

The Accountability Framework

Operational Guidance on Applying Voluntary Commitments in Context

including the relationship between voluntary commitments, applicable law,
and jurisdictional approaches to address supply chain commitments to
halt deforestation and conversion and respect human rights

DRAFT FOR WORKSHOPPING
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The Accountability Framework initiative (AFi) aims to develop a common Framework to guide the setting, implementation, and monitoring of supply chain commitments. This draft document represents a working consensus of the AFi partners as well as input from prior consultations involving more than 200 companies, NGOs, governments, 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 will be available later in 2018. For more information, please visit <https://accountability-framework.org/process>.

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.

PURPOSE & SUMMARY

This document provides guidance on how companies' voluntary commitments should be implemented alongside other governance processes and requirements. This alignment can lead to several positive outcomes:

- Companies are better able to fulfill their commitments and demonstrate results
- Companies are able to reduce legal, regulatory, and reputational risk related to potential conflicts or ambiguities between voluntary commitments and government requirements
- Companies are better able to support broader positive impacts on the ground (i.e., larger-scale and longer-term social and environmental improvements) through collaboration with government and other actors

The guidance addresses three specific topics:

1. How voluntary commitments relate to applicable law, and what to do if these conflict
2. How companies should engage with government, peer companies, and other stakeholders to address elements of their commitments beyond their full manageable control (for instance, land governance or enforcement of forest protections)
3. How companies may utilize jurisdictional governance or monitoring initiatives to help fulfill – and demonstrate fulfillment of – their voluntary commitments

For each topic, the Operational Guidance clarifies requirements and good practices, and provides examples of solutions and tools that companies may apply.

1. Introduction

A company's supply chain commitment does not operate in a vacuum. It coexists with legal obligations that must be considered to ensure that implementation does not run afoul of the law. Laws (and their level of enforcement) vary in the degree that they promote outcomes free of deforestation, conversion, and human rights abuses. In some cases, the legal context can support companies' implementation of voluntary commitments, while in other contexts it creates risks that companies must mitigate to effectively implement their commitments.

A supply chain commitment also interacts with dynamics beyond the company's own control that are often driven or impacted by policies, programs, and actions undertaken by other companies, government entities, communities, and other actors. Companies may be able to effectively address certain issues covered by their supply chain commitments at the level of a production unit (e.g., respect for worker rights or protection of local water bodies). Other issues (e.g., halting deforestation and conversion or ensuring long-term protection of natural ecosystems) may require working beyond the bounds of supply chains to consider the broader landscape and the other actors and actions that shape it. For this reason, working with other stakeholders to address the broader context may be necessary for a company to achieve a deforestation- or conversion-free supply chain, to contribute to these outcomes at a scale beyond the bounds its own supply chains, and in many cases also to ensure respect for human rights.

The Accountability Framework Core Principles articulate several relevant principles that this Operational Guidance further elaborates. **Core Principle D4** notes that "[i]n addition to their voluntary commitments, companies comply with applicable law and respect internationally recognized human rights. 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.” Section 2 below discusses legal compliance and identifies options for companies when their voluntary commitments conflict with legal obligations.

Core Principles 3 and 7 outline the role for companies to work with other stakeholders to achieve supply chains that are deforestation- and conversion-free and respect human rights. This includes encouraging broader adoption of responsible production and trade practices (as defined in the Accountability Framework) and creating enabling conditions that support positive outcomes at scale. Section 3 below offers guidance on how companies can engage with other stakeholders to address deforestation and conversion, land governance, and human rights impacts beyond their own supply chains.

Core Principle 2 highlights the potential role of landscape- or jurisdiction-level systems in supporting responsible supply chains. Section 4 below provides additional detail regarding how companies can make use of these systems to help address supply risk and fulfill commitments.

2. Relationship between voluntary commitments and applicable law

Company supply chain commitments, and the Accountability Framework guidance that informs them, overlay existing obligations based on applicable law.¹ Legal obligations may be created by any legal or policy instrument emanating from legislative, executive, administrative, judicial, or customary sources of authority. Many categories of law bear on company commitments, including but not limited to those governing land allocations and acquisition, land management, environment and conservation, tax and other revenue-related laws implicated by resource extraction, storage and processing of commodities, transport, export, legal personality, government-adopted lists of prohibited actors,² human rights (including workers’ rights, indigenous peoples rights, and others), and remedy related to grievances and remediation of incurred harms. This section guides companies on how to fulfill their voluntary supply chain commitments in the context of legal obligations that may apply to the same or similar topics to those addressed by commitments.

2.1 Due diligence and determining the highest standard

The first step for companies is to know what the law requires, and to apply due diligence to ensure that both their own operations, and the commodities they produce, source, or finance, are legal. Due diligence systems should routinize the process of listing and reviewing applicable laws and conflicts between these laws, assessing legal obligations, monitoring changes to the law, displaying licenses and permits to operate, reviewing lists of embargoed actors, and ensuring staff capacity to perform these functions. For any company downstream of a producer in the supply chain, best practice also includes monitoring the due diligence systems of its suppliers.

1. Due diligence systems may utilize risk assessment to determine the contexts in a company’s supply chain that pose the greatest risk of harms due to noncompliance with applicable law, where additional measures to ensure compliance may be necessary.
2. Additional measures may include obtaining more detailed, accurate, and reliable information about where a commodity was produced, who produced it, who purchased it, how much volume the producer is capable of producing, the number and size of units harvested, nearby production units that could potentially be involved in laundering of illegally produced commodities,³ the existence of past

¹ As specified in the Accountability Framework definitions, applicable law signifies “national and ratified international laws that apply in a given context or situation.” National laws include the laws and regulations of all jurisdictions within a nation (e.g., local, regional, and national).

² For example, companies in Brazil must check the Rural Environmental Registry (CAR), the Soybean Working Group (GTS) database, and the list maintained by the Government of Brazil for actors that are embargoed due to illegal deforestation or slave labor.

³ For example, beef cattle raised on illegal ranches may be transferred to legal ranches before being sold to a finishing facility or slaughterhouse. Similarly, timber illegally harvested from one forest unit may be claimed to have originated in a nearby unit that is properly permitted.

and ongoing conflicts, and human rights claims (judicial, administrative, or otherwise) arising in the jurisdiction of concern.

It is best practice to obtain verification of legal compliance. Such verification may be performed in tandem with verification of the elements of the company's own commitments related to deforestation, ecosystem conversion, human rights, and other topics (see the Accountability Framework Operational Guidance on Monitoring and Verification for additional detail on credible verification).

Helpful tools: using certification to help demonstrate legal compliance

Many certification systems require compliance with law and require companies to adopt much of what is listed above as best practice. These systems include RSPO, FSC, PEFC, RSB, ISCC, Bonsucro, and RTRS. As a result of their requirements and auditing mechanisms, such certification systems may help provide some assurance of legal compliance.⁴

Legal compliance and respect for internationally recognized human rights is necessary, but may not be sufficient to meet company supply chain commitments. Where legal requirements and company commitments both apply to the same topic, the highest standard is the reference point for meeting commitments that fall under the scope of the Accountability Framework. Specifically:

1. The highest standard is whichever standard is more likely, if properly implemented, to avoid adverse impacts to human rights and destruction or degradation of the environment.⁵
2. A company can determine whether applicable law or the company's commitment represents the highest standard on any given topic by conducting robust assessments of legal requirements (for additional details, see the Accountability Framework Operational Guidance on Applicable Law Assessments).

2.2 What to do when laws are not implemented or enforced

Where laws are not being effectively implemented or enforced, actions by a company or its suppliers that violate these laws are nonetheless illegal and contrary to Accountability Framework guidance. Failure to comply may expose companies to reputational risk even if unlikely to result in legal action. A company's options in such circumstances include:

1. Undertaking additional efforts to ensure its own compliance with the law, as well as requiring suppliers to comply with the law, monitoring and verifying compliance, and providing incentives for suppliers if needed;
2. Taking measures to encourage and facilitate implementation and/or enforcement by the government, such as by contributing technical or financial resources to support government implementation efforts;⁶ and
3. Assessing the risks of adverse impacts due to the ineffective implementation and/or enforcement of relevant laws in jurisdictions of concern. Where risk is identified and actions listed in bullets 1 and 2 do not sufficiently mitigate the risk:
 - a. If not currently operating in the risky jurisdiction, refraining from initiating operations there;

⁴ Due to limitations in auditing and other factors, certification schemes should not be considered as a guarantee that a certified company is in full compliance with applicable law.

⁵ For example, Brazil's Forest Code sets a minimum area of natural vegetation that private landowners are required to protect or for which they must provide compensation if the area is converted. To the extent that the Forest Code permits deforestation or conversion beyond what is permitted by a company commitment, legal compliance is not sufficient to meet the company's commitment.

⁶ Financial contributions in this context are specifically to support efforts by the government to implement existing laws; this guidance should not be construed to condone bribery.

- b. Ceasing operations if operations are already ongoing and avoidance of the adverse impacts is not possible.

2.3 What to do when voluntary commitments represent the highest standard and conflict with applicable law

If company commitments, informed by the Accountability Framework guidance, represent the highest standard but conflict with legal requirements,⁷ companies may consider several courses of action including the following:

1. Request administrative guidance from the government in question on options for complying with both the law and the company's commitments.
2. Where a company has not yet established business operations, request written waivers from the government in question to abstain from compliance with the concerning legal requirements as a condition of proceeding with business. If waivers are not granted, consider not pursuing business operations due to the risk and potential impact associated with such conflict. After a waiver has been granted:
 - a. Affirm in clear and express terms in all agreements with the government in question that operations will proceed subject to the waiver.
 - b. Require in clear and express terms in all contracts with suppliers that they obtain a similar waiver from the government if needed to ensure compliance with the company's commitments. Further, specify in the contract that noncompliance with the waived laws does not give rise to a breach of contract or a right to terminate.
 - c. Engage the relevant government entities to push for reforms that remove legal impediments to meeting the highest standard.⁸
3. Where a company has already established business operations without government waivers, or if waivers that were previously granted are rescinded, and where the risk of adverse impacts from continuing operations is significant, consider ceasing, temporarily suspending, or phasing out business operations unless and until waivers are granted or restored.
4. Where it is assessed that compliance with the concerning law by a supplier is likely to result in adverse impacts or violations of commitments, require the supplier to obtain a government waiver to compliance to enable fulfillment of the company's commitment as a condition of future engagement.
 - a. Where compliance with the concerning law by a supplier has already resulted in adverse impacts, make future engagement conditional on full and prompt remedy for past harms, and provide technical and/or financial support to the supplier to come into compliance where appropriate.

3. Engaging stakeholders to address challenges beyond the company's full manageable control

Sometimes companies are not able to fully address challenges related to deforestation, ecosystem conversion, or adverse impacts to human rights by working alone. Rather, concerted and integrated actions of multiple parties may be needed to overcome systemic challenges in commodity-producing geographies. Key challenges can include land tenure conflict and insecurity, inequitable decision making around economic development and conservation, limited knowledge or capital to adopt responsible land management techniques, ineffective

⁷ For example, Indonesia's Plantation Law (18/2004) provides that a concession granted for establishing a plantation can be revoked if the holder fails to clear and/or develop a minimum area within a given period.

⁸ Compliance with laws that may negatively affect human rights or the environment exposes companies to risk due to market and investor demands, among others. If companies remain engaged in such contexts, pushing for legal reform can help mitigate this risk.

implementation of applicable laws, limited enforcement capacity, corruption, and smallholder exclusion from value chains. While such challenges often lie beyond the full control of companies working to fulfill supply chain commitments, failure to address them may undermine companies' efforts and prevent them from meeting their commitments.

To address this situation, the Accountability Framework proposes practical actions for companies to take, commensurate with their sourcing or production footprint, position in the value chain, and ability to contribute to lasting solutions beyond their full manageable control. As this guidance develops further, the aim is to further clarify 'what kinds' of actions, 'how many' of these actions, and 'how much' of each action, is appropriate for individual companies to take.

Invitation for input

What kind of guidance would be most useful to further define *how companies should contribute* to addressing issues beyond their full manageable control and *how such actions can be tracked and documented* to facilitate recognition and accountability based on companies' contributions to solving key challenges related to deforestation, conversion, land governance, and human rights in the jurisdictions where they operate, source, or provide financing? Are there existing experiences or best practices (from your organization or others) that should inform the development of this guidance?

Actions for companies at all positions of the value chain could include:⁹

1. Developing a stakeholder engagement plan for each jurisdiction in which a company operates. Stakeholders may include, among others, indigenous peoples, local communities, or smallholders affected by deforestation, conversion, and human rights impacts; civil society actors; other companies operating in the same sector or jurisdiction; suppliers and purchasers along the supply chains of which the companies are a part; and governments in the jurisdictions where the subject commodities are produced.
2. Engaging in multi-stakeholder planning and policy efforts to improve land use planning and governance, respect human rights, and reduce deforestation and conversion in commodity-producing jurisdictions where a company produces, sources, trades, processes, or finances commodities.
 - a. The type and degree of engagement may differ depending on a company's proximity in the value chain to the point of production and its relative significance (e.g., percent of volume purchased) in the value chain position that it occupies. For example, there is a strong case for producers and traders that operate in a production geography, and for manufacturers and retailers that sell products using a significant percentage of a commodity produced in a geography, to actively participate in and support multi-stakeholder initiatives in those geographies. Companies that are more removed from the point of production and that have a small footprint with respect to the production volume of a given jurisdiction might engage in less direct ways, for example by voicing support for these multi-stakeholder efforts.¹⁰
 - b. Participation may include attending and actively contributing to meetings; sharing experiences and technical expertise; offering to incorporate or pilot-test best practices or new approaches in the company's own operations or through its supplier relationships; and contributing funds or technical capacity to further the multi-stakeholder efforts. Multi-stakeholder or government-led initiatives may also provide mechanisms for companies to help ensure long-term forest and ecosystem conservation on the ground. In these cases, financial contributions

⁹ The full value chain comprises companies that produce, process, or trade commodities; that manufacture or sell products containing commodities; and that provide finance to any other company in the value chain.

¹⁰ Participation by palm oil producers Wilmar and Sime Darby in Sabah, Malaysia's Jurisdictional Certification Steering Committee is an example of the former. The pledge by Unilever and Marks & Spencer to preferentially source commodities from jurisdictions making progress against deforestation (which would include jurisdictions where the companies may be minor players) is an example of the latter.

to such efforts can be a way to demonstrate fulfillment of deforestation-free or conversion-free outcomes, as will be further elaborated in the Operational Guidance on Long-Term Protection.

- c. Companies operating in commodity-producing jurisdictions where such multi-stakeholder efforts are not already underway or are not effective can work with relevant stakeholders to launch or strengthen them.
3. Actively encouraging suppliers and customers to support multi-stakeholder planning and policy efforts in the jurisdictions in which they operate.

Helpful tools: opportunities for company engagement in multi-stakeholder and jurisdictional initiatives

Tools and information hubs are under development that will make information available to companies about multi-stakeholder initiatives in commodity-producing jurisdictions with which companies can engage. When further refined, these tools will be referenced here.

4. Working with other stakeholders to advocate that relevant government bodies provide easy public access to the applicable laws with which companies must comply, as well as existing data that can help support monitoring of commodity production, land-cover change, and respect for human rights relative to company commitments.¹¹
5. Ensuring that any advocacy and other forms of government engagement undertaken at any level is consistent with the company's legal obligations, voluntary commitments, and the elements of the Accountability Framework.

Additional actions for producers, producer groups, and primary processors could include:

1. Sharing farm or concession boundaries, HCV/HCS maps, and other relevant spatial data, as well as land management plans with other stakeholders in the jurisdiction to facilitate efforts at land use planning, monitoring, and enforcement beyond the level of a production unit.
2. Sharing applicable improved agricultural practices and technologies with smallholders and communities in the jurisdictions where the company operates to promote increased productivity and resource-use efficiency on existing production lands.

Additional actions for commodity-purchasing and financing companies could include:

1. Engaging with peers sourcing from or providing financing in the same jurisdiction to encourage and support commodity suppliers to adopt and implement practices that comply with the company's commitments in line with Accountability Framework guidance.
2. Financially supporting, or facilitating financial support from other sources, for:
 - a. suppliers of any size to adopt improved agricultural practices and technologies, and ensure that use of these practices and technologies are linked to forest and ecosystem conservation outcomes; or
 - b. large suppliers to establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution.
3. Remaining engaged in geographies characterized by high social or environmental risk or poor governance and working to assess and mitigate these risks. This may involve continued association

¹¹ Such data typically include the boundaries of various land units and land-use designations (e.g., protected areas, current and planned concessions, and other management designations); areas subject to customary or formal rights of indigenous peoples and local communities; land use plans; cadastral maps; and data associated with the administration of agriculture, forestry, and other land uses. In Brazil, for example, these data include animal transport data (GTA), forest documents (DOF), and the rural register with land ownership data (CAR-CPF). Data could also include monies paid to the government in respect of concessions. Agricultural concessions in Liberia, for example, disclose area-based and production-based taxes paid to the government.

with existing suppliers in those geographies that meet Accountability Framework guidance, engagement with suppliers that do not presently meet the guidance to help them to do so, and engagement with other stakeholders in the geography to improve enabling conditions needed to address deforestation, conversion, and human rights challenges at scale.

4. Preferentially sourcing from or providing financing to companies meeting Accountability Framework guidance that are located in jurisdictions making progress on reducing deforestation, conversion, and human rights abuses. Similarly, signaling intent to preferentially source or provide financing to such companies if the jurisdictions in which they are located demonstrate such outcomes in the future.

Balancing continued engagement in laggard jurisdictions with preferential sourcing from leadership jurisdictions

Companies that are confronted with a choice of jurisdictions in which to do business might think to disengage from those characterized by high social or environmental risk or poor governance as a way to avoid being associated with this risk, even though they currently source from individual suppliers in those jurisdictions that fulfill company commitments. This is strongly discouraged. Instead, commodity-buying companies can leverage their market power to improve performance rather than creating a demand vacuum that might be filled by companies with less concern for deforestation, conversion, or respect for human rights. Companies are encouraged to continue sourcing from suppliers that meet company commitments by applying Accountability Framework guidance, and to work with them alongside other stakeholders in the jurisdiction to address the challenges that elevate the jurisdiction's risk profile. Publicly communicating these efforts can help other stakeholders understand the rationale for continued engagement in risky jurisdictions, and can galvanize other actors to similarly engage for positive change.

At the same time, companies can provide strong market signals in support of scaled efforts to address deforestation, conversion, and human rights challenges by preferentially sourcing from suppliers that meet company commitments and are located in jurisdictions that are making progress against these objectives. This both rewards jurisdictions that are taking the necessary actions to address these challenges at scale with greater market access and provides incentives for lower performing jurisdictions to improve. Even as they continue to engage in and with laggard jurisdictions, companies can direct (and clearly signal their intent to direct) new purchasing to suppliers in leadership jurisdictions. In some cases, these new supplies may replace commodities from former suppliers that have remained non-compliant with little improvement despite good-faith engagement efforts from the buyer.

Helpful tools: identifying jurisdictions for preferential sourcing

There are already several frameworks and tools that can help companies make decisions about where they might direct preferential sourcing efforts. Two indicative examples are summarized below.

The Commodities/Jurisdiction Approach¹² evaluates jurisdictional initiatives on the basis of their inclusion of several elements: 1) a strategy for reducing emissions from land use while increasing agricultural productivity and improving livelihoods; 2) a system for measuring and monitoring reductions in emissions from deforestation against an established baseline; 3) a commitment to adhere and monitor adherence to social and environmental safeguards; 4) high-level political commitment to, and support for, the jurisdictional initiative; 5) stakeholder engagement in development and implementation of the initiative; and 6) an ambitious Nationally Determined Contribution (at the national level) under the UNFCCC. Jurisdictions that meets these criteria are listed to inform companies wishing to source from such jurisdictions.

The &Green Fund¹³ invests money from bilateral and multilateral donor agencies, companies, and foundations in inclusive, sustainable, and deforestation-free commodity production. Investment criteria limit funding eligibility to projects in jurisdictions that have: 1) globally significant quantity and quality of forest and/or peatland; 2) a clear strategy for tracking deforestation reductions against historic trends in the jurisdiction; 3) timely progress toward meeting a strategy for reducing deforestation; 4) a transparent system for monitoring, measuring, reporting, and verifying deforestation reductions; and 5) documented progress toward implementing the social and environmental safeguards of the Cancun Agreement.

4. Using jurisdictional systems to help fulfill voluntary supply chain commitments

The Accountability Framework specifies what companies must do to ensure and demonstrate fulfillment of supply chains commitments and responsibilities related to deforestation, conversion, and respect for human rights. These actions include (among others) supply chain mapping and traceability, supplier management, monitoring, verification, and reporting. In some contexts, companies may utilize jurisdictional governance, monitoring, or enforcement instruments (collectively referred to as “jurisdictional systems”) to help fulfill one or more of these functions. Types of jurisdictional systems that companies might use include:

- Datasets (e.g., baseline forest cover provided by national forest monitoring systems, carbon stock estimates generated by LIDAR mapping, lists of embargoed suppliers, or evaluations of social risk linked to commodity production in a jurisdiction)
- Monitoring mechanisms (e.g., remote sensing tools that monitor land cover change across jurisdictions, including national forest monitoring systems)
- Verification or enforcement systems (e.g., government-led systems that require certain parameters or elements of compliance to be verified across an entire jurisdiction)
- Land governance systems that integrate land-use planning, land designation, and enforcement; market-based incentives; and/or other mechanisms to address deforestation, conversion, and land governance holistically across an entire jurisdiction (e.g., some jurisdictional REDD+ programs or other multi-stakeholder initiatives working to address deforestation in specific geographies)

Following is further guidance on the use of jurisdictional systems to fulfill, monitor, and verify supply chain commitments.

¹² <https://commoditiesjurisdictions.wordpress.com/approach/>

¹³ <http://www.andgreen.fund/>

1. Ultimate responsibility rests with companies to fulfill their supply chain commitments, demonstrate such fulfillment, and determine whether and how to use jurisdictional systems to help do so.
2. The AFi has no preference as to whether companies use systems focused at the level of the production unit or the jurisdiction to demonstrate fulfillment of their commitments, so long as the chosen systems are sufficiently robust to serve the risk assessment, monitoring, or verification function for which they are being used.¹⁴ Where robust jurisdictional systems that provide property-level risk assessment, monitoring or verification exist, these systems should not be substituted by jurisdictional systems that provide these functions at lower resolution (e.g. at the level of a political boundary).¹⁵
3. If a jurisdiction can be shown to have low risk¹⁶ of deforestation, conversion, or adverse impacts to human rights using robust systems (i.e., those that satisfy bullets 4 and 5 below):
 - a. Producers who manage production units within the jurisdiction, and companies that purchase commodities from them, need not monitor or verify at the level of the individual production unit the subject topics that are effectively addressed at the level of the jurisdiction by the jurisdictional system.
 - b. Commodity-buying companies that source from the jurisdiction need not establish traceability beyond the level of the jurisdiction.
 - c. Companies that follow the guidance in bullets (a) or (b) above should disclose their reason for sourcing from the jurisdictions in question and the methodology that identified the jurisdictions as low risk.
4. Regardless of the function for which they are used, robust jurisdictional systems generally have broad geographic coverage, a mechanism for identifying actors that cause deforestation, conversion, or adverse impacts to human rights and addressing the harm caused, and are accurate, impartial, transparent (in both methodology and outcomes), human rights based, and generally accepted by landscape stakeholders. [These criteria may be elaborated further in future versions of this Operational Guidance.]
5. To fulfill *monitoring and verification functions* for commitments related to halting deforestation and conversion, jurisdictional systems must provide either: a) accurate site-level monitoring (so that the system can be used to monitor specific production units) and/or b) a deforestation- or conversion-free land governance scheme paired with effective enforcement functions (so that the system can demonstrate no or only a minimal level of deforestation or conversion at a jurisdictional level).
 - a. For example, regional moratoria (like those for soy and cattle in the Amazon) use monitoring and verification systems that provide property-level information on deforestation across a large region, while jurisdictional REDD+ programs provide jurisdictional level information on deforestation. Companies could use either type of system if it is robust and demonstrates that no or only a minimal level of deforestation or conversion is occurring.
6. [In future versions of this document, further guidance may be provided on the use of jurisdictional [In future versions of this document, further guidance may be provided on the use of jurisdictional systems to fulfill *monitoring and verification functions* related to respecting human rights; *risk*

¹⁴ While a company's *supply chain management, monitoring, and verification systems* may be managed at the production unit/supply chain level, the jurisdictional level, or both (using effective instruments at each level), its *implementation approach* must consider both the supply chain and the broader context, as elaborated in Section 3 above. This is essential to ensure that the company is adequately addressing, or contributing to addressing, key issues beyond its full manageable control.

¹⁵ For example, the Amazon Soy Moratorium and the Cattle Agreement use data spanning the Amazon biome to monitor deforestation at a resolution that is precise to level of property boundaries. Companies sourcing from or financing operations in this region should not use a system that monitors deforestation at a lower resolution than property-level (e.g., municipal level) to fulfill the monitoring component of their supply chain commitment.

¹⁶ Low risk is defined as "A conclusion, following a risk assessment, that there is negligible or insignificant risk that material produced in or sourced from a given context is non-compliant with one or more aspects of a company's social and environmental commitments or obligations." The AFi is developing further guidance on the meaning of "low risk" and how to assess it in the context of deforestation- and conversion-free supply chains.

assessment and due diligence functions related to halting deforestation and conversion and respecting human rights; and support for other aspects of implementing responsible supply chains, such as *responsible land acquisition and land use planning* (Core Principle 4), *long-term protection* (Core Principle 5), and *effective remedy mechanisms* (Core Principle 6).]

Invitation for input

The Accountability Framework clarifies that a precondition for responsible supply chains is for companies to adequately address deforestation, conversion, and human rights in their production and sourcing activities. Should the Accountability Framework provide specialized guidance on sourcing from jurisdictions that are making consistent and significant improvements to address deforestation drivers, enable inclusive development, and respect human rights? If yes, what safeguards and monitoring and verification requirements could apply to such sourcing?

Helpful tools: monitoring deforestation and conversion at jurisdictional scale

Several existing tools may help companies monitor and verify the level of deforestation or conversion in a jurisdiction, including nationally developed tools that track these trends such as PRODES in Brazil, and global tools like Global Forest Watch, Trase, and the Governors Climate and Forest Taskforce Impact Platform and Knowledge Database. As the AFi further develops its Operational Guidance on Monitoring and Verification, it will analyze these and other tools in greater depth to clarify the extent to which they can fulfill monitoring and verification requirements related to supply chain commitments.

The PRODES project monitors deforestation in the Brazilian Legal Amazon, and has documented annual deforestation rates for the region since 1988. The Brazilian government uses these figures to establish public policy, including defining access to credit in the Amazon biome, establishing deforestation reduction goals, and soliciting funds to reduce deforestation.

Global Forest Watch¹⁷ offers a map and dashboard system that spatially and graphically shows tree cover loss and tree cover gain across the world. These data are not equivalent to deforestation and reforestation but may be useful as a first cut for assessing forest-related change in a jurisdiction.

Trase¹⁸ compiles trade data for deforestation-risk commodities including municipality of production, exporter, importer, and destination country. These data are overlaid with other information including deforestation metrics and whether the exporters have made a deforestation-free commitment.

The Governors Climate and Forest Taskforce Impact Platform¹⁹ and Knowledge Database²⁰ are two web tools that provide a number of metrics for each jurisdiction that is a member of the Task Force, including forest cover percentage, deforestation rate, avoided deforestation, total deforested area, and drivers of deforestation.

¹⁷ <https://www.globalforestwatch.org/>

¹⁸ <https://trase.earth/>

¹⁹ <http://gcfimpact.org/>

²⁰ <http://www.gcftaskforce-database.org/>

Helpful tools

A few tools may help companies with risk assessment and due diligence functions for commitments related to human rights. As the AFI further develops its Operational Guidance on Monitoring and Verification, it will analyze these and other tools in greater depth to clarify the extent to which they can fulfill risk assessment functions.

The NEPCon Sourcing Hub²¹ evaluates the social risk associated with the timber, beef, soy, and palm oil sectors by specifying risks at country, and in certain cases, sub-national levels. Risk is quantified and ranked along four categories: legal employment, health and safety, ILO Fundamental Conventions, and Indigenous and Traditional Peoples' rights. The rating is listed for both smallholder and estate systems.

The Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)²² is an online tool that helps users conduct systematic, high-level environmental and social due diligence associated with trade finance and short-term finance (STF). In the case of direct investments (project or corporate finance) or other non-trade/STF investments through financial intermediaries, the GMAP can provide a first-level assessment of agro-commodity risks. It identifies and scores risks for commodity-related investments in producer countries focusing on child labor, forced labor, and biodiversity at national level.

The Global Forest Registry²³ maps national-level risk associated with sourcing timber; although designed for the timber sector, some of the indicators of social risk could apply to other commodity sectors as well. Five types of risks are quantified by jurisdiction: legality; traditional, civil, and collective rights; adverse impacts to High Conservation Values; forest conversion; and genetically modified organisms. The risk characterization associated with traditional, civil, and collective rights for a given country is based on four indicators: presence of a UN Security Council ban on timber exports from the country concerned; presence of a designation at the national or sub-national level as a source of conflict timber; evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the jurisdiction concerned; and presence of recognized and equitable processes to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests, or traditional cultural identity in the jurisdiction concerned.

²¹ <https://www.nepcon.org/sourcinghub>

²² https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/gmap

²³ <http://globalforestregistry.org/>