HOW TO

Use the Accountability Framework to guide reporting on agricultural and forestry supply chains

Companies that produce or source agricultural or forestry commodities face increasing expectations for corporate reporting and disclosure on environmental, social, and governance (ESG) topics. This includes reporting on the company’s exposure and risk; policies and practices to address this risk; and progress toward achieving ethical supply chains that are free from deforestation, conversion, and human rights violations.

The Accountability Framework provides a structured approach for credible reporting in line with the expectations of buyers, investors, civil society, and other stakeholders. To help reduce company reporting burdens, the Accountability Framework initiative (AFi) does not provide its own separate reporting platform. Rather, the Framework guides companies in designing their public sustainability reporting and business-to-business reporting, including through the use of existing reporting standards and platforms.
What types of information should companies report?

Reporting on agricultural and forestry commodity supply chains should include four key components:

1. Characterization of exposure and risk
2. Documentation of implementation and management systems to address this risk and achieve ethical supply chains
3. Reporting on levels of supply chain traceability and control
4. Reporting on degree of compliance with supply chain commitments and environmental and social outcomes on the ground.

Does the Framework include specific KPIs for reporting?

The Framework identifies specific elements that should be reported in relation to each of the four components mentioned above. These elements are summarized below and detailed fully in the Framework’s Operational Guidance on Reporting, Disclosure, and Claims. This common set of reporting elements helps improve consistency and alignment across different reporting standards, platforms, and supply chain contexts.

The Framework includes suggested indicators for many reporting elements in its guidance on monitoring and verification and on reporting. In addition, the Framework is the basis for a set of common indicators developed in collaboration with leading reporting and assessment initiatives and compiled in the Common Methodology for Assessment of Progress Towards Deforestation-Free Supply Chains.

While identifying and recommending these commonly accepted indicators, the AFI does not prescribe a single metric or KPI for any given element. This approach recognizes the value of having metrics tailored to the context, environmental and human rights risks, and other factors specific to each company and supply chain. Where companies or reporting platforms wish to develop contextualized metrics, the Framework provides best practice criteria for making these metrics reliable and credible. In sum, the Framework provides a standardized set of reporting elements and a basis to develop credible tailored KPIs where needed.
What should be reported about exposure and risk?

To provide an accurate picture of their exposure to environmental and social risk, companies should report information about their roles in commodity production and trade, land holdings and concessions, commodity purchases, and geographic origins of these purchases. They should also identify and describe salient risks to ecosystems and human rights linked to their operations or supply chains. Reporting should address all segments of a company’s business for which agricultural and forestry commodities pose environmental or social risks – including all business units, affiliates, and subsidiaries; all relevant commodities; and all geographic origins.

What should be reported about implementation and management systems?

To help document progress towards ethical supply chains, companies should report on their systems and activities to address deforestation, conversion, and human rights risks and impacts. These include risk assessments, supplier management systems, land use planning and land management policies and practices, monitoring systems, and assurance mechanisms such as certification.

An indicative list of relevant implementation systems about which companies should report is included as an annex to AFi’s reporting guidance.

What should be reported about supply chain traceability and control?

**Traceability:** Companies should report on the proportion of the commodities they source that are traceable to each applicable level or stage of their supply chains. This information should be disaggregated by commodity. Reporting may include information about traceability to areas of origin (e.g., municipality, province, or country) or to supply chain stages (e.g., mill, slaughterhouse, or trader). Reporting on traceability may be based on supply chain mapping that links product sources to specific direct or indirect suppliers (even when this information does not identify the precise origin of raw materials).

- **Example:** In 2019, Company Q sourced 12,000 tonnes of palm oil. 8,000 tonnes originated in Indonesia, 60% of which is traceable to mill level. 2,000 tonnes originated in Malaysia, 30% of which is traceable to the mill level. 2,000 tonnes are of unknown origin or compliance. The company is conducting supply chain mapping and improving traceability so that we will be able to trace all non-certified palm oil to the mill level by the end of 2021.
Control: Companies should report the proportion of supply chain volume and/or the subset of their suppliers for which the level of compliance with the company’s commitments is known. This information should be disaggregated by commodity, and, if appropriate, by sourcing region. If the company uses control systems such as certification or jurisdictional approaches to manage or ensure compliance of upstream suppliers, those systems and the segments of the company’s supply chains to which they apply should be specified.

- Example: Based on certification and supply-shed analysis of known mills, Company Q is able to assess the deforestation-free status of 80% of its Indonesian palm oil and 50% of its Malaysian palm oil. The company continues to increase its purchases of deforestation-free RSPO-certified palm oil, and improvements in traceability are expected to enable us to monitor and manage deforestation risk at the mill level for 100% of our non-certified supply by the end of 2021.

How should companies report on progress toward achieving ethical supply chains?

Companies should report on progress toward meeting goals of no-deforestation, no-conversion, and full respect for human rights for all segments of their business for which agricultural and forestry commodities pose risks related to these issues. Depending on their position in the supply chain, companies may report on progress based on land area, supply chain volume, or suppliers. Reporting on compliance should:

- Present information on compliance in relation to the extent of traceability and control (as described above); for instance, supply chain segments without traceability or control generally cannot be known to be compliant
- Demonstrate the degree to which commitments or goals have been fulfilled, and the rate of progress towards fulfillment - for example, by including year-on-year data
- Provide accurate information for each component of the company’s commitment(s) and other obligations (e.g., deforestation-free, conversion-free, and respect for workers’ rights)
- Be disaggregated by relevant factors such as sourcing origin and commodity.
When and how should companies report about deforestation and conversion footprint?

Whenever possible, companies should 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 traceability and/or control to the level of the production unit, reported information on land use outcomes should be drawn from direct monitoring of production areas. Monitoring tools such as Global Forest Watch Pro can be used to quantify land use change associated with production footprints.

Downstream companies should report on the deforestation and conversion footprint of commodities in their supply chain as precisely as possible, while working to improve traceability and supplier management systems as necessary to calculate footprints more precisely over time. Whenever possible, companies should engage with suppliers to collect direct measures of land use outcomes via ground level monitoring or remote sensing at the scale of production units. When companies purchase from intermediaries, this information can be furnished from aggregations of production unit monitoring data across the supplier’s own supply base.

When companies are able to trace their raw materials to jurisdictions or areas (e.g., supply-sheds) but not further, they may use data on deforestation and conversion in these known sourcing areas to report an attributed footprint based on proportionate allocation of the area’s conversion rate to the volumes sourced by the company. Preferably, this calculation should be based on deforestation/conversion is attributable to production of the relevant commodity in the given sourcing areas. Tools such as Trase may be useful in calculating this potential footprint.

How can existing reporting tools be used to report in alignment with the Accountability Framework?

Several of the most commonly used reporting standards and platforms that address environmental and human rights issues linked to soft commodities are well-aligned with the Accountability Framework and can be used to report in accordance with its guidance. These are summarized below and benchmarked fully in this guide to using existing reporting systems.

**Global Reporting Initiative (GRI):** Companies can use relevant GRI standards to report on most aspects of implementation and outcomes in the scope of the Accountability Framework. Currently, the GRI standards do not fully address deforestation and conversion. However, a new sector standard for Agriculture and Fishing is currently in development, due for release in 2021, and may address this gap.
CDP Forests: As of 2020, the CDP Forests questionnaire has been revised to align with the Accountability Framework. Companies can therefore use CDP Forests to report effectively on all aspects of their policies and commitments related to deforestation and conversion, and the majority of elements related to land rights. Due to this alignment, CDP Forests is a recommended reporting tool for demonstrating progress toward supply chain goals related to deforestation and conversion.

United Nations Guiding Principles Reporting Framework (UNGP RF): The UNGP RF addresses company reporting on activities and outcomes related to human rights. It provides a helpful structure for reporting on several Accountability Framework Core Principles, including those that address the content of commitments, company systems and policies, stakeholder engagement, and monitoring related to human rights.

Implementation Reporting Framework (IRF): The IRF facilitates volume-based reporting on the extent to which commodities in a company’s supply chain comply with social and environmental commitments, and to track progress over time. Companies can use the IRF to assess progress toward supply chain goals even when buying commodity volumes without full traceability to the producer. For the palm oil sector, the IRF aligns with the Accountability Framework’s guidance for reporting on exposure, traceability, implementation systems, and compliance. The IRF is currently being piloted for other commodities as well.

How does AFi relate to scorecards and assessments of company performance?

A primary purpose of the AFi is to drive clearer and stronger accountability around deforestation, conversion, and human rights issues by creating greater alignment in how company performance is assessed. To this end, the AFi is collaborating with several of the leading initiatives that assess and score company performance on these issues.

These initiatives – which include Supply Change, Forest 500, Trase, SCRIPT, ZSL SPOTT, and Ceres – provide some of the main sources of information for commodity buyers, investors, consumers, and other stakeholders to understand company performance and risk on ESG issues. The AFi has worked with these groups to develop a [common methodology and metrics](#) for assessing company performance. As these initiatives develop and refine their assessment methodologies, they are using this common set of metrics to increase alignment. This coordinated approach provides greater clarity to companies on how they will be assessed and greater confidence to users of assessment and scorecard information that these provide a consistent and accurate portrayal of company risk and performance.
Where can I find additional support for reporting on agricultural and forestry supply chains?

Company personnel are encouraged to review the AFi’s full set of materials on reporting and are invited to contact the AFi team for further support:

**Full guidance on reporting:** For further detail on the points summarized in this document, see the Framework’s [Operational Guidance on Reporting, Disclosure, and Claims](#). For more information on specific reporting tools, see our page on [reporting initiatives](#) and our guide to [using common reporting systems](#).

**Contact us:** If you would like personalized support to interpret or apply the Framework’s reporting guidance, please contact us. The AFi is not a fee-based service provider but can guide you in applying the Framework and direct you to additional support from AFi coalition members or other sources based on your needs and interests.