Operational Guidance on Achieving Commitments Through Collaboration

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Guidance on how companies can effectively engage stakeholders and fulfil voluntary commitments in a landscape and jurisdictional context
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.

The Accountability Framework was created through a consultative process with a wide range of stakeholders including companies, NGOs, and government, and following applicable good practices for multi-stakeholder initiatives.

The Accountability Framework initiative (AFi) Steering Group includes a diverse group of civil society partners including representatives from the following organizations:

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For more information on the AFi and the Framework development process, please visit www.accountability-framework.org
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Purpose & summary

This document provides guidance on how companies should collaborate with other stakeholders in the landscapes, jurisdictions, and sectors in which they operate to implement their commitments effectively. It also suggests specific ways for companies to pursue such collaboration. The purpose of this collaboration is to address social and environmental issues that are beyond companies’ full control and to contribute to broader and longer-lasting positive impact. Specifically, such collaboration can help companies be better able to:

- Fulfil their commitments
- Demonstrate progress and compliance related to their commitments
- Reduce legal, regulatory, and reputational risk related to deforestation, conversion, and human rights violations occurring outside but in the vicinity of, their operations and sourcing areas
- Support larger-scale and longer-term social and environmental improvements on the ground
- Ensure that company efforts to address deforestation, conversion, and human rights violations in their operations and supply chains do not displace these impacts to other areas

Following an introduction that explains the role of companies in working to resolve deforestation, conversion, and human rights challenges beyond their full control, the guidance elaborates good practice and examples illustrating:

1) How companies may engage with government, peer companies, and other stakeholders to address elements of their commitments beyond their full control (for instance, land governance or enforcement of forest protections)

2) How companies may utilise jurisdictional governance or monitoring initiatives to help fulfil—and demonstrate fulfilment of—their voluntary commitments
Collaboration can support effective implementation and monitoring of commitments in support of several aspects of the Accountability Framework. In particular, this guidance is intended to support and align with the Framework’s *Operational Guidance on Supply Chain Management* and *Operational Guidance on Monitoring and Verification* in addition to elements related to the protection of human rights, halting deforestation and conversion, and fostering long-term protection of natural ecosystems.
1. Introduction

Implementation and fulfilment of company supply chain commitments is almost always affected by—and should be informed by—the geographic, political, social, economic, and institutional contexts where commodities are produced, traded, and financed. Company commitments, actions, and monitoring processes related to ethical supply chains often intersect with dynamics beyond the company’s control, such as those driven or impacted by policies, programmes, and actions undertaken by other companies, government entities, communities, and other actors. While companies may be able to effectively address certain aspects of their commitments on their own (through actions taken at the level of production units or through supply chain management), other issues may require or benefit from consideration of the broader context and the other actors and actions that shape it. For this reason, companies often need to collaborate with other stakeholders to effectively implement and achieve commitments to protect forests and other natural ecosystems and respect human rights.

Core Principle 10 and other sections of the Accountability Framework outline ways in which companies may work with other stakeholders to achieve their supply chain commitments, including through broader adoption of responsible production and trade practices and by creating enabling conditions that support positive outcomes at scale. These efforts may be conducted pre-competitively in ways that do not violate anti-collusion laws or practices.

Section 2 of this guidance provides guidance on the different ways that companies may collaborate to address issues beyond their full control, through both place-based and sectoral initiatives. Section 3 provides additional guidance specifically on the use of landscape- or jurisdiction-level initiatives, programmes, and monitoring systems to help demonstrate fulfilment of supply chain commitments.
**Box 1. Landscape, jurisdictional, and sectoral initiatives**

**Landscape approaches** involve collaboration of stakeholders in a landscape to reconcile and optimize multiple social, economic, and environmental objectives across multiple economic sectors and land uses. Landscape approaches are implemented through processes of integrated landscape management that convene diverse stakeholders to develop and implement land-use plans, policies, projects, investments, and other interventions to advance landscape sustainability goals.

**Jurisdictional approaches** are a type of landscape approach that are developed within the administrative boundaries of sub-national or national governments, usually with emphasis on the roles of government in public policy, land-use planning, law enforcement, investment, or other functions.

**Sectoral initiatives** bring together multiple actors associated with a particular commodity sector to establish common goals or objectives, develop plans, and take action to overcome challenges particular to the given sector. Sectoral initiatives may be limited to specific groups of stakeholders (e.g., only producers or only private companies at multiple supply chain stages) or they may involve multi-stakeholder engagement including civil society and government representatives.
2. Collaborating to address challenges beyond the company’s full control

Companies are ultimately responsible for fulfilling their supply chain commitments and demonstrating such fulfilment. However, companies’ efforts to fulfil commitments may be hindered by factors beyond their full control, such as land tenure conflict and insecurity, land-use planning and policy at odds with social or environmental commitments, ineffective implementation and enforcement of applicable laws, corruption, and smallholder exclusion from supply chains. Failure to address these and other contextual factors may undermine companies’ efforts and prevent them from meeting their commitments.

This section identifies practical actions that companies can take to address challenges such as these through collaboration. Companies should pursue these or other context-appropriate actions commensurate with their production, sourcing, or financing footprint, position in the supply chain, and ability to contribute to lasting solutions beyond their full control. Section 2.1 identifies actions for all companies, irrespective of their position in the supply chain; Section 2.2 concentrates on additional actions specific to producers, producer groups, and primary processors; and Section 2.3 identifies additional actions specific to downstream commodity-buying companies and financial institutions.

2.1 Actions for all companies

Companies at all stages of the supply chain—as well as those that provide finance to supply chain actors—should consider the following actions to help address systemic challenges:

1) Developing a stakeholder engagement plan for each context (e.g., jurisdiction, sector) 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

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1 The potential for companies to influence progress does not always directly correlate with purchase power alone; companies that purchase small volumes may have outsized influence in making progress through advocacy.
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. Stakeholder engagement plans can help a company to identify the most critical opportunities for collaboration and risk mitigation to address broader challenges to fulfilling their commitments in each context.

2) Engaging in multi-stakeholder planning and policy efforts: Companies can participate in existing initiatives—or collaborate with others to help catalyze new initiatives—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. More specifically:

- The type and degree of engagement in such efforts should be commensurate with the company’s proximity in the supply chain to the point of production and its relative significance in the supply 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 with less influence might engage in less direct ways, for example by voicing support for these multi-stakeholder efforts or indicating an intent to prioritize purchases of commodities from the area if aggregate deforestation or conversion rates decline.

- Participation may include attending and actively contributing to meetings; providing peer-to-peer advice or support whereby to help other companies to engage in collaborative processes; sharing experiences and technical expertise; incorporating or pilot-testing best practices or new approaches in the company’s own operations or through its supplier relationships for future scaling across the jurisdiction; 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 to such efforts can be a way to support relevant aspects of corporate commitments, provided that tangible action towards fulfilling deforestation-free or conversion-free outcomes can be demonstrated (See Box 2 below and the Operational Guidance on Reporting, Disclosure, and Claims).

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2 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.
• 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) **Advocating for supportive policies and enabling conditions:** Companies can advocate for measures and programmes that promote human rights and reduce deforestation and conversion in the contexts where they work. This includes:

• working with other stakeholders to advocate that relevant government bodies provide easy public access (e.g., transparency) 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.³

• 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.

4) **Contributing to collaborative efforts to achieve long-term protection of natural ecosystems:** An array of tested models for protecting forests and other natural ecosystems on a long-term basis already exists, and new models that are more directly oriented to the context of ethical supply chains are being developed. Companies can contribute to these efforts as part of their obligations to restore or compensate for past deforestation or conversion or as part of their initiatives to deliver net positive conservation outcomes. See Box 2 for further information.

5) **Engaging supply chain partners and suppliers:** Companies can actively encourage their suppliers and customers to support multi-stakeholder planning and policy efforts in the jurisdictions and sectors in which they operate.

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³ 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.
Box 2. Working collaboratively to achieve long-term protection of forests and other natural ecosystems

Site-based measures on their own may be sufficient in some situations to protect natural ecosystems, their conservation values, and the rights of indigenous peoples and local communities (IP/LC) in the long term. In many cases, however, wider collaborations and interventions across larger landscapes are needed. This is because, for example:

1) IP/LC often have formal or customary property rights to areas spanning multiple legal boundaries of production units, properties, or concessions.
2) Certain species rely on areas larger than can be found in individual production units or conservation areas and may move seasonally between areas.
3) Where production is predominantly by smallholders or medium sized producers, they may not have the resources or land area to allocate significant areas to conservation; thus, ecosystem protection may require collaboration at the landscape level.
4) Stopping further, cumulative conversion of forest or other natural ecosystems is vital to ultimately protecting those areas, yet doing this through supply chain commitments can be very challenging. This is because clearance is often done by actors that are not yet in supply chains (‘not-yet-producers’) and who are often unknown or even invisible to downstream supply chain actors.

Overcoming these obstacles requires collaborating in production landscapes, and in many cases may require the support of buyers and downstream supply chain actors. This kind of collaboration can take many forms and should be tailored to the context to effectively address root causes. Where they exist, actors should build on or strengthen existing initiatives. Collaborative approaches include:

1) **Community or smallholder support programmes**: These include efforts to help secure land tenure, improve livelihoods, develop sustainable alternative livelihoods, raise awareness about environmental impacts, and seek to reduce further negative environmental impacts. Examples include Fire Free Villages, the Indonesian Peat Restoration Agency’s Peat Care Village Programmes, and Community Conservation Agreements (pioneered by Conservation International). Such programmes may be suitable in landscapes with significant levels of smallholder production.
2) **Projects to improve and restore habitat connectivity:** In many well-established production landscapes where natural habitats have been substantially fragmented, further loss of connectivity between remaining natural habitats can be a major threat to the long-term survival of wildlife. One solution is to restore connectivity through habitat corridors within production units or on other land areas, including existing or expanded riparian corridor habitats and natural ecosystems restored from production lands of marginal productivity.

3) **Partnerships to protect or restore large remaining ecosystems or protected areas:** Increasingly, companies are supporting off-site conservation efforts in protected areas or other large forest areas that are facing encroachment either due to inadequate law enforcement or opportunistic expansion into areas with unclear land status. Companies may participate in or contribute to these programmes to remediate past deforestation or conversion (see the *Operational Guidance on Environmental Restoration and Compensation*) or to contribute to broader positive impacts as part of their commitments or sustainability goals. This can involve:

- Companies establishing their own conservation areas
- Companies supporting community rights-based conservation projects established and run by communities or NGOs
- Companies supporting government agencies to strengthen protection or monitoring of protected areas or remaining forest area under threat of deforestation or conversion (e.g., the Kulim Wildlife Defenders programme in Malaysia through which a palm oil company supports patrolling by the Department of Wildlife to prevent poaching and encroachment). Given the challenge of engaging with individual producers to prevent them from initiating new conversion, collaborations between companies and government that focus on monitoring remaining forest areas and developing response protocols is increasingly seen as a more effective strategy.
2.2 Additional actions for producers and primary processors

Given their central role in—or proximity to—commodity production and related land management, producers, producer groups, and primary processors can play a critical role in collaborative processes within production landscapes. Specifically, they may be well-positioned to support land management and monitoring efforts to improve habitat and landscape connectivity, strengthen law enforcement, implement participatory and community-based monitoring approaches, and promote increased productivity and resource-use efficiency on existing production lands.

Such collaboration can be facilitated through information sharing and dissemination of good practices, such as:

- Sharing farm or concession boundaries, maps of High Conservation Value (HCV) or High Carbon Stock (HCS) areas, other relevant spatial data, and land management plans with other stakeholders in the landscape
- Providing information or training on applicable improved agricultural practices and technologies with nearby smallholders and communities

2.3 Additional actions for buyers and financiers

Companies at intermediate and downstream stages of the supply chain—as well as those that provide finance to supply chain actors—should consider the following additional sets of actions:

1) Provide financial support to producers, producer groups, and primary processors to help them address social and environmental issues beyond their full direct control. This can be done through direct bilateral support from buyers to their suppliers or by pooling resources with peer companies sourcing from the same areas. Such support can be used to:

- Improve agricultural practices and technologies and to ensure that use of these practices and technologies are linked to forest and ecosystem conservation outcomes
- Fund ecosystem restoration activities, FPIC processes, activities to halt systemic violations of workers’ rights, and community sustainable development initiatives
- Establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution
2) Make decisions about commodity purchases and supplier engagement in a way that supports and encourages progress by producers and processors in geographies characterized by high social or environmental risk or poor governance. This may involve:

- Engagement with suppliers in higher-risk areas who are in compliance with company commitments, including incentives and support for suppliers to incorporate the Accountability Framework throughout their operations (e.g., beyond the materials purchased by the buyer)
- Engagement with suppliers who are not presently in compliance with company commitments in order to encourage and facilitate development of supplier implementation plans to bring them into compliance; see Section 4 of the Operational Guidance on Supply Chain Management for more information about when it is appropriate for companies to purchase from or engage with non-compliant suppliers

3) Collaborate with other downstream companies sourcing from the same region to address common challenges. This may involve, for instance:

- Sharing risk assessment methodologies and results with other companies to promote consistent and comparable risk characterization in sourcing areas
- Sharing supply chain mapping and traceability information
- Sharing information regarding supplier non-compliance
- Pooling resources for investigation of new deforestation alerts and related actions to halt new clearing
- Supporting efforts to identify and manage the compliance of indirect suppliers by collaborating with other companies who purchase from the same direct suppliers to pool investments in supply chain mapping, monitoring, and verification for indirect suppliers

4) Make decisions about commodity purchases in a way that rewards jurisdictions that are effectively addressing deforestation, conversion, and human rights violations and/or that incentivizes jurisdictions to do so or continue doing so. Specifically, companies can preferentially source materials from jurisdictions that are making significant progress on reducing deforestation, conversion, and human rights abuses and can signal their intent to preferentially source from such jurisdictions to the extent they can demonstrate such progress in the future (See Box 3). However, preferential sourcing from jurisdictions with strong sustainability performance should not cause companies to disengage from jurisdictions with greater challenges or higher risk; see Box 4 for discussion of how these mandates can best be balanced.
Interest in landscape and jurisdictional approaches to address complex sustainability issues has increased greatly within the past few years. As part of this trend, several tools and frameworks have been established—and more are now being developed—to help assess the performance and trends of landscapes and jurisdictions with regard to environmental, social, and governance topics. These tools and frameworks can help companies make decisions about where they might direct preferential sourcing efforts. Two indicative examples are summarized below.

**The Commodities/Jurisdiction Approach** 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 meet these criteria are listed to inform companies that wish to identify potential sourcing areas with these characteristics.

**The &Green Fund** invests money from bilateral and multilateral donor agencies, companies, and foundations in commodity supply chain projects that adhere to social and environmental safeguards as well as a plan for protection of natural ecosystems and community values the wider landscape within which projects are situated. 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 towards meeting a strategy for reducing deforestation; 4) a transparent system for monitoring, measuring, reporting, and verifying deforestation reductions; and 5) documented progress towards implementing the social and environmental safeguards of the Cancun Agreement.
**Box 4. 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 fulfil company commitments. This is strongly discouraged. Instead, commodity-buying companies can leverage their market power to improve performance rather than to create 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 the Accountability Framework's 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.
3. Using jurisdictional systems to help demonstrate fulfilment of supply chain commitments

Where they exist, companies may make use of jurisdictional governance, monitoring, or enforcement instruments (collectively referred to as “jurisdictional systems”) to help demonstrate fulfilment of supply chain commitments. As of now, there is little commonality or standardization in the types and functions of jurisdictional systems or in their ability to contribute to effective implementation and monitoring of supply chain commitments. Ultimate responsibility rests with companies to fulfil their supply chain commitments, demonstrate such fulfilment, and determine whether and how to use jurisdictional systems to help do so. The information in this section can help inform company decisions about the use of these tools.

Types of jurisdictional systems that companies might use include:

- **Monitoring mechanisms**, such as remote sensing tools that monitor land cover change across jurisdictions, including national forest monitoring systems
- **Verification or enforcement systems**, such as 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+ programmes or other multi-stakeholder initiatives working to address deforestation in specific geographies)
- **Landscape or jurisdictional standards or assessment frameworks** that document and/or verify elements of landscape or jurisdictional performance according to predefined parameters, methods, or quality control measures

Various jurisdictional **datasets** typically play an important role in the implementation of any of the above types of jurisdictional systems, and such datasets may also be used outside the context of such systems to assess risk or performance at a jurisdictional level. These datasets include 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.
Regardless of the function for which they are used, robust jurisdictional systems generally have the following characteristics, which companies should consider when assessing the suitability of any given system to help manage and monitor supply chain commitments:

- The jurisdictional system has broad or full geographic coverage across the spatial extent to which it applies (e.g., data are not limited to a small portion of the jurisdiction)
- The system includes mechanisms for identifying and managing social and environmental issues not only in their aggregate but also with regard to the specific actors that cause or contribute to negative environmental or human rights impacts
- The monitoring, reporting, or statistical component of the jurisdictional system is characterized by a high degree of accuracy, or reasonable efforts are underway to improve accuracy if it is limited by data availability or data quality barriers
- The monitoring component of the system is transparent, including public accessibility of both the methodologies and the results of monitoring activities
- Any planning, governance, or enforcement components of the jurisdictional system are human rights-based
- The jurisdictional system is generally accepted by landscape stakeholders

Companies may use jurisdictional systems to monitor — and potentially verify — fulfilment of commitments in either of two ways, depending on the capabilities of the jurisdictional system:

1) If the jurisdictional system provides accurate site-level monitoring or verification of topic(s) covered by company commitments, then it may be used to assess compliance or performance at this level of granularity. When combined with site-level traceability, such monitoring may be sufficient to assess or demonstrate compliance. An example of this type of system is the monitoring and verification system established as part of the Amazon Soy Moratorium, which provides property-level information on deforestation and slave labour across a large region.

2) If the jurisdictional system includes effective governance and enforcement to fulfil commitments at a jurisdictional scale, and can monitor and demonstrate such fulfilment, then companies may use this system to demonstrate fulfilment of their own corresponding commitments for any material purchased from the jurisdiction. Currently there are few jurisdictions that can demonstrate such a performance level — and as a matter of enforcement and monitoring it may be more feasible to do so for no-deforestation or no-conversion commitments than for human rights commitments, which can be more challenging to monitor at scale. An example of this type of system is a REDD+ programme that has succeeded in achieving a low risk of deforestation and that provides credible jurisdictional-level evidence of this result.
Where there are jurisdictional systems that provide property-level information on performance or risk (case 1, above), these systems should not be substituted by jurisdictional systems that provide these functions at lower resolution (case 2, above). If property-level information is not available but a jurisdiction can be shown to have low risk of deforestation, conversion, or adverse impacts to human rights using robust systems, then:

- Producers that 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
- Commodity-buying companies that source from the jurisdiction do not need to establish traceability beyond the level of the jurisdiction
- Companies that follow the guidance in the two bullets above should disclose their reason for sourcing from the jurisdictions in question and the methodology that was used to identify the jurisdictions as low-risk

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6 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 the 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 fulfil the monitoring component of their supply chain commitment.

7 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.”