Guidance on good practice for company reporting against commitments related to the Accountability Framework’s scope, including regular public reporting, information disclosure, and claims about performance related to commitments.
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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.

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

* For more information on current minor revisions in this document: www.accountability-framework.org/minor-revisions
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Purpose & summary

The increasing number of companies making ethical supply chain commitments has coincided with increasing expectations for corporate reporting and disclosure on sustainability issues. Companies must demonstrate progress towards their commitments through accurate, thorough, and timely reporting so that their investors, business partners, governments, civil society, and consumers can make decisions based on credible information. In addition, companies may wish to make claims about the extent to which they have fulfilled their commitments or made progress towards doing so. This Operational Guidance elaborates on Core Principle 12, specifying good practice for company reporting, disclosure, and claims related to commitments that address the Accountability Framework’s scope (i.e., halting deforestation and ecosystem conversion and respecting human rights).

The guidance addresses four primary topics:

• Overview of reporting on supply chain commitments: Section 1 outlines good practices for aggregate-level public and business-to-business reporting on the implementation and outcomes of ethical supply chain commitments. It also discusses the use of existing systems for reporting on commitments within the scope of the Accountability Framework.

• Content of company reporting: Section 2 provides expectations for reporting on exposure to risk, implementation of commitments, traceability and control of commodity supply, compliance with commitments, and outcomes of commitments. This guidance has been developed in consultation with several leading reporting and assessment initiatives that focus on the topics within the Accountability Framework’s scope. It is designed to align with (and help improve alignment among) the systems by which companies are assessed externally by their buyers, investors, civil society, and other stakeholders.
- Information disclosure regarding the supply-base and suppliers: Whereas the first two sections address aggregate-level reporting by companies or business units, Section 3 addresses disclosure related to specific origins and suppliers within companies’ operations and supply chains. This information is intended to foster greater transparency and stronger accountability around responsible supply chains.

- Claims: Section 4 explains how companies can develop and substantiate robust and credible claims related to progress towards or fulfilment of commitments within the Accountability Framework’s scope. This material builds directly on Sections 1-3 and other parts of the Framework, as monitoring, verification, reporting, and disclosure practices that adhere to AFi-specified good practices provide a strong foundation for credible claims.
Introduction

Reporting and disclosure are central to the AFi’s goal of driving faster progress, stronger accountability, and clearer incentives for responsible commodity production and trade. To this end, this guidance specifies good practice that companies should follow to effectively report on progress and outcomes related to the social and environmental topics within the AFi’s scope and to make claims associated with these results.
1. Overview of reporting on supply chain commitments

1.1 Types of reporting

This Operational Guidance addresses two broad types of reporting: 1) regular public reporting designed to provide information about company operations and performance to all stakeholders, and 2) business-to-business (B2B) reporting through which companies may provide information on supply origin, company systems, and compliance with requirements of buyers or investors:

- **Public reporting:** As specified in Core Principle 12, companies that have issued ethical supply chain commitments should publicly report progress and outcomes related to the implementation of these commitments on a regular basis, at least once per year. These reports are a primary mechanism by which companies communicate information about progress they have made towards fulfilling these commitments and improving the environmental and social outcomes of their operations.

- **B2B reporting:** In addition to public reporting, companies should report or share information with their buyers and financiers regarding their commitments, progress towards them, and performance of the company’s operations relative to the buyer’s or financier’s commitments. Buyers and financiers should request such information as part of their supply chain management and investment/loan portfolio management activities, respectively. Appropriate reporting by suppliers will allow their consumers and investors to assess the extent to which their own supply chains or financing portfolios comply with commitments. It will also enable these partner companies to monitor and assess the control mechanisms of their suppliers or borrowers and to support improvements as needed.

Sections 1 and 2 of this Operational Guidance pertain to both public and B2B reporting. Companies should follow this guidance to increase the comparability and reliability of information, improve efficiencies in data collection and data flow by and between suppliers and buyers, and improve overall accountability.
1.2 Principles of effective reporting

Company reporting should follow commonly accepted standards and guidelines for content, completeness, clarity, accessibility, and quality. Following these principles will help ensure that actions and outcomes are reported truthfully and transparently, in a way that is interpretable and comparable. Many reporting frameworks and standards, including the Global Reporting Initiative (GRI),\(^1\) CDP Forests,\(^2\) the Climate Disclosure Standards Board (CDSB)\(^3\) reporting framework, the Greenhouse Gas Protocol Corporate Standard,\(^4\) and the United Nations Guiding Principles Reporting Framework (UNGP RF),\(^5\) provide principles for effective reporting. Companies are encouraged to consider these sets of principles when reporting on commitments within the scope of the Accountability Framework (see Box 1 for GRI reporting principles, as an indicative list). Many principles are shared between entities and frameworks, and companies should identify and adhere to principles that are appropriate to both the nature of their reporting system and the content of their commitments.

Reporting on supply chain commitments should address all segments of a company’s business for which agricultural and forestry commodities pose environmental or social risks.\(^6\) Any exclusions should be identified and justified in reports based on credible risk assessments or similar legitimate prioritization methods (see Operational Guidance on Supply Chain Management). Comprehensive reporting ensures that information is interpretable and provides an accurate assessment of company operations and performance relative to commitments and in the context of the company’s entire relevant operations. In addition, to increase interpretability of reporting, companies are strongly encouraged to use terms and definitions aligned with those in the Accountability Framework in their reports and communications.

Consistent with Core Principle 4.4, public reporting by companies should be freely and readily available to all interested stakeholders. Full reports should be published in formats and languages that are accessible to primary stakeholders, including relevant governments,

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\(^1\) See [https://www.globalreporting.org/standards](https://www.globalreporting.org/standards)

\(^2\) See [https://www.cdp.net/en/forests](https://www.cdp.net/en/forests)

\(^3\) See [https://www.cdsb.net/sites/default/files/cdsb_framework_2.1.pdf](https://www.cdsb.net/sites/default/files/cdsb_framework_2.1.pdf)

\(^4\) See [https://ghgprotocol.org/corporate-standard](https://ghgprotocol.org/corporate-standard)

\(^5\) See [https://www.ungpreporting.org](https://www.ungpreporting.org)

\(^6\) As specified in Core Principle 3.1, commitments are expected to apply to all segments of the company for which agricultural and forestry commodities pose environmental or social risks; their scope should not be limited to specific markets, product lines, ownerships, or geographies. Company reporting should cover at least this same broad scope. This is the case even if a company’s commitments do not yet apply to all areas of the business for which agricultural and forestry commodities pose environmental or social risks. If the company has other lines of business beyond agricultural and forestry production, trade, manufacturing, or retailing, then reporting related to activities in these sectors may be included as part of a broader company-wide sustainability report.
industry groups, investors, civil society, and tracking and assessment initiatives. Relevant components of public reports should also be made accessible to local stakeholders, where appropriate, as part of the company’s overall stakeholder engagement processes and activities. This may require translation into local languages and dissemination of information through accessible channels. Companies should provide opportunities for public comment on reports and on all components of company operations. Implementation of commitments should consider and respond to such input as warranted to foster open stakeholder engagement.

**BOX 1. Global Reporting Initiative (GRI) reporting principles**

The GRI Standard 101 provides an indicative set of general reporting principles for defining the appropriate scope, content, quality, and characteristics of effective public reporting across a variety of topics. These principles are excerpted below:

1.1 **Stakeholder inclusiveness:** The reporting organisation shall identify its stakeholders and explain how it has responded to their reasonable expectations and interests.

1.2 **Sustainability context:** The report shall present the reporting organisation’s performance in the wider context of sustainability.

1.3 **Materiality:** The report shall cover topics that:

   1.3.1 reflect the reporting organisation’s significant economic, environmental, and social impacts; or

   1.3.2 substantively influence the assessments and decisions of stakeholders.

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7 For the purpose of determining the appropriate scope of reporting, assessment of materiality should focus on impacts to the environment and human rights rather than on business risks to companies themselves. In the case of reporting related to human rights, the UNGP recommends the term ‘salience’ rather than materiality to describe the most severe risks to human rights relative to a company’s operations and/or supply chain, which should, at a minimum, be addressed in company reporting.
1.4 **Completeness:** The report shall include coverage of material topics and their boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organisation's performance in the reporting period.

1.5 **Accuracy:** The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organisation's performance.

1.6 **Balance:** The reported information shall reflect positive and negative aspects of the reporting organisation's performance to enable a reasoned assessment of overall performance.

1.7 **Clarity:** The reporting organisation shall make information available in a manner that is understandable and accessible to stakeholders using that information.

1.8 **Comparability:** The reporting organisation shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyse changes in the organisation's performance over time, and that could support analysis relative to other organisations.

1.9 **Reliability:** The reporting organisation shall gather, record, compile, analyse, and report information and processes used in the preparation of the report in a way that can be subject to examination, and that establishes the quality and materiality of the information.

1.10 **Timeliness:** The reporting organisation shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.
1.3 Use of standardized, accepted, and technically sound reporting systems

For topics and sectors for which they are available and applicable, existing reporting standards, tools, and metrics can be used to improve the standardization and credibility of reported information. Companies are encouraged to utilise existing systems when reporting on their commitments. However, there is currently no single system that comprehensively addresses all components of the Accountability Framework Core Principles and Operational Guidance. Therefore, companies will typically need to use multiple systems and/or incorporate additional metrics, such as those described in Section 2 of this guidance.

Many existing systems can be used to facilitate reporting on elements of the Accountability Framework and the extent to which each system may need to be supplemented to address the full set of applicable elements. For example, the Global Reporting Initiative (GRI) provides reporting standards on a broad range of environmental, social, and governance topics, as well as clear guidance on company disclosure. However, companies that follow the GRI standards are advised to provide supplemental reporting detail on deforestation, conversion, and respect for the rights of indigenous peoples and local communities. CDP Forests’ reporting questionnaire and platform include considerable detail on deforestation risk and the mitigation of this risk, but the scope of this system does not include the range of human rights considerations necessary for reporting fully on commitments. Conversely, the UNGP Reporting Framework focuses on reporting related to human rights but does not significantly address issues of deforestation or conversion. See the Operational Guidance on Reporting, Disclosure, and Claims Resource on alignment between AFi and these three reporting systems.

In addition to openly available reporting standards, questionnaires, and tools such as those summarized above, there are numerous commercial and proprietary tools, platforms, services, and approaches available for B2B reporting and disclosure. These systems can help downstream companies and financiers to request information from their suppliers and investees, and for these suppliers and investees to furnish such information to the requesting parties. The AFi encourages these commercial and proprietary systems to adhere to the principles and expectations specified in this guidance and to incorporate the recommended metrics where applicable. Further, the AFi encourages companies utilising these systems to specify that the good practices and common metrics outlined in the Framework are followed and incorporated into the scope of service. Doing so can help improve the consistency, credibility, and interoperability of disclosed and reported information for all parties.
2. Content of company reporting on commitments

Public and B2B reporting on progress towards and fulfilment of company commitments should include information on at least the following four components:

1) Company exposure to environmental and social risks.
2) Management systems and activities related to the implementation of commitments.
3) Degree of traceability and/or control in the company’s supply chain.
4) Outcomes of commitments in regards to: a) progress towards or fulfilment of the commitment itself; b) the resulting outcomes on the ground.

Company reporting should use standardized, technically sound, and appropriate metrics to ensure that reported information is accurate and sufficiently detailed, and to facilitate the comparability of findings over time and across companies, geographies, and sectors. Metrics used for reporting should include information on whether and how the company is working to implement applicable elements of the Accountability Framework. In order to facilitate consistent reporting and assessment on topics within the AFi’s scope, several major reporting, assessment, and monitoring initiatives are working to align their metrics with the elements of the Framework (see Box 2).

Selection of metrics that are appropriate for a given company will depend on the nature of its business and the context in which it operates—particularly the supply chain stage(s) at which it works. For example, guidance in Section 2.2 related to reporting on implementation activities and systems address both activities on the ground (typically most relevant to producers, processors, and some intermediaries) and throughout supply chain management and monitoring systems (typically most relevant to intermediaries and downstream buyers). Companies should include those metrics that are relevant to their business, context, and supply chains in their reporting.

In addition to reporting based on appropriate metrics, company reporting should include qualitative and descriptive information and examples. The purpose of this information is to help explain and interpret the metrics-based reporting, as well as to provide additional detail on how the company is implementing its commitments; it can include different challenges encountered, how the company is working to address and overcome these challenges, how the implementation of commitments has led to improvements or impacts, and how the implementation of commitments is being adapted over time based on learning to date.
BOX 2. Collaboration to align reporting and assessment of supply chain commitments

Strong accountability is predicated on an effective ‘accountability loop’ with three key components:

- clarity as to the expectations, parameters, and best practices in setting and implementing ethical supply chain commitments
- the ability of companies to demonstrate progress towards and compliance with commitments in ways that are robust and interpretable to stakeholders; and
- the ability of stakeholders—including buyers, investors, consumers, and civil society organisations—to make informed and appropriate decisions based on objective and reliable information about company performance that includes standardized and comparable measures.

The Accountability Framework is designed to address the first and second of these components, providing companies with clarity on setting, implementing, and demonstrating progress towards commitments. However, the AFI does not itself intend to assess companies. Therefore, to address the third component, the AFI is collaborating with several leading reporting, assessment, and monitoring initiatives to develop common and aligned approaches for assessment of company performance on topics within the AFI scope.

These initiatives—which include Supply Change, Forest 500, Trase, SCRIPT, CDP Forests, Ceres, ZSL SPOTT, and Global Forest Watch Pro—comprise some of the primary pathways through which buyers, investors, consumers, and other stakeholders gain information about company performance and outcomes relative to supply chain commitments. These initiatives each identify metrics and indicators for monitoring, reporting, and assessment that are appropriate to their scope, application, and target audiences. This collaborative effort will identify core metrics on relevant topics that can be used to harmonize reporting requests and assessment processes for topics addressed by multiple initiatives and by the AFI itself.
This collaborative process is intended to simplify, clarify, and harmonize reporting and assessment by:

1) Increasing alignment in the relevant metrics and methods used by different initiatives to assess company performance; and
2) Increasing alignment between metrics used by initiatives and the principles and guidance of the Accountability Framework.

Results of this process to date are reflected in this Operational Guidance and are increasingly being incorporated into the tools and methods of above-mentioned initiatives. These alignment processes will benefit both companies and those evaluating their performance by:

1) Clarifying expectations for company reporting in line with the elements of the Accountability Framework.
2) Simplifying reporting requests made of companies, as there is convergence in the metrics used by different initiatives and alignment of these metrics with the Accountability Framework.
3) Increasing the interpretability of information available for decision-making by commodity buyers and investors.
4) Amassing a more complete, interpretable, and comparable dataset on company commitments and progress towards them.
2.1 Reporting on company attributes, governance, and risk exposure

Company reports should include relevant contextual information on the company’s profile, governance, markets, employees, reporting practices, and other information necessary for stakeholders to understand the scope of the company’s business, the ways in which its business may be associated with social and environmental risks and impacts, and the company-wide systems or mechanisms used to manage these risks and impacts.\(^8\)

GRI Standard 102 includes a detailed set of required disclosures on company attributes, governance, and risk exposure aimed at providing information on:

- The company’s profile and the context in which it operates (i.e., organisation, location of operations, brands, information on its supply chains and markets)
- Key risks and impacts
- Company values and norms
- Company organisation
- Stakeholder engagement mechanisms
- The company’s reporting practice

These disclosures not only improve transparency about the company’s business and potential social and environmental risk, they also provide context for reporting on specific topics. For instance, information on number of employees and the nature of employment are important for understanding reporting related to workers’ rights. Companies are strongly encouraged to follow GRI Standard 102 or otherwise include similar disclosures on company attributes in their reporting.

Other tools are designed to cover exposure appropriate to specific topical scopes. For example, the CDP Forests questionnaire provides a comprehensive approach for reporting on exposure related to deforestation risks, while the UNGP Reporting Framework provides a helpful structure for disclosing risks related to human rights.

Regardless of metrics or reporting mechanism used, reporting on exposure to risks within the scope of the Accountability Framework should include information on the location, nature, and extent of company activities, as elaborated in Box 3.

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\(^8\) This section of guidance addresses aggregate metrics of company operations and exposure. In addition to this reporting on the complete nature of exposure, companies are expected to disclose information about the specific operations and suppliers included in these aggregated metrics. Further guidance on these disclosures is found in Section 3 of this document.
BOX 3. Key elements for reporting on company risk exposure

Companies should report information about their roles in commodity production and trade, land holdings, commodity purchases, and origins of these purchases to help clarify their level of exposure to risks of deforestation, conversion, and human rights violations. This reporting should include the following elements:

For all companies:

- Commodities that the company produces and/or has in its supply chain
- Supply chain role(s) for each commodity that poses social or environmental risks (e.g., producer, processor, trader, manufacturer, retailer)
- Countries in which the company operates or from which it sources, disaggregated by commodity and supply chain role if the company plays multiple roles

For producers and companies owning or managing production land:

- Total land area owned, managed, or otherwise controlled by the company for each commodity
- Total production area owned, managed, or otherwise controlled by the company for each commodity
- Location(s) of commodity production (e.g., ha of production area per subnational jurisdiction) on land owned, managed, or otherwise controlled by the company

For buyers and downstream companies:

- Total volume of each commodity in the company’s supply chain during the reporting period
- Origin of sourced materials for each commodity (e.g., sourced volume per subnational jurisdiction)
2.2 Reporting on management systems and activities related to the implementation of commitments

Companies should report on the management systems and activities used to implement commitments. Reporting should provide information on the existence, extent, and nature of each significant system or activity that is intended to help fulfil, monitor, or verify commitments. This includes both a company’s own activities and those of its suppliers and other entities in its supply chain, as assessed through monitoring and other control mechanisms. Specific metrics for reporting may depend on the position of the company within the supply chain and the level of supply chain visibility. For instance, producers and upstream companies may focus their reporting more heavily on land use practices and engagement with communities, while downstream companies may focus their reporting on how direct and indirect suppliers are engaged to ensure effective control of supplies and actions to address any non-compliances.

The Annex provides a list of company activities that are identified in the Accountability Framework as essential for effective implementation of commitments. Company reporting should provide information about whether and how these activities are being carried out. Many existing reporting frameworks address certain aspects of commitment implementation processes but currently none provides a complete structure for reporting on all implementation activities and systems related to commitments within the AFi scope. Companies should therefore use existing frameworks in combination and/or supplement these with additional reporting to ensure that they include information on all key implementation components.

2.3 Reporting on traceability and control

Companies should report on the extent to which they know and/or control the origins of materials in their supply chains to assess and ascertain compliance with commitments. As described in Core Principle 5 and the Operational Guidance on Supply Chain Management, this may be done through full traceability and/or effective control systems. This aspect of reporting has two principal components:

1) Traceability: Companies should report on the proportion of supply chain volume that is traceable to specific direct or indirect suppliers at each supply stage (e.g., farm or farmer group, mill or silo, trader, direct supplier) as well as the proportion of volume that is
not traceable to specific suppliers but can be traced to specific areas of origin (e.g., radius around a mill, a jurisdiction, or a country). This information should be disaggregated by relevant factors including commodity, sourcing origin, or major suppliers.

2) **Control:** Companies should report on the proportion of supply chain volume and/or the subset of their suppliers for which the level of compliance is known. This information should be disaggregated by the same kinds of relevant factors noted in the point above. If the company uses control systems to manage or ensure compliance of upstream suppliers, the identity of each such control system and associated product volume or supplier should be specified. Such control measures include some certification, identification of low-risk jurisdictions and/or participation in effective jurisdictional approaches, and verification of effective control mechanisms by direct suppliers.

In both cases, companies should report on the methodologies used to verify these traceability and control mechanisms.

### 2.4 Reporting on compliance with and outcomes of commitments

Companies should report accurate and complete information regarding the degree of progress towards fulfilling their commitments and meeting any targets or milestones specified in relation to those commitments. This reporting should include information about both the present level of compliance and the trend over time. In addition to reporting on progress towards compliance, companies should report on outcomes or impacts of company operations and supply chains on deforestation, conversion, ecosystem protection, and human rights. Companies should endeavor to demonstrate the ways in which progressive fulfilment of their commitments is linked to a reduction of negative impacts and/or increase of positive impacts of their operations and supply chain on natural ecosystems and human rights. This information should enable stakeholders to understand the extent to which companies have fulfilled their commitments and interim targets, year-on-year trends towards such goals and milestones, and real-world outcomes of that progress.
Information on compliance and progress may be derived through several different approaches and sources. These include:

1) Monitoring data on the company’s own operations (e.g., production or processing sites) or supplier operations, collected by the company itself or by service providers or auditors in accordance with the Accountability Framework or other credible good-practice frameworks; this approach is most relevant for producers, upstream companies, and companies with visibility to the production base.

2) Receipt, aggregation, and verification of monitoring and management data collected by the company’s suppliers and furnished to the company upon request; this approach is most relevant for downstream companies and companies with limited supply chain visibility.

3) Data gathered through supply chain mapping and risk assessments that identifies the extent and origins of sourcing from sources, geographies, or jurisdictions that are demonstrated to be low risk for one or more of the social or environmental topics within the reporting scope.

4) Grievances and concerns received by the company (or otherwise known through reasonable efforts by the company) and the company’s response to these.

5) Verification conducted in the context of certification programmes or other assurance processes.

6) Evidence of compliance with national and/or international laws, jurisdictional programmes, or certification mechanisms that serves to demonstrate compliance with or progress towards aspects of the company’s commitment.

In order to facilitate clear interpretation and comparability of reported information, metrics used for reporting on outcomes related to commitments should:

1) Quantify or describe such outcomes both in absolute terms (e.g., numbers of hectares or persons affected) and relative to the total scope or exposure of the company or its relevant business unit(s) in relation to the given outcome (e.g., proportion of the company’s supply volume or proportion of its landbank affected).

2) Refer to a consistent scope of operations across metrics and topics (e.g., metrics used to report on deforestation and human rights impacts should cover the same production areas, business segments, and suppliers).
3) Provide a full and balanced representation of the conditions or trends that are being reported on, including both positive and negative aspects of company performance across the full scope of the relevant issue, production or sourcing area, or business unit to which the reporting pertains. For instance, reports should not state the volume of sourced materials that are compliant without putting this information in the context of the total volume of sourced materials and the volume that remains non-compliant.

The following sub-sections provide further detail about reporting on compliance with and outcomes of commitments. Section 2.4.1 elaborates on reporting related to progress towards compliance with commitments on all topics, Section 2.4.2 provides specific guidance for reporting on outcomes of no-deforestation and no-conversion commitments, and Section 2.4.3 presents additional considerations for reporting on commitments regarding the rights of indigenous peoples and local communities.

2.4.1 Reporting on progress towards and achievement of compliance with commitments on all topics

Companies should report on the degree of compliance with commitments across their full commitment scope. Reporting on compliance should:

- Provide contextualized information on the extent to which compliance for the material that they produce or source is known
- Demonstrate the extent to which progress towards compliance is occurring, and the degree to which commitments have been fulfilled
- Be disaggregated by relevant factors such as sourcing origin and commodity, as well as by each commitment component (e.g., supply chains are deforestation-free or respect workers’ rights)

Depending on their position in the supply chain, companies may report on the degree of compliance based on land area, supply chain volume, or major suppliers. In all cases, reporting on compliance should be contextualized in light of the company’s full operations and scope of their commitments.

Frameworks and systems for reporting effectively and in a contextualized way on progress towards compliance are currently in development, including AFi-aligned efforts led by Proforest (See Box 4).
BOX 4. The Responsible Sourcing Implementation Framework

The supply chain sustainability organisation, Proforest, with the involvement of several companies, practitioners, and other stakeholders, is developing a framework for reporting volumes at different stages of progress towards delivery of responsible supply chain commitments. Using this approach, companies can allocate volumes of commodities that they purchase or sell to different categories to provide an overall picture of progress across their business and track this year-to-year. This information can be communicated and cascaded down supply chains to facilitate clear and comparable reporting even in the case of complex and shifting supply chain relationships. Companies are encouraged to use this emerging system to report progress based on supply chain volume in a standardized and interpretable way.

Using this approach, companies should report on the proportion of supply chain volume that falls into each of the following categories:

1) Source is unknown and compliance is unknown
2) Source is known but compliance is unknown
3) Source is known and product is known to be non-compliant
4) Source is known and product is known to be actively progressing towards compliance
5) Source is known and product is known to be compliant

Further details specifying each category, relative to different social and environmental commitments and commodity sectors, are currently in development. This material will be updated with new information or references as such details become available.

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2.4.2 Reporting on outcomes of no-deforestation and no-conversion commitments

In addition to reporting on progress towards and achievement of compliance with their commitments, companies should, whenever possible, report on the area of deforestation or conversion associated with their operations and/or their supply chains, as well as other land use outcomes related to degradation, conservation, and restoration, as applicable.

For producers and companies with visibility and/or control to the level of the production unit, reporting on outcomes related to land use and land cover should be drawn from direct monitoring of production areas. For downstream companies, reporting may include information on land use and land cover aggregated from the reporting of suppliers, as well as estimates of potential impacts developed through monitoring at the scale of known sourcing areas. The Operational Guidance on Monitoring and Verification provides detailed guidance on these approaches to monitoring. Annex 2 of that guidance also identifies appropriate metrics that may be used to quantify outcomes related to deforestation, conversion, ecosystem protection, and restoration. These include metrics for use by producers and companies with direct visibility to the production unit as well as metrics for use by downstream companies. Box 5 identifies key considerations for reporting on outcomes related to deforestation, conversion, and ecosystem protection.

**Box 5. Key considerations for reporting on outcomes related to deforestation, conversion, and ecosystem protection**

Companies should consider the following guidelines to report on deforestation, conversion, and ecosystem protection in a way that is quantitative, credible, and interpretable.

**For producers and other companies that own or manage land:**

- Deforestation or conversion on land owned or managed by the company should be quantified in hectares
- Deforestation or conversion should be disaggregated by ecosystem type
• Conservation and/or restoration activities on land owned or managed by the company should be quantified in hectares and disaggregated by conservation status, designation, or approach

For companies that source raw materials or derived products from producers or other suppliers:

• When possible, information on deforestation or conversion embedded in materials in the supply chain should be quantified in hectares

• When land use change embedded in the supply chain is not known due to visibility and traceability constraints, companies should report on the extent to which materials are sourced from areas or jurisdictions where they may be associated with deforestation or conversion (see Operational Guidance on Monitoring and Verification for further elaboration and examples)

• Information on conservation and/or restoration activities supported or facilitated by the company should be quantified in hectares and disaggregated by conservation status, designation, or approach

2.4.3 Reporting on outcomes of commitments to IP/LC rights

Companies involved in the acquisition, development, or management of land for commodity production or processing should report on compliance with and outcomes of their commitments to respect the rights of indigenous peoples and local communities (IP/LC). To provide a holistic picture of company efforts to identify, mitigate, and remedy harms to human rights, reporting on these commitments must focus on company actions and the explanation for those actions. Reporting systems designed to address risks and impacts to human rights, such as the UNGP Reporting Framework (see Box 6) and the Human Rights Compliance Assessment tool (HRCA), developed by the Danish Institute for Human Rights, provide greatest attention to processes and activities undertaken by companies, rather than on quantitative outcomes.

10 https://www.business-humanrights.org/sites/default/files/5_%20Community%20Impact_0.pdf
Reporting on company policies and impacts related to human rights requires the company to identify and describe salient risks to human rights connected to its operations. The company should report on efforts taken to avoid or mitigate adverse impacts to those rights, including examples that describe how policies and processes are implemented. Reporting should include discussion of challenges faced by the company in working to respect human rights and the company’s approach to understanding and addressing them. Finally, reporting should describe how and when the remediation of harms to IP/LC rights has been carried out.

For any identified risks to the rights of indigenous peoples or local communities, reporting on the outcomes of commitments to respect those rights should, at minimum, include metrics that describe progress towards or compliance with the components specified in Core Principle 2. These include:

- Description and outcomes of due diligence methods used to assess and ensure that IP/LC rights and actual or potential harms to these rights are identified, avoided or mitigated, and tracked.
- Description of the application of Free, Prior and Informed Consent (FPIC) for all activities carried out by a company and/or its suppliers that may affect indigenous peoples’ and local communities’ rights, land, resources, territories, livelihoods, and food security. This includes identification of land development or site acquisition activities by the company and/or its suppliers that have recently or currently triggered an FPIC process, as well as the status of those FPIC processes and their outcomes.
- Description of measures to provide or cooperate in remediation where it has caused or contributed to harm to IP/LC.
- Responses and/or resolutions to any outstanding grievances, including status and time frames.

In addition, companies are encouraged to report more broadly on processes and outcomes related to human rights using appropriate tools such as the UNGP Reporting Framework, which provides a set of prompts and associated guidance to lead users through the process of reporting on salient human rights issues in their operations and supply chains (see Box 6).

Complete reporting may require staff or consultants familiar with these topics and/or the use of more detailed tools specifically designed to identify potential harms and company actions related to IP/LC to apply the reporting initiatives effectively in context. Additional frameworks such as the HRCA, which provides a detailed list of questions and associated indicators on a range of topics related to IP/LC rights, may be used to derive more comprehensive metrics and approaches to reporting. Similarly, the Indigenous Navigator provides detailed indicators for reporting on structural, process, and outcome indicators relating to IP/LC rights.

BOX 6. The UN Guiding Principles Reporting Framework

Reporting on commitments related to human rights requires the elaboration of company actions to identify, mitigate, and remedy potential or actual harms to the rights of indigenous peoples, local communities, workers, or other stakeholders. The UNGP RF provides a set of prompts to help companies report on their commitments to human rights, including IP/LC rights and workers’ rights. Companies are encouraged to use this or similar fit-for-purpose frameworks to guide reporting on human rights topics. Alignment of the UNGP RF with specific Core Principles is described in an associated resource.

The Reporting Framework instructs companies to:

- State the salient human rights issues associated with the company’s activities and business relationships during the reporting period.
- Describe how the salient human rights issues were determined.

It then asks a series of questions designed to guide companies through the process of reporting on salient human rights issues:

- Does the company have any specific policies that address its salient human rights issues?
- What is the company’s approach to engagement with stakeholders in relation to each salient human rights issue?
- How does the company identify any changes in the nature of each salient human rights issue over time?
- How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?
- How does the company know if its efforts to address each salient human rights issue are effective?
- How does the company enable effective remedy if people are harmed by its actions or decisions in relation to the salient human rights issues?
3. Information disclosure regarding the supply-base and suppliers

As stated in Core Principle 12.2, in addition to regular reports on progress towards commitments, companies are expected to disclose information on their suppliers, supply origins, and the nature and status of any associated non-compliances and grievances. “Disclosure” signifies that companies make this information available in formats and languages that are accessible to key stakeholders and the general public.

**BOX 7. The AFi approach to information disclosure**

Information disclosure—also referred to as “transparency”—is an important element for improving company accountability and management systems related to supply chain commitments. Such transparency can help companies at multiple stages of the supply chain to better understand and manage risk and non-compliance in their supply chains. It can also help foster greater trust and collaboration between companies, civil society, and other stakeholders. When combined with emerging information technology, transparency is a powerful tool to help support a broad shift towards responsible commodity sectors.

At the same time, current commercial, legal, and technical constraints can complicate efforts to increase transparency, at least in the short term. With these factors in mind, the AFi has developed a nuanced approach on information disclosure that is reflected in Core Principle 9.2 and in this Operational Guidance. It focuses on those aspects of transparency that are most critical to: i) help curtail deforestation, conversion, and human rights abuses; ii) send clear market signals in support of responsible practices to upstream producer and suppliers; and iii) send accurate information on supply origins, risks, and compliance levels to downstream buyers. In acknowledgement of existing constraints and commercial considerations, the proposed approach does not call on companies to disclose all relevant information, but rather a key subset of information. It also recognises that greater transparency may take time and suggests how companies can progressively move towards this goal.
Good practice for information disclosure differs somewhat depending on the company’s position and role in the supply chain. Several general principles inform the specific disclosure practices outlined in this section:

1) Knowing the identity, location or boundaries, basic characteristics, and compliance level of production and primary processing operations is essential to ensuring fulfilment of supply chain commitments. Without this information it is generally impossible to know the compliance or performance of supply origins, and there can be myriad opportunities for non-compliant supplies to enter the supply chains of companies that have issued commitments.

2) At the same time, as recognised by Core Principle 5, when effective control systems are in place (e.g., certification programmes and similar other types of systems), these can partially or entirely satisfy the need for downstream companies to know the locations and manage the attributes of all producers and primary processors within their supply-base.

3) Information disclosure and transparency are rapidly-evolving areas of practice, driven in part by new information technologies and shifting societal expectations. Elements of transparency that seemed impossible five or ten years ago are commonplace today. As a forward-looking approach for transforming the social and environmental performance of commodity sectors, the Accountability Framework includes certain elements—including aspects of information disclosure—that may require progressive realization in some contexts.

As noted in Box 7, appropriate disclosure practices may differ somewhat based on the disclosing entity’s position and role in the supply chain and, for buyers of raw or processed materials, the extent to which effective control systems are in place. Specific approaches for different supply chain actors are described below.
3.1 Disclosure by producers and primary processors\(^\text{12}\) (and traders when purchasing directly from producers or primary processors\(^\text{13}\))

These entities should disclose the following information:

1) Location of production, primary processing, and aggregation sites, including:
   - Boundaries of production units of origin (to the level of the farm, estate, plantation, ranch, or forest management unit), except that:
     + point locations may be sufficient for smallholders where the size of the production unit is at or below detection thresholds or monitoring capability of available remote sensing-based tools or data products\(^\text{14}\)
   - Point locations of primary processing and aggregation sites (e.g., mills, slaughterhouses, other processing facilities, silos, and other collection sites).

2) Boundaries of areas used or designated for conservation (e.g., areas of natural ecosystems that remain undeveloped per legal requirements or voluntary commitments, areas identified for conservation through relevant assessments such as High Carbon Stock Approach and High Conservation Value assessments, land being managed for restoration, and other areas of natural ecosystem remaining within the production unit).\(^\text{15}\)

\(^{12}\) Primary processor is defined as “a business, cooperative, or other entity that conducts the first stage of processing and/or any pre-processing aggregation after an agricultural or forestry raw material is harvested. Examples include palm oil mills, cattle slaughterhouses, grain and oilseed silos, coffee wet milling facilities, and sawmills processing logs into lumber.”

\(^{13}\) Examples of these traders include: soy traders purchasing directly from farms or farm groups; soy traders purchasing from Soy Moratorium-compliant producers or primary processors; vertically-integrated palm companies that process palm fruits from their own plantations as well as fruits purchased from third-party suppliers; and cocoa traders purchasing from producer groups.

\(^{14}\) For instance, for smallholder cocoa groups in West Africa whose members’ farms are often roughly 1-3 hectares in size, collection of point locations at the center of each member farm may provide a feasible way to meet this requirement while still furnishing sufficiently detailed information to assess risk and monitor compliance. As the resolution and precision of monitoring tools continues to increase over time, smallholders and smallholder groups should anticipate an increasing emphasis on furnishing full farm boundary information in the future.

\(^{15}\) Where there is significant risk that disclosure of such information could jeopardise the conservation values within these areas (e.g., endangered species habitat or sites with cultural artefacts), companies should disclose as much of the indicated information as possible without revealing the sensitive information that could put the given conservation values at risk.
3) Information on the locations and nature of non-compliances and grievances, as well as plans and timelines for resolution, and the current status of resolution.

Note: The AFi does not call for public disclosure of information on production and sales volumes due to stakeholder concerns with disclosing information of a potentially proprietary or competitive nature. However, companies are expected to maintain accurate and detailed records of this information and to make it available (e.g., to auditors) for monitoring and verifying the integrity of the supply chain and the accuracy of information regarding levels of compliance with company commitments (see Operational Guidance on Monitoring and Verification). This is critical to help guard against product laundering, double-counting, over-selling, and other forms of dishonest trade practices that hide the true origins of product supplies and their associated social and environmental impacts. In contexts where there are systemic problems with these types of manipulations, and these problems are enabled or exacerbated by non-disclosure of information on production and sales volumes by source, good practice for responsible companies and their suppliers is to disclose such information.

3.2 Disclosure by consumer goods manufacturers and others that purchase from traders

The following scenarios outline information disclosures by consumer goods manufacturers. The same scenarios apply to other companies that are in intermediary supply chain positions but do not purchase directly from producers or primary processors, such as animal feed producers, traders who purchase from other traders, and some secondary or tertiary processors (e.g., of oleochemicals derived from palm oil and palm kernel oil). (For shorthand, this set of companies to whom Section B applies are referred to below as “manufacturers and mid-stream intermediaries.”). The different disclosure scenarios are based on whether these companies utilise control systems administered by other parties (e.g., certification programmes, traders, or jurisdictions) to help manage part—or all—of their supply chain.

3.2.1 Use of certification

When utilising credible certification systems capable of linking raw material supplies with production units having specific compliance or performance attributes, manufacturers and mid-stream intermediaries should disclose certificate numbers or other unique identifiers of the producer or primary processor.
Certification programmes are encouraged to disclose, or require their participants to disclose, information as per Section 3.1, above. Manufacturers who purchase certified volume can refer to this publicly available information to disclose relevant information about their certified supply origins.

3.2.2 Use of other control mechanisms or jurisdictional sourcing

When purchasing from traders with effective control mechanisms and/or from low risk jurisdictions, manufacturers and mid-stream intermediaries should disclose, as applicable:

1) Origin of supplies purchased from traders with effective control mechanisms, disaggregated by trader, commodity, and sourcing area.

   Traders with effective control mechanisms disclose information as per Section 3.1, above. Manufacturers and mid-stream intermediaries who purchase from these traders can refer to this publicly available information to disclose their supply origins further upstream of the trader.

2) Origin of supplies from low-risk jurisdictions or controlled by jurisdictional control systems, disaggregated by jurisdiction and commodity.

3.2.3 In all other cases

For any portion of their supply that is not controlled by means of certification, other effective control mechanisms, or jurisdictional sourcing (i.e., sourcing from low-risk jurisdictions), the default expectation is for manufacturers and mid-stream intermediaries to trace their supplies to the producers and primary processors of origin and to disclose the following:

1) Location information of the producer or primary processor, as per Section 3.1(1) above.

2) Information on the locations and nature of non-compliances and grievances, as per Section 3.1(3) above.

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16 See the Operational Guidance on Monitoring and Verification for characteristics of effective control mechanisms. This includes information disclosure as listed in Section A above. Manufacturers are encouraged to support their suppliers in developing and implementing effective control measures.

17 As defined in the Operational Guidance on Achieving Commitments Through Collaboration.
3.3 Disclosure by retailers

Retailers should disclose or support disclosure of the following information, based on the different supply chain role(s) that they play in relation to their different product lines:

1) When retailers purchase finished goods from consumer goods manufacturers, they should require that these manufacturers disclose the information listed under Section 3.2. Retailers can then refer to this publicly available information to disclose their supply origins further upstream of the manufacturer.

2) When retailers purchase raw or processed materials from other supply chain stages, they should follow the disclosure practices for the corresponding supply chain role as elaborated above. This includes:
   - When retailers purchase directly from producers or primary processors (e.g., for fresh fruit, dairy, or meat) they should disclose as specified in Section 3.1 above.
   - When retailers purchase from intermediaries (i.e., traders) downstream of producers or primary processors, they should disclose as specified in Section 3.2 above. This includes the case when retailers also function as consumer goods manufacturers (e.g., for their own brand products).

3.4 Cases when companies do not presently disclose all the above information

As noted in Box 7, the AFi partners recognise that some of the disclosure elements listed in Sections 3.1, 3.2, and 3.3 may be challenging for some companies to fulfil, at least in the short term. This can be especially true for companies that manage long supply chains with numerous indirect suppliers and complex intermediary trading stages. Companies that do not yet disclose all this information should indicate their intent and good faith efforts to work towards this level of transparency by providing the following information as part of their overall reporting and disclosure:

- Explanation of why this level of disclosure has not been reached (e.g., limited traceability to the production unit; government regulations prohibit such information to be made transparent; concern that disclosure of the location of specific conservation values could risk the loss of these values [e.g., poaching of endangered species or theft of cultural artefacts]; situations where the company is still working with its suppliers to upgrade their control systems, etc.)
• Time-bound plans for reaching this level of disclosure and, if certain information is expected never to be disclosed due to its level of sensitivity (e.g., as described above), enumeration of what information is expected to remain undisclosed and why

Where laws or government procedures prohibit or inhibit disclosure of the information outlined in this document, companies are encouraged to promote changes to legislation and procedures that will allow this information to be made publicly accessible. Companies should share as much of the above-listed information as possible within the confines of the law.

3.5 Management and delivery of disclosed information

With regard to their information disclosures, companies should follow good and standard practices in data management, data formats, accessibility, and presentation. Information should be made available online in a manner that allows interested stakeholders to easily access, search, aggregate, and download information. This may be done through the company’s own system or hosted on a common or shared platform. The latter is encouraged where it can provide cost savings, increased functionality, and alignment or integration of related datasets. Consistent information formats should be used, including common file formats as appropriate (e.g., shapefile or kml/kmz formats for spatial boundary data).
4. Claims

As stated in Core Principle 12 and elaborated elsewhere in this Operational Guidance, companies that have issued ethical supply chain commitments should publicly communicate progress towards fulfilling these commitments through their reporting and disclosure. Companies may also wish to make specific claims about this progress, or about the sustainability credentials of their business or of specific company products or services. While reporting and claims are not entirely distinct (see Box 8 on Key Definitions), claims are usually understood as concise or simplified summary messages of progress or performance that serve a promotional purpose. Because of these attributes of simplification and promotion, claims are susceptible to being deliberately or unintentionally misleading if they are not properly crafted and substantiated.

**Box 8. Some key definitions**

**Claim:** a message used to describe or promote a product, process, or company with respect to its sustainability attributes or credentials. This may include messages related to the establishment, implementation, progress towards, or fulfilment of supply chain commitments.

**Reporting:** conveyance of information on compliance, performance, or actions from one party to another. Reporting can be public or private (e.g., internal, bilateral party-to-party, or one-to-many via supplier reporting platforms).

**Disclosure:** public sharing of information by companies. This can include reporting that is available to the public as well as public sharing of other information, such as company policies and commitments; company business structures, affiliates, and financial interests; supplier lists; conflicts of interest; political action; or other actions taken to fulfil company commitments. Disclosure is a mechanism for transparency.

*Note: These terms are defined with regard to company ethical supply chain commitments and how progress towards them is communicated.*
This section specifies how companies can craft and substantiate robust and credible claims related to commitments within the Accountability Framework’s scope. This material relates directly to the other sections of this Operational Guidance insofar as reporting and disclosure that adheres to AFi guidance, and that is supported by AFi-aligned monitoring and verification, can provide a strong foundation for credible claims about progress towards and fulfilment of supply chain commitments.

The section provides guidance on:

- **Principles and good practice** that underpin robust claims
- The main **types of claims** that companies are typically interested in making with regard to supply chain commitments, specifically:
  - claims related to degree of traceability of its products or mapping of its supply chains
  - claims related to specific activities and processes that the company is undertaking to fulfil supply chain commitments
  - claims related to social or environmental outcomes, including progress towards or fulfilment of supply chain commitments

It is important to note that this guidance addresses claims related to supply chain commitments, not claims related to company use of or adherence to the Accountability Framework itself. Since the Framework is not a compliance standard and does not include a verification mechanism, companies should not claim that they are certified or verified as complying with the Accountability Framework. However, companies are encouraged to communicate their use of the Framework in guiding how they establish, implement, and monitor their supply chain commitments. For more information on how companies may communicate their use of the Accountability Framework and their relationship to the AFi, please visit the section of the AFi website on [Claims and Communications](#).

Finally, the AFi does not have plans to review or approve claims that companies make or may wish to make related to their supply chain commitments. Rather, this guidance aims to provide general standards of good practice to support companies in making credible claims related to their supply chain commitments.
4.1 Principles and practices for robust claims

Company claims regarding implementation of, progress toward, or fulfilment of supply chain commitments should follow accepted good practice for making and managing claims. The ISEAL Alliance Sustainability Claims Good Practice Guide, along with the ISEAL Credibility Principles, are valuable references for companies intending to make these types of claims. The Accountability Framework’s guidance on claims is consistent with these references and elaborates upon them to provide additional detail with regard to specific types of claims, the evidence required to substantiate them, and characteristics and examples of robust claims.

Underpinning good practice is the principle that claims need to be clear, truthful, evidence-based, verifiable, and free of misleading details or omissions. Furthermore, claims must include or be supported by sufficient information for stakeholders to understand both the content of claims and the sources and attributes of evidence that justify the claims. These two aspects of robust claims, aligned with the guidance found in the ISEAL Alliance references, are further elaborated through nine good practice elements in the following two subsections.

4.1.1 Content of claims

Robust claims should include at least the following six types of information to provide clarity to the reader about what is being claimed:

1) **Topical scope:** A claim should make clear which elements of environmental and/or social performance are included. All included elements should be based on sufficient evidence (see Section 4.1.2 below) and the claim should not state or imply the inclusion of other elements for which sufficient evidence is not provided. The language used to describe the topical scope should not be any broader than the topical scope of the evidence to support it. For instance, if the company has documented the absence of forced labour in a portion of a supply chain, it should not make a claim about respect for human rights, since human rights encompasses a broader set of topics beyond forced labour.

Claims that address multiple topics (and are based on adequate evidence of performance in such topic areas) should state each of the specific topics that are the focus of the claim. Claims based on evidence of one or a few specific topics should not state that the given supply chain or product is ‘sustainable’ or ‘responsible’ since both of these terms imply the inclusion of a more comprehensive set of topics (e.g., pesticide...
use, protection of water quality, etc.). However, claims may frame specific message(s) relevant to their topical scope saying that performance on those given topic(s) represents an element of or a step towards the company’s overall goals or efforts towards sustainable or responsible supply chains, as defined in their commitment.

Claims that are sanctioned as part of certification programmes (or similar structured sustainability initiatives with requirements related to verification and claims) do not need to state each of the topics embedded within the given programme or initiative. For example, a company that sources product volume that is certified to a particular certification standard may make a claim about certification without mentioning the specific requirement or criteria within that certification scheme.

2) **Extent:** The extent over which the claim applies needs to be specified and, if appropriate, contextualized:

   a) **Specifying the extent of the claim:** The company should specify whether the claim pertains to performance across the entire company or only to specific business unit(s), product(s), supply chain(s), management system(s), or investment(s). If the claim is limited to or focused on specific areas/regions, types of suppliers (e.g., only direct suppliers), or other subsets of operations, actors, or areas, this should also be clearly specified.

   b) **Contextualizing the extent of the claim:** If the claim does not pertain to the entirety of the company that it addresses, then in addition to stating which portion(s) it applies to, the claim should describe how this portion relates to the whole.

   For example, if the company has a commitment to source all palm oil from deforestation-free sources, then it is preferable for the claim to address the company’s entire palm oil supply chain and not just portions of it. However, if the claim only addresses portion(s), then these portions should be contextualized in relation to the whole, for example: “100% of [Company’s] palm oil from Colombia is verified as deforestation-free. This represents 35% of our total global palm oil purchases.”

3) **Time frame:** The time frame associated with the claim should be clear. Depending on what is appropriate for topical scope, time frames may be presented as a snapshot of performance at a given time or as a description of cumulative progress over a defined time period. For example, a company may claim that 60% of its soybean supply was verified to be deforestation-free and conversion-free in 2019 (snapshot claim), or that $1 million has been invested in support for smallholder producers from 2015 to the present time (cumulative claim). Both snapshots and claims of cumulative progress should be up-to-date, typically reflecting evidence that is no more than one year old. For instance, if product originating from a given sourcing area or supplier is found to be deforestation-free in 2019, its deforestation-free status should be ascertained again in 2020 to substantiate a deforestation-free claim in 2020.
4) **Performance level:** The claim should accurately characterize performance and outcome levels in relation to the targets, milestones, cut-off dates, and definitions associated with each corresponding commitment. See Section 4.2 for further information about characterization of performance levels for different types of claims (traceability, practices, and outcomes).

5) **Degree of attribution:** The claim should accurately characterize the relationship between company actions (e.g., activities, investments, sourcing decisions, and internal policies and systems) and results. Claims should not overstate this relationship by claiming attribution when attribution has not been demonstrated. Claims that attribute positive impacts to company interventions—for example, that child labour in a given area was reduced or eliminated due to the company’s programmes or investments—require a higher standard of evidence because it is necessary to demonstrate not only that the given outcome was achieved (e.g., reduced incidence of child labour) but also that this outcome was due (at least in part) to the company’s interventions, as opposed to other possible causes or explanations. Demonstration of attribution requires a high standard of evidence—typically a well-designed impact study with a control group or other legitimate point of comparison. Evidence that shows only temporal or spatial correlations between activities and outcomes may not be robust enough to demonstrate attribution. Nevertheless, even when attribution cannot be demonstrated, companies may make a claim about the actions taken towards the intended outcome (see Section 4.2.2) and contextualize this claim with factual statement(s) about the broader positive outcomes or trends observed in the contexts where these actions were taken.

6) **Access to further information:** The claim should provide interested stakeholders with a means of accessing the evidence and other information used to substantiate the claim.

### 4.1.2 Sources and attributes of evidence to justify claims

Robust claims should be substantiated with adequate evidence of achievement on topics included in the claim, and this evidence should be made available to readers in association with the claim itself (see element 6, above). At a minimum, the following components should be considered to provide appropriate evidence to justify claims:

7) **Traceability or supply chain mapping:** For traders and downstream companies that purchase raw or processed commodities, reliable information on the origins of these materials is a prerequisite for being able to make outcome-based claims. This does not always mean that the company itself needs to trace the source of materials back to their farms or forests of origin. Rather, [Core Principle 5](#) specifies that supply origins should be known or controlled to a sufficient extent for compliance (or the nature of the non-compliance) to be ascertained, and Section 2 of the [Operational Guidance](#)
on Supply Chain Management describes several options for demonstrating such knowledge or control. These include certification, supplier control mechanisms, and area-based control systems, as well as full traceability back to the source origins.

In the context of certification, this means that if certified raw material contains any non-certified component (e.g., when using a chain-of-custody model that is not identity preserved or segregated), then the raw material cannot be claimed to be “deforestation-free” or in conformance with any other outcome-based commitment because the compliance of the uncertified component is unknown. In these instances, a company could still make claims regarding the use of certification (see Section 4.2.2 below) as well as a volume-based claim for the volume associated with the certified component. Further, if through additional due diligence, the non-certified material can be verified to come from a source for which performance is known (according to the Operational Guidance on Supply Chain Management and other relevant sections of the Accountability Framework), then the company may make a claim for the volume whose origin and associated performance are known.

8) **Assessment of performance**: To be credible, characterization of performance relative to commitments should be assessed through monitoring and verification systems that follow the Accountability Framework’s principles and guidance.

To support the assurance process, the evidence used to substantiate a claim also needs to be auditable. For example, if the claim states that all supply coming from the Brazilian Cerrado is conversion-free, then an auditor would need to be able to verify which portions of the company’s supply in fact originated in the Cerrado and that this supply was sourced from production units or areas that did not have conversion.

9) **Method of verification**: The company should accurately characterize the type of verification used to substantiate the claim and/or its supporting evidence. For example, a company may claim that a product has been independently verified as meeting a certain commitment only if this determination has been made through a third-party external assessment (verification) process consistent with Core Principle 11 and the Operational Guidance on Monitoring and Verification.

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20 A certification model that is not identity preserved or segregated means that the product is either a blend of certified and non-certified material (e.g., mass balance or mix) or else has been transacted through a crediting system that links the certified material to a buyer by means of a credit ledger (e.g., certified trading or book and claim) rather than physical product tracing. Although these models do ensure that the volume of certified material sold corresponds to an equivalent amount of material that complies with the given certification standard, they do not allow for ascertaining traceability or performance of the portion of the physical product volume that is not certified.
The AFi advocates for all claims to be either independently verified (i.e., through credible third-party verification\(^\text{21}\)) and/or readily verifiable based on information disclosed by the company making the claim or otherwise publicly available. In the latter case, for instance, in lieu of pursuing third-party verification to substantiate a no-deforestation claim, the company could disclose boundaries of all its sourcing areas and furnish an analysis conducted using Global Forest Watch Pro indicating that none of the areas had any post-cutoff date deforestation.

**Box 9. The anatomy of a robust claim**

Following is an example of a company-level (not a product-level) claim that reflects the elements specified above. The footnotes identify specific aspects of the claim that follow this Operational Guidance.

“In 2018,\(^\text{1}\) we purchased a total of 20,000 tonnes\(^\text{2}\) natural rubber, 90\(^%\)\(^\text{3}\) of which was independently verified\(^\text{4}\) as conversion-free, according to the definitions and cutoff dates in our sustainability commitment.\(^\text{5}\) The remaining 10\(^%\)\(^\text{6}\) of this volume is progressing towards compliance.\(^\text{7}\) To learn more about our conversion-free commitments, check us out at www.amazingcompany.com.\(^\text{8}\)”

Explanatory notes:

1. A specific time frame is referenced (element 3).
2. The claim’s credibility is enhanced by reference to a specific total supply chain volume (element 2).
3. The extent of the claim is referenced and contextualized in terms of the percentage of total supply chain volume that it represents (element 2).
4. The method of verification (assurance) is specified (element 8).
5. The topical scope and performance level are specified. These are made precise based on references to the definitions and cutoff dates in the cited commitment (elements 1, 4, and 8).

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\(^{21}\) Third-party verification in this case would not necessarily require supply-base-level auditing, but rather that an independent third-party reviewed the veracity of the evidence used for backing the claim.
6) The extent of the claim is specified and contextualized relative to percentage of total supply chain volume that was non-compliant (element 2).

7) The performance level for the non-compliant volume is specified, thereby providing further relevant contextualization (elements 2 and 4). The Accountability Framework considers “progressing” to be appropriate shorthand for the category “non-compliant but actively progressing towards compliance” described in Box 4 of this Operational Guidance.

8) Access to further information is provided (element 6).

Note: No claim on attribution is being made (element 5).

4.2 Different types of claims: traceability, practices, and outcomes

Good reporting practice may support different types of claims, including claims about:

i. the degree of traceability or control in a supply chain
ii. actions taken to implement commitments, or
iii. outcomes related to progress or fulfilment of commitments.

Taken together, these three types of claims enable companies to communicate not only about the final achievement of their commitment but also about the steps being taken towards this end and the degree of progress realized to date.

The following subsections further describe each of the three types of claims and provide simple, illustrative examples of the portion of the claim related to performance level. These examples are not intended as illustrations of credible stand-alone claims since they do not address all nine of the elements of robust claims outlined above and illustrated in the more complete example in Box 10.
4.2.1 Claims about traceability and supply chain mapping

Core Principle 5 and the Operational Guidance on Supply Chain Management specify the level of supply chain traceability that is required to assess and demonstrate fulfilment of commitments. In support of this approach, Sections 2.3, 2.4.1 and Box 4 of this Operational Guidance outline how companies may report on the level of traceability in their supply chains and/or the proportion of supply volume or suppliers for which traceability is sufficient to ascertain compliance. Companies that follow this guidance may be able to make claims regarding the degree of traceability they have achieved. Claims may be specified in terms of the proportion of commodity volume, the proportion of land or production area, or proportion of suppliers for which traceability is achieved and/or compliance is known. For clarity, precision, and credibility of such claims:

- The metric used to quantify traceability should be made clear in the claim
- The level to which traceability has been achieved (e.g., farm, mill, jurisdiction, or supplier) should be specified

Examples of such claims include:

- “[Company] traces its entire palm oil supply back to the mills of origin, a key step towards deforestation-free supply chains”
- “50% of [Company’s] supply volume can be traced to jurisdictions with low risk of deforestation”
- “40% of [Company’s] supply volume is of known origin”

[Note: The term “known” could signify either “traced to the farm of origin” or “traced to the point where compliance or non-compliance can be ascertained.” The company should be clear in how it uses this term. Following the Accountability Framework, the four options provided in Section 2 of the Operational Guidance on Supply Chain Management can be used to demonstrate whether supply is known.]

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22 While this claim may be valid and permissible, if adequately substantiated, the AFI emphasizes that companies that presently have operations, sourcing, or investments in higher-risk jurisdictions generally should not disengage from such areas for the purpose of more rapidly “cleaning” their business portfolio to justify claims such as this. Rather, they should remain engaged and use their influence to help address challenges in these contexts. See Core Principle 10 and the Operational Guidance on Achieving Commitments Through Collaboration for further discussion.
4.2.2 Claims about actions taken to implement commitments

Companies may make claims about specific activities, processes, investments, or participation in initiatives that support the goal of implementing and fulfilling the commitments. These claims can support communications regarding the steps being taken towards fulfilment of commitments and achievement of positive outcomes on the ground or in their supply chain. To help substantiate such claims, companies should report on actions taken to implement commitments in accordance with Section 2.2 of this Operational Guidance. For clarity, precision, and credibility of such claims:

- The nature of the actions should be described clearly, specifically, and truthfully.
- The extent of the actions should be specified — typically in quantitative terms — and should be contextualized in relation to a company’s full operations so that their scale and scope can be interpreted properly. For instance, if the company wishes claim that it is providing support to 10,000 oil palm smallholders, it should also state the total number of oil palm smallholders in its full supply chain.
- If the action entails a company contribution to a broader effort (e.g., a landscape, jurisdictional, or sectoral initiative), then the extent and nature of the company’s specific contribution should be specified.

Examples of such claims include:

- “[Company] is committed to investing in the landscapes from which we source. In 2018, we invested $1 million to support and incentivize 5,000 cocoa smallholders in Ghana’s Western Region to halt deforestation and institute agroforestry practices. This is a first step towards supporting sustainable production and land use for all 27,000 Ghanaian smallholders from which [Company] buys cocoa.”
- “[Company] is actively engaging its soy suppliers to halt ecosystem conversion and respect human rights related to soy production in South America. As of 2019, seven of our nine main soy suppliers, representing 83% of our total soy purchase, trace all of their soy purchases back to the farms. This helps [Company] ensure that our ethical supply chain commitments are met.”
- “[Company] has completed HCV assessments for 20 of its 27 timber plantations in Brazil. We plan to complete assessments for the remaining seven plantations by December 2020.”
- “40% of [Company’s] suppliers have management systems and control measures in place to support compliance with our human rights commitments.”
“In 2018, [Company] purchased 50,000 tons of Round Table on Responsible Soy (RTRS) credits, corresponding to approximately 15,000 hectares of soy production in Brazil’s Matopiba region. This investment supports conversion-free certified soy production equivalent to all soy used (directly or indirectly) in [Company’s] products sold in the UK, Germany, and Belgium.”

4.2.3 Claims about outcomes related to progress or fulfilment of commitments

Outcome-level claims are those that communicate about specific social or environmental conditions or trends in the production units, land areas, or processing operations of origin. Companies may be able to make outcome claims when they have established traceability, supply chain mapping, and/or effective control mechanisms that are capable of linking products or supply chains to sources for which outcome-level performance is known. Outcome claims should be based on robust monitoring and verification mechanisms, as described in Core Principle 11 and the Operational Guidance on Monitoring and Verification. Outcome claims must be supported by adequate evidence that is made available alongside the claim itself; this may be done through reporting conducted in accordance with Section 2.4 of this document. For clarity, precision, and credibility of outcome claims:

- If the claim does not apply to all suppliers or sources within the given scope (e.g., if it pertains only to direct suppliers), then any such limitations or exclusions must be clearly specified.
- The outcomes about which claims are made (e.g., no-deforestation or no-conversion) should be clearly defined by means of appropriate references, such as references to the specification of the commitment itself. For the purposes of clarity, credibility, and consistency in interpretation, companies are strongly encouraged — in both their commitments and claims about outcomes relative to these commitments — to define and parameterize commonly-described outcomes (e.g., no-deforestation, no-conversion, or respect for rights of indigenous peoples and local communities) in the manner detailed in the Accountability Framework.

Examples of such claims include:

- “[Company] sources only deforestation-free palm oil.”
- “In 2019, 85% of [Company’s] cocoa was independently verified to be deforestation-free, up from 35% in 2017.”
- “Greenhouse gas emissions from land use change linked to [Company’s] soy supply chain have decreased by 50% since [Company] issued its no-conversion commitment in 2018.”
Annex: Management systems and activities related to implementation of commitments

**TABLE 1.** Management systems and activities related to implementation of commitments

To facilitate effective assessment of company progress towards and fulfilment of commitments, companies should report on the systems used and activities carried out to implement those commitments. The following list identifies key systems and activities associated with implementation of commitments as presented in the Accountability Framework Core Principles. Companies are encouraged to report on the applicable systems and activities from this list as part of their public and B2B reporting. Doing so will help companies more clearly demonstrate the degree to which they are implementing commitments in accordance with the Accountability Framework.
### Systems and activities to assess risk of non-compliance in operations and supply chains

- Risk assessments of potential negative impacts of operations and supply chains on forests and other ecosystems
- Risk assessments of operations and supply-base for workers’ rights risks and challenges
- Risk assessments of potential negative impacts of operations and supply chains on the rights of indigenous peoples and local communities
- Applicable law assessments to identify relevant legal obligations that pertain to commitments
- Grievance mechanisms that include procedures for providing remediation when warranted
- Stakeholder engagement plans or processes to provide relevant information to stakeholders and afford opportunities for input and engagement related to social and environmental issues
- Systems used to map supply chains and achieve traceability

### Systems and activities related to responsible land acquisition, development, and management

- Integrated and participatory assessment and land-use planning processes to identify conservation and community values of land, assess land tenure, evaluate potential impacts of the proposed activities, and design plans to minimize negative impacts and mitigate unavoidable impacts
- Use of Free, Prior, and Informed Consent (FPIC) process for activities that have the potential to affect indigenous peoples’ and local communities’ rights, land, resources, territories, livelihoods, and food security
- Plans, designations, or management activities to ensure long term protection of ecosystems with conservation or cultural value
- Systems and activities to provide fair and just remedy in the case of adverse impacts to human rights arising from land acquisition, development, or management
- Restoration and/or compensation activities to remedy past deforestation, conversion, and associated environmental impacts
**Systems and activities related to supplier management**

- 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
  - Related Core Principle(s): 4

- Communication to suppliers about company commitments, expectations for suppliers, and the applicable sections of the Accountability Framework
  - Related Core Principle(s): 6

- Support to suppliers to help them fulfill commitments
  - Related Core Principle(s): 6

- Support to smallholder suppliers to facilitate compliance and inclusion in supply chains
  - Related Core Principle(s): 6

- Engagement with non-compliant suppliers to develop and implement time-bound plans to achieve compliance and/or remedy past or ongoing harms
  - Related Core Principle(s): 6

- Engagement with direct suppliers to support compliance of indirect suppliers through effective incentives, support mechanisms, and purchase control systems
  - Related Core Principle(s): 6

- Management systems or assurance mechanisms to ensure that suppliers are carrying out effective land management and long-term protection on land they own, control, or manage
  - Related Core Principle(s): 7, 8

**Systems and activities for monitoring of operations and supply chains**

- Systems, tools, and methods to monitor and verify compliance of production or primary processing operations owned or managed by the company
  - Related Core Principle(s): 11

- Systems, tools, and methods to monitor and verify compliance of suppliers’ operations and/or supply chains
  - Related Core Principle(s): 11

- Approaches used to incorporate information from local stakeholders and affected parties into monitoring systems
  - Related Core Principle(s): 11

- Independent third-party verification used to validate compliance and performance levels and provide assurance to substantiate communications and claims
  - Related Core Principle(s): 11

**Systems and activities to facilitate broader positive impacts beyond the supply chain**

- Participation in or support for multi-stakeholder planning and policy efforts to improve land governance, avoid deforestation and conversion, and prevent adverse impacts to human rights through action at a landscape or jurisdictional level
  - Related Core Principle(s): 10

- Engagement in high-risk settings and associated collaboration with stakeholders to strengthen governance and promote wider compliance and implementation of improved practices
  - Related Core Principle(s): 10

- Participation in or support of 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 Core Principle(s): 10

- Advocacy and governmental engagement that is consistent with the company’s commitments, applicable law, and the elements of the Accountability Framework
  - Related Core Principle(s): 10