment related to the AFi's environmental and social scope. The AFi partners strongly encourage companies to incorporate these elements when setting or refreshing their commitments.

A. 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 displace pressure from forests onto other natural ecosystems. Therefore, this section addresses deforestation-free supply chains (Section A1) as a key component of a more comprehensive no-conversion approach (section A2).

A1. Deforestation-free supply chains and protection of forests

Companies commit to eliminating deforestation from their supply chains to help end global deforestation. As specified in the definitions, "deforestation-free" signifies that a company's production, sourcing, and financial investments do not cause or contribute to the loss of natural forests.

- A1.1 Commitments protect against the conversion of natural forests to agriculture, plantation forestry, livestock production, or other land uses. This includes taking appropriate measures to support the long-term protection of natural forests in the company's area of influence.
- A1.2 Deforestation also includes human-induced degradation of natural forests to a degree that they lose many of their key characteristics or functions on a long-term basis, as elaborated in the Definitions.
- A1.3 To facilitate monitoring and provide clear signals to suppliers, each commitment specifies a target date (by which deforestation-free commitments are fully implemented) and a cutoff date (after which land units associated with deforestation are deemed non-compliant). Further detail is available on target dates (see Section D2) and cutoff dates (see Operational Guidance on Cutoff Dates).

A2. Protection of other natural ecosystems

Companies commit to eliminating the conversion of other natural ecosystems from their supply chains. Other natural ecosystems include (among others) natural savannahs, grasslands, peatlands, and wetlands. As specified in the definitions, "conversion-free" signifies that a company's production, sourcing, and financial investments do not cause or contribute to the loss of natural ecosystems.

(Note: The elements in Section A2 go beyond most existing deforestation-free commitments. The AFi is conducting further analysis of the implications of a conversion-free approach for different countries and ecoregions. The AFi partners invite input from companies, government and other stakeholders on this topic as part of the present workshopping period.)

- A2.1 Commitments protect against the conversion of non-forested natural ecosystems to agriculture, plantation forestry, intensive livestock production, or other land uses. This includes taking appropriate measures to support the long-term protection of natural ecosystems in the company's area of influence.
- A2.2 Conversion also includes human-induced degradation of natural ecosystems (e.g., drainage of peatlands or major alteration of grasslands due to livestock production), to a degree that they lose many of their key characteristics or functions on a long-term basis, as elaborated in the definitions.
- A2.3 Each commitment specifies a target date and cutoff date for no-conversion (see A1.3).

B. Supply chains respect human rights

Companies commit to respect internationally recognized human rights. Core internationally recognized human rights are contained in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and in the International Labour Organization's eight core conventions and Declaration on Fundamental Principles and Rights at Work. Depending on the circumstances, companies may need to consider additional standards or instruments.

Respect for internationally recognized human rights means that:

- Companies avoid infringing on human rights and avoid undermining States' abilities to meet their own human rights obligations.
- Companies actively engage stakeholders and respect stakeholder rights to meaningful and effective participation in decision-making about matters that may affect them.
- Where adverse human rights impacts are not avoidable, companies seek to mitigate those impacts. Where the company has caused or contributed to an adverse impact, it provides for or cooperates in providing remediation.

Without diminishing company responsibility to respect other rights, the Accountability Framework focuses on the rights of indigenous peoples and local communities, as well as workers' rights, because of the particular risk of negative impacts to these rights in agriculture and forestry supply chains.

B1. Respect for the rights of indigenous people and local communities

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

- B1.1 Carry out operations consistent with the UN Declaration on the Rights of Indigenous Peoples.
- B1.2 Ensure that, in the context of any company activity, indigenous peoples' and local communities' formal and customary rights to lands, territories and resources are identified and respected. This includes their rights to own, occupy, use and administer these lands, territories and resources.
- B1.3 Ensure that, prior to any activity that may affect indigenous peoples' and local communities' rights, land, resources, territories, livelihoods, and food security, their free, prior and informed consent (FPIC) is secured. This is done 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.
- B1.4 Ensure that where production or conservation uses impinge on their rights, lands, resources, territories, livelihoods, or food security, indigenous peoples and local communities are compensated or accommodated through appropriate measures reflecting the negotiated outcomes of an FPIC process. These measures may include continued access to these lands, territories and resources; just and fair compensation; and/or an equitable share in the benefits from such uses.
- B1.5 Protect the security of environmental and human rights defenders, whistle-blowers, complainants, and community spokespersons and ensure their anonymity when requested.
- B1.6 Take measures to provide remediation through mutually agreed procedures in cases where the company has caused or contributed to appropriation of or harm to the lands, territories or resources of indigenous peoples or local communities without securing FPIC.

B2. Protection of workers' rights

This subsection is a placeholder pending further work to define the role of the AFi in helping to address workers' rights issues in supply chains. The AFi is in active conversation with several social accountability organizations to explore how best to proceed on this topic area, in full recognition of the prior work of many

organizations to develop common approaches and best practices to define standards and accountability mechanisms related to workers' rights.

C. Commitments on other topics

In addition to deforestation, ecosystem conversion, and human rights, the AFi recognizes that there are many other important sustainability issues related to agriculture and forestry, such as increasing production efficiency, reducing pesticide risk, reducing greenhouse gas emissions, protecting water resources, and supporting landscape restoration. In the future – depending on demand and stakeholder feedback – the Framework may be expanded to address additional topics such as these. For now, companies are strongly encouraged to analyze the need for additional sustainability commitments and initiatives to address other critical issues in the sectors and regions implicated by their operations and supply chains. Companies are also encouraged to apply or participate in other credible standards, partnerships, and initiatives focused on these topics.

Smallholder inclusion in responsible supply chains: the AFi's approach

Smallholders and other non-commercial producers (e.g., community forest managers) play a critical role in most of the commodity sectors addressed by company commitments related to the AFi scope. Inclusion of these producers in responsible supply chains is essential to help support producer livelihoods, increase productivity, avoid displacement of social and environmental impacts, and ensure stable commodity supplies. However, because the role of smallholders in supply chains can differ greatly based on commodity, context, and company, at this point the AFi is not providing a generalized recommendation regarding the scope or content of company commitments related to smallholder inclusion or benefit-sharing. Rather, the AFi aims to help support smallholder inclusion in the *implementation* of company commitments by clarifying how different aspects of implementation and monitoring can be adapted or nuanced to smallholder contexts. To this end, smallholder contexts are addressed as part of the Core Principles on target-setting, traceability, supplier engagement, management of non-compliant suppliers, and long-term protection of conservation and cultural values of land. These elements will be further elaborated in a forthcoming section of Operational Guidance on smallholders.

D. Specification of commitments

D1. Scope

Company commitments apply broadly across the company to address the social and environmental risks that may arise as a result of the company's own operations, sourcing, and financing related to agricultural and forestry commodities. *Broad scope is essential if commitments are to drive transformative change while minimizing displaced impacts.*

- D1.1 Commitments apply to all segments of the company for which these commodities may pose environmental or social risks; their scope is not limited to specific markets, product lines, ownerships, or geographies.
- D1.2 If commitments do not apply to the entire business related to these commodities because some portions are not subject to environmental or social risks, then the commitments clearly specify the products, operations and financial transactions that are included in and excluded from the scope. The defined scope is justified by a credible risk analysis.

D2. Verifiable actions and time-bound targets

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

- D2.1 For each aspect of its commitments, the company publicly specifies time-bound and geographically-specific targets and milestones.
- D2.2 Targets related to halting deforestation and conversion specify achievement of commitments as quickly as is feasible, while also recognizing differing capacities for implementation and the importance of

emphasizing inclusion (especially of smallholders) to achieve scale and ensure lasting change. Company targets reference and align with applicable broader goals or targets, such as the New York Declaration on Forests or existing sector-wide commitments, whichever are earlier.

- D2.3 Company commitments related to human rights specify time-bound milestones for implementation, monitoring, and verification. These milestones reflect companies' responsibility to fully respect human rights at all times and prioritize immediate fulfillment of human rights obligations, especially where companies alone can achieve fulfillment.
- D2.4 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 adverse environmental and social impacts are likely to be the most significant.
- D2.5 Stated targets, milestones, and 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.
- D2.6 Targets, milestones, and indicators are reviewed periodically with relevant stakeholders and revised if necessary (but not weakened) so that they continue to define meaningful progress trajectories in the present context. In the case that time-bound targets or milestones are not being or have not been met, the company should continue to reference such targets, work expeditiously to fulfill them, and monitor and report progress as specified in Sections 8 and 9.

D3. Terminology and definitions

Company commitments reference and apply common terminology and definitions. *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.*

- D3.1 Commitments reference and utilize the common definitions of the Accountability Framework and, where applicable, contextualized definitions that are aligned with the Framework, as specified in the Definitions.
- D3.2 These common definitions are applied in all relevant aspects of business and supply chain management, such as supplier contracts and oversight, procurement, monitoring, and reporting.

D4. Relationship between company commitments and applicable law

In addition to their voluntary commitments, companies comply with applicable law and respect internationally recognized human rights.

- D4.1 Where there are discrepancies between voluntary commitments, applicable law, and instruments related to internationally recognized human rights, the highest standard is the reference point for fulfilling company obligations for responsible supply chains.

IMPLEMENTATION AND MONITORING

Sections 1-9 define key elements for implementing and monitoring commitments across all stages of the supply chain. The AFI partners strongly encourage companies to apply this approach regardless of the present scope of their commitment. Companies may also wish to include some of these elements in their commitments or policies to document their intent to follow good practices in implementation and monitoring.

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

- 1.1 The company establishes senior leadership responsibility and accountability to stand behind its commitments, including at CEO and/or board-level.
- 1.2 Commitments are embedded into decision-making processes, systems, and performance metrics of core business units (e.g., procurement) and of operational units, agents, affiliates and subsidiaries at all applicable levels of the company. This includes dedication of relevant personnel as well as efforts to raise awareness and build capacity through company policies, manuals, and training initiatives.
- 1.3 Companies develop and apply effective systems to guard against providing financing or other forms of support to producers or suppliers involved in deforestation, conversion of natural ecosystems, or adverse impacts to human rights, except where this support is to implement time-bound improvement plans toward fulfilling the company's commitment (see Section 3).

2. Risk assessment, supply chain mapping, and traceability

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. *This section applies to companies that purchase raw, processed, or manufactured materials (from processors through to retailers).*

- 2.1 Supplies of raw or processed materials are assessed for risks of non-compliance. (This includes non-compliance with the company commitments or applicable law related to the Accountability Framework scope, as well as adverse impacts to internationally recognized human rights.) Risk assessments follow good practices for credibility and accurate risk characterizations. Risk assessment findings are used to inform further traceability (2.2) and supplier management (Section 3). Effective monitoring or control systems – including certain certification programs, government monitoring and enforcement systems, jurisdictional initiatives, risk screening tools, and trader-managed control systems – may be utilized to identify low-risk supplies.¹
- 2.2 Based on the risk assessment, further supply chain mapping and supplier assessment is prioritized by risk level to ascertain compliance or to identify areas of non-compliance. Where risk levels are moderate, high, or unknown:
 - a. Primary processors and traders know and publish² the origin of raw materials to the level of the farm, estate, plantation, ranch, or forest management unit. For smallholders, origin is known at least to the level of the farmer group or the smallest legal jurisdiction, with more detailed mapping conducted where necessary to assess fulfillment of commitments. If traceability to these levels is not initially available, then it is progressively improved to these levels over a pre-defined timeline, prioritizing the riskiest settings.

¹ For more detail, please see Operational Guidance on: 1) Monitoring & Verification, and 2) Applying Voluntary Commitments in Context.

² The AFI recognizes that there are structural differences between commodity supply chains that have implications for the feasibility, cost, and most appropriate approach for achieving transparency. Please see the invitation for input on supply chain transparency on p. 11 for more information about the amount and type of information to be published.

- b. Manufacturers and retailers trace supplies upstream until they are able to ascertain compliance or determine the extent and nature of non-compliances that must be resolved. This requirement may be met using information provided by suppliers that conform to the applicable elements of the Accountability Framework, including those related to monitoring and verification. Manufacturers and retailers publish information on supply origins.

3. Supplier management

Buyers institute supplier management systems to fulfill commitments across their full supply base. These include mechanisms to identify gaps and engage non-compliant suppliers to develop and expeditiously implement improvement plans, with support from buyers as necessary to achieve full compliance. This section applies to companies that purchase raw, processed, or manufactured materials (from processors through to retailers).

- 3.1 Companies communicate to suppliers that they will accept only materials that are produced and controlled in accordance with their commitments and the applicable sections of the Accountability Framework on implementation and monitoring.
- 3.2 Companies manage non-compliance in their supply base to resolve such issues expeditiously without enabling or promoting further non-compliance in or around supply areas. Specifically:
 - a. **Processors, traders, or manufacturers** that are non-compliant should be engaged to develop, implement and monitor an ambitious and time-bound action plan to achieve compliance across their entire operation, including any necessary remediation (or their entire group, if applicable). For serious breaches, these suppliers should be suspended or excluded until further investigation is concluded and necessary remediation is underway. For global, multi-commodity suppliers, suspension may be for a specific commodity, country and/or product line, unless the breach is too grievous.
 - b. **Producers (other than smallholders)** that are substantially non-compliant should be suspended or excluded as suppliers until they can demonstrate compliance or advanced progress toward it, including any necessary remediation (see Core Principle 6). Buyers should engage suspended producers to develop, implement, and monitor a time-bound action plan to achieve compliance.
 - c. **Smallholders** that are non-compliant may be retained as suppliers if they are part of a smallholder group, program, or local supply chain (e.g., of a processor or trader) that is actively working to remedy non-compliance and prevent further non-compliance. To facilitate smallholder inclusion, purchasers of smallholder-produced raw materials (e.g., mills) should help establish such efforts where they do not already exist. Non-compliant smallholders who are not part of the such initiatives may be suspended or excluded as suppliers, until they can demonstrate compliance or advanced progress toward it, including any necessary remediation.
 - d. Buyers should exclude non-compliant suppliers (including all of the supplier categories above) where the severity of the non-compliance may warrant, or if there are persistent breaches or lack of significant improvement according to the time-bound plan.
- 3.3 Companies that maintain long-term or recurring buying relationships with suppliers support these suppliers to be able to fulfill commitments, address non-compliance, and take remedial actions as needed. Support prioritizes engagement with smallholders and others who may require more assistance, to avoid their exclusion from supply chains.
- 3.4 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.

Invitation for input: managing non-compliance

The AFI partners invite input especially on Principles 3.2 and 3.3, including the following questions:

- Does the approach to non-compliance by global, multi-commodity suppliers (3.2a) appropriately balance a need to be practical, improvement focused, and sufficiently stringent?
- Is the guidance on producer non-compliance (3.2b) appropriate and sufficiently detailed? Is this approach the best way to address deforestation, ecosystem conversion, and human rights issues without fostering “leakage” caused by noncompliant producers switching to a different buyer without improving practices?
- Does the approach proposed for smallholders (3.2c) strike the right balance between addressing noncompliance and encouraging investments in smallholder inclusion?
- Would it be helpful for the Accountability Framework to provide additional guidance related to Principles 3.2 and 3.3. If so, what specific aspects should this guidance address?

4. Land acquisition, land use planning, and site development

Companies conduct or support responsible practices in land acquisition, land use planning, and site development, commensurate with their role in the value chain. *These actions are critical to help fulfill commitments related to forests and other natural ecosystems (Section A) and respect for the rights of indigenous people and local communities (Section B1). Companies seeking to develop or acquire interests in land – and those that support or finance such activities – are most directly responsible for applying these practices. Downstream companies linked to the subject areas ensure that these practices are instituted across their present and prospective supplier base.*

- 4.1 Prior to any development or significant change in land management or land designation (e.g., company acquisition of interests in land or the development of forest harvest plans), the company conducts or supports an integrated and participatory assessment and land-use planning process, as follows.
 - a. The assessment proceeds in a stepwise fashion, beginning with initial due diligence and proceeding only if indicated by the outcomes of these initial steps.
 - b. In the case of ongoing land conflicts, companies cease efforts to acquire or gain control of land or resources related to these conflicts until they are addressed through a mutually agreed negotiation process consistent with applicable law.
 - c. This assessment uses recognized and technically sound approaches to identify the conservation and community values of land, assess land tenure, evaluate the potential impacts of the proposed activities, and identify alternatives or mitigation actions to address unavoidable impacts. The assessment considers social and environmental aspects together and in relation to one another; actively provides for the participation of potentially affected indigenous peoples, local communities, and other stakeholders; and is made publicly available. Plans for land development, land management, or other land designations are based on the results of this assessment.
 - d. Where activities may affect indigenous peoples’ and local communities’ rights, land, resources, territories, livelihoods, and food security, the FPIC of these groups is secured as part of the integrated land-use planning process, and any resulting plans are based on the negotiated outcomes of the FPIC and land use planning processes.
- 4.2 In contexts where commitments to eliminate deforestation or natural ecosystem conversion may conflict with the self-determined land use plans or intentions of indigenous peoples and local communities with rights over such lands, companies follow the Operational Guidance to determine if and how they can fulfill applicable commitments in the given context.
- 4.3 As a result of the land assessment and planning process – and prior to initiating any activities – effective mechanisms are put in place to ensure the long-term protection and management of any areas of importance for conservation or indigenous peoples or local communities. This mechanism is

documented in writing, agreed upon by the involved parties, and specifies the roles and obligations of the company, affected peoples and communities, and other relevant entities in the landscape.

- 4.4 Companies that develop or acquire interests in land ensure that the elements of this section are fulfilled across the entire company (which is defined to include corporate groups). Buyers ensure that the elements of this section are fulfilled across the entire supplier company.

5. Effective land management and long-term protection

Companies conduct or support effective long-term land management – including protection of conservation and cultural values and the rights of indigenous peoples and local communities – commensurate with their role in the value chain. *These actions are critical to help fulfill commitments related to forests and other natural ecosystems (Section B) and respect for land rights (Section C1). Companies that own or manage agriculture and forestry production areas and associated lands are most directly responsible for applying these principles. Downstream companies linked to the subject areas ensure that these practices are instituted across their supplier base.*

- 5.1 Land managers conduct or support management activities necessary to ensure long-term protection of the above-mentioned values and rights on the subject site(s) and adjacent areas. If mechanisms for management, monitoring, and long-term protection were defined as part of the site acquisition or development process, these are implemented and adapted as needed to remain effective. If such mechanisms were not defined, the manager develops management and monitoring plans to ensure effective long-term protection of conservation and community values of land.
- 5.2 In the case of ongoing conflict or negative social or environmental impacts associated with the company's prior actions or land management practices, the company takes steps to address and remedy such harms, consistent with Section 6.
- 5.3 Entities that acquire commodity production lands assume the obligations associated with those lands related to conservation, restoration, land management, and respect for the rights of indigenous peoples and local communities.
- 5.4 Buyers ensure that suppliers of raw materials are fulfilling the preceding elements or following a time-bound plan for effective land management to protect the sites' conservation and community values and maintain respect for indigenous peoples' and local communities' rights. In some situations (as will be elaborated further in the Operational Guidance), downstream companies must support effective land management and long-term protection through financial, technical, or other effective means.

6. Remediation and access to remedy

Where companies have violated commitments or caused or contributed to adverse human rights impacts, they provide for or cooperate in remediation of these harms. An effective grievance mechanism is in place to ensure such access to remedy. *This section applies to all companies; roles in providing for or cooperating in remediation may differ depending on a company's position in the value chain and its ownership or management role(s) in the operations triggering the need for remedy.*

- 6.1 Companies ensure that effective governmental and/or company grievance mechanisms are in place to identify and resolve complaints and conflicts. Non-judicial grievance mechanisms fulfill the Effectiveness Criteria of the UN Guiding Principles on Business and Human Rights.
- 6.2 Companies ensure that grievance mechanisms provide fair and just remedies for affected parties in the case of adverse impacts to human rights or the environment.
- 6.3 Remedy for deforestation or conversion of other natural ecosystems may include ecosystem protection, restoration, off-site compensation, effective measures to curtail further loss, among others. The appropriate remedy and the respective obligations of producers and other parties will vary by context, as will be elaborated further in the Operational Guidance.
- 6.4 Remedies for adverse impacts to human rights include, among others, apologies, restitution,

rehabilitation, financial or non-financial compensation, and punitive sanctions, as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.

- 6.5 Companies do not divest their interests in land until: i) outstanding grievances are fully resolved, or ii) obligations have been legally transferred to another party (e.g., the new owner).
- 6.6 Companies purchasing or acquiring interests in commodity-producing properties assume responsibility to remediate past harms, unless this responsibility is explicitly and legally transferred to or retained by another party.

7. External relations, stakeholder engagement, and collective action

Companies conduct their business and use their influence in an ethical and transparent manner to help protect the environment and respect human rights in the sphere of influence of their operations and supply chains. Companies contribute to sector, landscape, and jurisdictional initiatives to foster collective action toward addressing key social and environmental challenges. This section applies to all companies.

- 7.1 Companies develop and implement a stakeholder engagement plan or processes to provide relevant information to stakeholders and afford opportunities for input and engagement related to fulfillment of the company's supply chain commitments.
- 7.2 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, avoid deforestation and conversion of other natural ecosystems, and prevent adverse impacts to human rights through action at a landscape or jurisdictional level. Companies further downstream (e.g., manufacturers) also participate in such processes when warranted by their value chain position and scale of procurement or influence in specific areas.
- 7.3 Companies work with governments and other stakeholders to promote publication of maps (e.g., land use zoning and concession areas) and other relevant information (e.g., locations and trade volumes of silos or refineries) that can help accelerate implementation of sustainable practices and initiatives, facilitate monitoring, and foster transparency.
- 7.4 Companies participate in sector initiatives to create collective or aligned goals, commitments, standards, coordinated implementation processes, monitoring systems, or other measures to increase effectiveness, expand scale, and minimize leakage related to responsible supply chains.
- 7.5 Companies that currently operate in, or source from, contexts characterized by moderate to high social or environmental risk or poor governance remain engaged in these settings, with a focus on using their influence to address such risks. In these situations, companies seek opportunities to work with their peers sourcing from the same area, third-party certifiers, and governments and other stakeholders to implement collaborative efforts to strengthen governance and promote wider compliance and implementation of improved practices.
- 7.6 Companies make good-faith efforts to communicate requirements to prospective suppliers in the areas from which they source. This may be done by companies individually (e.g., by reflecting requirements in new contacts) and/or at a sector level through collective efforts of groups of companies and other actors.
- 7.7 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.
- 7.8 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, for instance, advocacy related to human rights, regulations affecting commodity production and trade, and land and labor laws. Companies publicly disclose all political contributions and campaign expenditures at all jurisdictional levels.

8. Monitoring and verification

Regular monitoring is conducted relative to the time-bound targets associated with each commitment (see Section D2). Monitoring follows suitable methods for assessing social, environmental, and land-use outcomes related to the commitment scope. Fulfillment of commitments (and progress toward such fulfillment) is validated through verification processes conducted according to norms of good practice for credibility, rigor and independence. This section applies to all companies, with monitoring and verification scope and roles differing based on position in the supply chain.

- 8.1 Monitoring and verification (M&V) assesses compliance with company commitments and obligations. If full compliance has not yet been reached, it also assesses progress toward compliance, for instance as measured by quantitative performance levels and/or implementation of improvement plans.
- 8.2 M&V of buyers assesses performance across the buyer's supplier portfolio. It also assesses effectiveness of the buyer's supplier management system and other mechanisms for identifying and addressing non-compliance or adverse impacts (see Section 3).
- 8.3 M&V is based on clearly-defined indicators against which compliance or performance may be assessed; these indicators are based on common definitions (Section D3) where appropriate.
- 8.4 M&V methodologies use recognized and technically sound approaches (e.g., land cover change analysis based on satellite imagery, field observations, document review, stakeholder engagement, interviews with affected people or groups, community-based monitoring and other effective techniques) to ensure the credibility and comparability of observations and findings across different contexts.
- 8.5 M&V processes incorporate relevant information and perspectives from local stakeholders to assess risks and performance levels. Effective mechanisms are established to facilitate the sharing of such information in a manner that protects the confidentiality and safety of persons providing information.
- 8.6 M&V may utilize a risk-based approach – if based on best available risk information and risk characterization practices – to characterize risk levels associated with different supply areas or suppliers and then focus in-depth assessment accordingly. However, risk-based approaches should not be used when reliable monitoring or compliance information is available for all areas (e.g., where satellite-based monitoring is generally determinative or credible government monitoring or enforcement mechanisms are available).
- 8.7 Certain existing control systems (such as certification or credible trader-managed control systems) may adequately fulfill M&V needs, as elaborated further in the Operational Guidance.
- 8.8 Verification follows good practice norms for sampling and audit intensity; methods for detecting risks, harms and non-compliance with commitments; competence and independence of the assessment team; stakeholder engagement; and transparency regarding the verification scope, indicators, process, and results.
- 8.9 Independent, third-party verification is conducted to the extent necessary to validate compliance and performance levels and provide the requisite level of independent assurance to substantiate communications and claims.
- 8.10 Third party verification reports (or summaries thereof) are made publicly available.
- 8.11 Companies utilize M&V results to help inform learning, decision-making, and continuous improvement processes.

9. 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 and good practices for conveying precise and verifiable information. Company claims regarding progress or performance are backed by credible verification (Section 8). This section applies to all companies. The scope of reporting may differ based on position in the supply chain.

- 9.1 At least once a year, companies publish information on the status of progress toward meeting their commitments. This information is freely available in formats and languages that are accessible to stakeholders.
- 9.2 Such reports present quantitative and qualitative metrics of implementation progress relative to the company's publicly issued commitments, targets and indicators. Reports also indicate the monitoring methodology, data sources, and how the information has been independently verified, if at all.
- 9.3 Reports include a summary of grievances and concerns received by the company (or otherwise known through reasonable efforts by the company) and the company's response to these. These summaries protect the confidentiality of those filing grievances or contributing information, if requested.
- 9.4 Personnel of the company or its suppliers or business partners are not penalized for furnishing information for reporting purposes.
- 9.5 Companies provide opportunities for public comment on progress reports and all aspects of commitment implementation.
- 9.6 Communications about progress or performance is substantiated by public reporting on implementation actions and outcomes. Claims regarding the achievement of specific outcomes or performance thresholds (e.g., no deforestation or no child labor) are substantiated by verification consistent with Section 10 and associated Operational Guidance.

Invitation for input: supply chain transparency

Transparency on production unit and sourcing locations and attributes can greatly facilitate monitoring, verification, and accountability of supply chain commitments. The AFI recognizes that there are structural differences between commodity supply chains that have implications for the feasibility, cost, and most appropriate approach for achieving transparency. Some companies are already publicly disclosing information such as production unit boundaries, mill locations, supplier lists, and boundaries of forest areas designated for conservation. The AFI intends to develop guidance regarding what information on production units and supply chains should be disclosed, when, and by whom. (Publicly disclosed information may be additional to non-public information shared with auditors, commodity/product buyers, or others to implement and monitor supply chain commitments.)

The AFI partners are proposing that supply chain actors publicly disclosure information on the following attributes, and invite stakeholder input on the utility and feasibility of doing so. Please consider specific implications for different commodity supply chains in which you may be involved.

- For producers and processors, as well as traders when they have visibility to production units:
 - locations (and, for larger sites, boundaries) of production units of origin to the level of the farm, estate, plantation, ranch, smallholder sourcing area, or forest management unit
 - boundaries of areas designated for conservation
- For buyers of commodities and derived products:
 - lists of suppliers, including maps of supply areas if the company has visibility to this level
 - methodologies and results (in summary form) of any risk assessments used to justify commitment scope exclusions or prioritize traceability and supplier engagement efforts
 - information on the locations and nature of supplier non-compliances; plans, timeline and status for resolution; and any suppliers that have been suspended for reasons for non-compliance