



# AFi Public Consultation Report 2018 - 2019

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Summary of stakeholder feedback and how it was addressed in creating the Accountability Framework version 1.0, launched in June 2019



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## Introduction

The purpose of this report is to summarize stakeholder input received during the public consultation of the Accountability Framework from July 2018 to March 2019 and to explain how this input was addressed in creating version 1.0 of Framework, published in June 2019. For a summary of the Accountability Framework development process and timeline, please see Annex 2.

Stakeholder comments were provided on the following Accountability Framework documents:

- Core Principles
- Operational Guidance documents on:
  - Cutoff Dates
  - Applying the Definitions Related to Deforestation, Conversion, and Protection of Ecosystems
  - Relationship between Voluntary Commitments and Applicable Law
  - Respecting the Rights of Indigenous Peoples and Local Communities
  - Free, Prior and Informed Consent
  - Supply Chain Management
  - Remediation and Access to Remedy
  - Environmental Restoration and Compensation
  - Smallholder Inclusion in Ethical Supply Chains
  - Achieving Commitments Through Collaboration
  - Monitoring and Verification
  - Reporting, Disclosure, and Claims
- Terms and Definitions

Stakeholder feedback from the consultation played a critical role in the development of these documents, which were finalized as Accountability Framework version 1.0, launched in June 2019. To access the Framework online, please visit <http://accountability-framework.org/>.

The Accountability Framework initiative (AFi) partners thank the many stakeholders who participated in the consultations for their interest and insights to help create the Accountability Framework.



## Public consultation process and participants

### Events and activities

Public consultation of the Accountability Framework during its creation was carried out through the following fora and activities:

- In-person regional and global consultation sessions (see Box 1)
- Bilateral consultations with companies
- Bilateral consultations with civil society organizations and subject matter experts on the topics addressed in the Accountability Framework
- Bilateral consultations with organizations and other experts involved in supply chain reporting, assessment, and accountability
- Consultation questionnaire on the AFi website

During the consultation period, AFi also carried out promotional and outreach activities where stakeholder comments and suggestions were received. These include AFi webinars, participation in international and regional conferences (including through panels and break-out sessions), and other fora.

#### Box 1.

##### **AFi in-person global and regional consultation sessions**

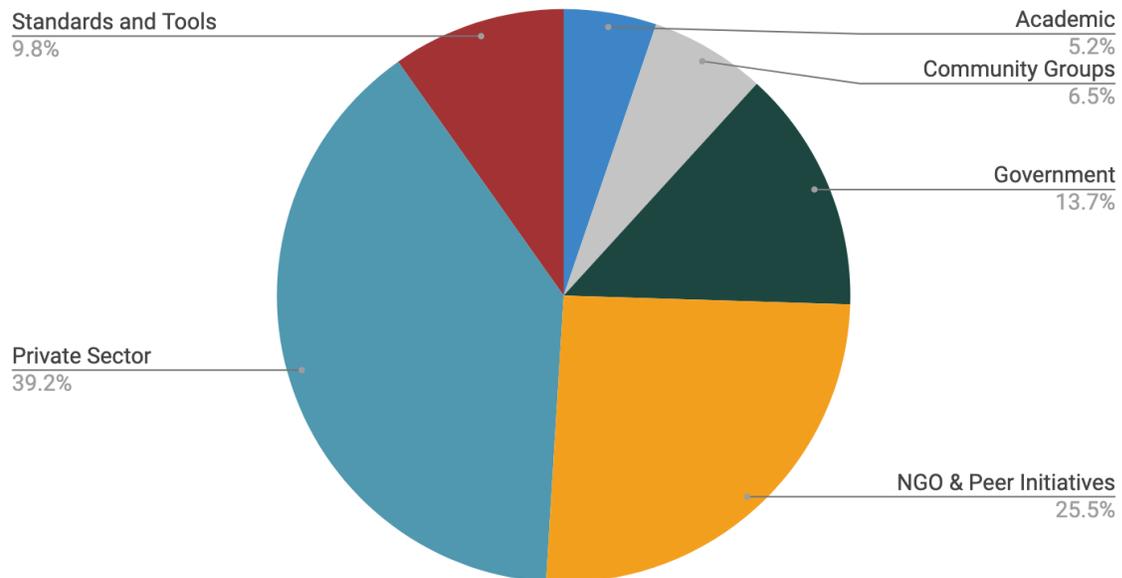
1. Kuala Lumpur, Malaysia – side event alongside RSPO RT16 (Nov 13, 2018)
2. Monrovia, Liberia\* (Jan 23-24, 2019)
3. Accra, Ghana\* (Feb 6-7, 2019)
4. New York, U.S.A. – workshop with corporate social responsibility advisors (Feb 11, 2019)
5. Washington, D.C., U.S.A – workshop with social accountability and human rights groups (Feb 11, 2019)
6. Jakarta, Indonesia\* (Feb 19-20, 2019)
7. London, U.K - workshop with companies (Feb 21, 2019)
8. Douala, Cameroon\* (Feb 26-28, 2019)

\* These AFi-hosted regional workshops attracted a diversity of stakeholders from civil society organizations, government bodies, and companies.



## Participants

The following is a breakdown by affiliation of the participants involved in the public consultation. See Annex 1 for a list of stakeholders who participated in this process.





## Summary of stakeholder comments

Consultation feedback and the AFi's responses are organized by thematic topic, according to the organization of the Core Principles and the Operational Guidance.

Input and requests for clarification regarding broader concepts and issues within the AFi are also addressed in the [Frequently Asked Questions \(FAQs\)](#) on the AFi website.

### I. General comments and impressions

#### The value and role of the AFi

Throughout the consultations, stakeholders generally expressed that AFi will bring **value** in terms of:

- understanding and clarifying expectations of downstream companies and the global NGO/CSO community regarding what needs to be done at upstream supply chain stages in countries of origin to meet supply chain commitments
- helping to align existing and emerging responsible supply chain initiatives, and as a thread that binds them
- serving as a benchmark tool for understanding 'good practice'
- acting as a dialogue platform to bring together different key stakeholders from different sectors to work on policy, private sector initiatives, etc. – particularly for sectors or contexts that do not yet have established guidelines

Stakeholders also articulated some **common concerns or cautions** about AFi as a whole, most notably that:

- AFi is 'yet another initiative' that will need to be followed
- Companies are risk-averse, and particularly given all the expectations embedded in the Core Principles, there may need to be incentives for them to adopt the Framework (e.g., by promoting positive examples, rewarding transparency and progress, and emphasizing 'continuous improvement' as success, even if full compliance takes time to achieve)

#### *Afi Response:*

*Along with development of the Accountability Framework content, the AFi will also support application of the Framework in ways that clarify and enhance the value proposition to companies for adopting the Framework. This work is taking place throughout the second half of 2019 and beyond.*



## Audience and users

Several stakeholders commented that the majority of the content in the Framework appears to be written for downstream companies and that it needs to be framed and communicated differently for different user groups. Since producers and other upstream companies are implicated in supply chain commitments, the Framework needs to resonate with, be understood by, and be supported by them. Also, since governments help create the enabling environment for commitments to succeed, the AFi needs to better specify their role relative to the Framework.

### AFi response:

*While a primary purpose of the Framework is to provide companies making supply chain commitments with norms and guidance for setting, implementing, and assessing progress toward such commitments – and the majority of companies making these commitments are downstream in the value chain – the content is relevant to all supply chain stages as well as to non-company actors. Several sections of the Framework are particularly relevant to upstream supply chain actors and the local organizations with whom they interact. These include the principles and guidance related to site establishment, land management, restoration and remediation, land rights, and other topics. Based on this feedback, the Operational Guidance has been revised to provide greater clarity on the different audiences and users, and particularly on the role of actors at different stages of the supply chain. Information on use cases for each intended user group is available on the AFi website; in addition to companies, this includes [government](#), [civil society](#), and [local producers and communities](#). These use cases will continue to be developed and updated based on engagement with these stakeholder groups as they work to apply the Framework in a variety of contexts.*

## II. Comments on Core Principles

### Core Principle A (now Core Principle 1): No-deforestation and no-conversion commitments

#### **Clarification needed**

Some private sector stakeholders raised questions about how this Core Principle relates to existing standards and initiatives, as well as the rationale for distinguishing between deforestation-free supply chains (Core Principle A1) and conversion-free supply chains (Core Principle A2): Are companies expected to commit to both CPs? Why separate them out if CP A1 could be a subset of CP A2?

### AFi response:

*Please refer to the FAQ that describes the rationale for distinguishing between no-deforestation and no-conversion commitments in the Framework as well as the FAQ on whether companies can apply parts of the Framework without using all of it.*



### ***Inclusion of no-deforestation and no-conversion***

It was suggested that ‘no-deforestation’ and ‘no-conversion’ are more common and appropriate terms than deforestation-free and conversion-free to refer to the concepts presented in the Framework.

*AFi response:*

*Titles were revised accordingly; elsewhere in the Core Principles and Operational Guidance, revisions were made to align with these terms.*

### ***Use of the term ‘Area of Influence’***

Stakeholders representing both the public and private sector asked for clarification of the term ‘area of influence’.

*AFi response:*

*Use of the term ‘area of influence’ is specific to the context of Core Principles 1.1.2 and 1.2.2 related to long-term protection of forests and other natural ecosystems. Forthcoming Operational Guidance on Long-Term Protection will provide additional information on the interpretation of this term for use in that context. The working description of this term thus far is as follows: “For companies that own or manage production areas or primary processing facilities, the area of influence includes those production lands, lands of other producers (e.g., smallholders) that supply the processing facilities, and adjacent natural ecosystems and communities that may be affected by these production or processing sites. For intermediaries and downstream companies, the area of influence includes the production units and/or primary processing facilities from which they purchase, plus the adjacent natural ecosystems and communities that may be affected by these production or processing sites. Where companies are procuring from specific landscapes or jurisdictions on an ongoing basis – even if they do not have long-term purchasing relationships with specific raw material suppliers – then these landscapes or jurisdictions are part of the company’s area of influence.”*

### ***Incorporation of national development objectives***

A few stakeholders of diverse representation expressed that the Framework does not adequately incorporate government plans and objectives to develop the natural resource base, for example in cases where clearing of forests or other natural ecosystems could support a country’s livelihood or development objectives without violating human rights or harming High Conservation Values (HCVs).

*AFi response:*

*The primary orientation of the AFi is to clarify the implementation and monitoring of companies’ voluntary supply chain commitments. The AFi recognizes that these commitments are sometimes more stringent than government regulations or land-use plans with regard to the degree of protection that they afford for forests, other natural ecosystems, and human rights. The AFi is currently analyzing options for providing*



*additional guidance for company action in landscapes that have a high level of natural ecosystem cover, a low level of human development, and government plans or objectives to allow for some development of natural resources to help support local livelihoods. Based on the outcomes of this analysis, guidance on such contexts may be provided in future updates to the Accountability Framework.*

### **Core Principle B (now Core Principle 2.1): Respect for human rights**

Only minor comments were provided and focused on the need to clarify intent. For example, one commenter asked to clarify that the phrase “where adverse human rights impacts are not avoidable” does not imply that adverse harms to human rights are acceptable.

### **Core Principle B1 (now Core Principle 2.2): Respect for the rights of indigenous peoples and local communities**

Comments were provided on: a) the need to strengthen the gender dimension in FPIC; and b) use of the phrase “ensure respect for these rights,” with the recommendation to use a term that allows for progressive compliance and continuous improvement.

*AFi response:*

*Gender is covered within the Operational Guidance associated with this Core Principle, and, as such, additional text regarding the gender dimension in FPIC was not added to this Core Principle itself. More comprehensively, text was added to Core Principle 2.1 regarding gender equality.*

*While the Accountability Framework recognizes that action to address human rights issues sometimes entails progressive realization, the Core Principle states the standard for fulfillment of the corresponding commitment and therefore needs to be absolute in terms its requirement to ensure full respect for human rights. For this reason, the text in this Core Principle was kept as it was.*

### **Core Principle B2 (now Core Principle 2.3): Workers’ rights**

Few comments were provided, mostly focused on restructuring the content for better flow and also to prioritize freedom of association and collective bargaining since respect for these rights facilitates compliance with other commitments. A comment similar to the one regarding use of the term ‘ensure’ in Core Principle B1 was also provided.

*AFi response:*

*Some restructuring was done to improve flow, particularly by moving commitments that addressed both workers’ rights and the rights of indigenous peoples and local communities to Core Principle 2.1.*



## Core Principle C (now Core Principle 3): Specification of commitments

### **Scope of company commitments**

Stakeholders raised the question of whether a company is accountable for actions associated with its supply chain specifically or with all the actions of suppliers in the supply chain. For example, in this Core Principle, it is not clear whether use of the term ‘sourcing’ implies that a product could be considered deforestation-free even though the supplier might be deforesting elsewhere.

#### *AFi response:*

*Sourcing refers to the materials within the company’s supply chain, meaning that raw material or derived product entering the company’s supply chain is sourced from production and processing units that comply with company commitments. This was clarified in the text of the Core Principle.*

*While ‘sourcing’ refers to volume- or product-based compliance with company commitments, in cases where commodity-buying companies are not able to trace volumes to specific production units with known levels of compliance – or where they frequently change raw material suppliers due to the role of spot markets, multiple intermediaries, or product mixing in the supply chain – in practice downstream suppliers may need to monitor (and where necessary address non-compliance associated with) actions of suppliers or the corporate group of which they are part.*

### **Prioritization of company efforts based on roles, leverage and impact**

Multiple stakeholders from the private sector commented that efforts to fulfill commitments should be prioritized based on the leverage and impact they have to effectively drive solutions, as well as the risks associated with non-compliance. Comments include:

- It is challenging for companies to address matters out of their direct control (e.g., government systems, sister companies, outsourcing), so the focus should be on leverage
- This also applies to commodity leverage: for instance, if a downstream company has more leverage with its suppliers of palm oil than of other commodities, so that is where they should focus their efforts

#### *AFi response:*

*While companies are ultimately responsible for fulfilling their commitments, the Framework also seeks to provide a pragmatic approach to this end in view of the challenges that companies face in doing so. In many cases, this entails the need for companies to prioritize their efforts. Core Principle 3.2 (Verifiable actions and time-bound targets) was revised to clarify that, if implementation of commitments is sequenced, priority should be given to areas for which adverse environmental and social impacts are likely to be the most significant and may also consider where there is the greatest potential for positive impact. (See Core Principle 3.2.4.) This approach is also incorporated into the Operational Guidance on Supply Chain Management.*



### **Obligation to respect human rights**

A stakeholder from the non-profit sector commented that there may be an apparent tension between the expectation that companies fully respect human rights at all times and the reference to time-bound milestones.

*AFi response:*

*Since human rights are understood as inalienable, it is typically not appropriate to set a target (future date) for when specific human rights will no longer be adversely impacted or violated by company activities. For example, if company security guards are committing or threatening violence against human rights defenders, or if the company is participating in unlawful removal of indigenous peoples or local communities, then this should stop immediately rather than be the subject of a commitment with a future target date. However, in practice, actions toward full respect for human rights may take time to implement or to be fully effective – for instance efforts to achieve greater gender equity in management positions over time or processes to remediate past violations and harms might take time to resolve. (This is referred to as ‘progressive realization.’) The text was revised to clarify this intent; see especially Core Principle 3.2.3.*

### **Core Principle 1 (now Core Principle 4): Company systems and processes to drive effective implementation**

No substantive comments were provided

### **Core Principle 2 (now Core Principle 5): Risk assessment, supply chain mapping, and traceability**

#### **Risk assessment**

One stakeholder raised concern that the emphasis on risk assessments could result in delays in on-the-ground action and that risk assessments may be of limited value in many contexts where the Accountability Framework would be applied because these contexts are inherently high-risk for environmental and social impacts of commodity supply chains.

*AFi response:*

*The version 1.0 of the Framework makes it clear that production contexts for tropical commodities are commonly considered medium or high risk for both environmental and human rights impacts. At the same time, there are important reasons why companies conduct risk assessments and, therefore, the Accountability Framework includes guidance on good practice for conducting these assessments. To address concerns regarding current use of risk assessments, revisions were made to this Core Principle so that there is not an automatic expectation to conduct a risk assessment but that if risk assessments are conducted, they are done so in accordance with good practice as outlined in the Framework. Risk assessment is one of several approaches available for companies to fulfill the Framework's requirements to assess levels of compliance across their supply chains and to manage non-compliances accordingly.*



### **Traceability**

Several private sector stakeholders provided comments focused on the issue of traceability:

- Traceability is not the best term and is not how supply chains work. Use the term transparency or visibility, as that is more practical.
- Traceability focuses on a potentially unachievable goal.
- In timber, there is control but not traceability.

AFi response:

*The Framework indicates that companies must know and/or control the origins of materials in their supply chains to a sufficient extent to assess and manage for full compliance with commitments. However, this may be accomplished through multiple means and does not necessarily require traceability to origin. Accordingly, the issues raised in the comments seem less about the Framework's expectations for traceability and more about confusion regarding the difference between traceability, supply chain mapping, and public disclosure of information (the term 'transparency' is sometimes used to refer to either of the latter two concepts). To help clarify this point, the terms 'traceability' and 'supply chain mapping' have been defined and further contextualized in the Operational Guidance on Supply Chain Management.*

### **Core Principle 3 (now Core Principle 6): Managing for supply chain compliance**

Stakeholders from diverse sectors cautioned that companies should not 'cut and run' or 'avoid risk by disengaging' with non-compliant suppliers. They stressed the importance of continuous engagement and recognizing progress towards compliance.

AFi response:

*For commodity-buying companies whose existing supply base includes non-compliant suppliers and/or materials from higher-risk regions, the Framework stresses the importance of continued engagement with such suppliers and in such contexts as the default approach. However, this approach does not sanction indefinite non-compliance or lack of timely improvement. Rather, the Framework clarifies that it includes: a) requirements for engagement and timebound Improvement in the case of non-compliance, and b) provision to suspend or exclude suppliers with severe non-compliances, according to a set of parameters outlined in the Framework. Please see the Operational Guidance on Supply Chain Management for more information on this topic.*



## Core Principle 4 (now Core Principle 7): Land acquisition, land use planning and site development

One stakeholder recommended to better emphasize the different challenges that women face in relation to land and natural resource tenure issues.

### AFi response:

*Gender equality and recognition of the different challenges faced by women have been addressed in various components of the Core Principles and Operational Guidance. Among others, the vision statement in the Core Principles now includes reference to gender equality, and a sub-Core Principle was added to Core Principle 2.1 to emphasize that company measures to respect human rights must consider and address specific challenges faced by women (among other groups). Further, the Operational Guidance on Monitoring and Verification elaborates monitoring approaches and auditor qualifications to address gender sensitivity, and the Operational Guidance on Respecting the Rights of Indigenous Peoples and Local Communities highlights that land studies and assessments should be conducted in a manner that is inclusive of women. While the previous Core Principle 4 did not emphasize the challenges faced by women around tenure issues, the gender dimensions of tenure are addressed in several other parts of the Framework (such as the examples provided above) that address gender considerations in relation to land and natural resource tenure issues.*

Several company representatives were concerned with the term ‘ensure’ and stated that the terminology needs to be more pragmatic:

- Can a company truly ensure that its soy is compliant with the Forest Code in Brazil?
- Issues such as land disputes are complex and take time to resolve, so a company cannot always ensure a lack of conflict or full respect for land rights if prior or ongoing disputes are not yet resolved.

More broadly, some companies felt it was too high a bar to expect in all situations and that it did not address the risks inherent in supply chain management

### AFi response:

*The AFi believes that companies are ultimately responsible for ensuring that their supply chain commitments are being fulfilled and for demonstrating such fulfillment. Nevertheless, the AFi recognizes that the practical achievement of this end is not always easy or immediate. This comment is recognized and addressed as follows:*

1. *All uses of the word ‘ensure’ have been reviewed, and in some cases have been revised to reflect this input in view of the degree of certainty or control that some companies (e.g. downstream companies) have over certain outcomes.*
2. *While advocating that the entire Framework be adopted and supply chain commitments be completely fulfilled, the AFi recognizes that some commitments may be progressively realized over time. Therefore, the Framework provides guidance on actions and monitoring approaches to achieve and document progress toward fulfillment. Such stepwise approaches may be especially relevant*



*in cases when limits to a company's degree of influence or control over a situation prevent them from being able to ensure a given outcome.*

### **Core Principle 6 (now Core Principle 9): Remediation and access to remedy**

The comment was made that the title of this Core Principle did not include 'environmental restoration'.

AFi response:

*The title was revised accordingly and is now "Access to Remedy and Environmental Restoration."*

Other stakeholder comments pointed to the need to clarify: a) the types of grievances referred to in the Framework; b) what qualifies as a grievance being 'fully resolved'; and c) what constitutes 'adverse human rights or environment impact'. One comment also called for establishing an escalating grievance mechanism so that if a group is not satisfied with the outcome of the grievance process, there is another point of entry.

AFi response:

*These points are addressed in the Operational Guidance on Remediation and Access to Remedy. The concept of escalating grievance mechanisms was incorporated into Section 2.1 of that Operational Guidance.*

A question about legacy harms in the context of workers' rights was also raised: How far back must a company go in remediating past harms, for example, if a worker has not been paid for overtime?

AFi response:

*Core Principle 9.1 specifies that remedy for past harms to human rights should be "fair and just," a concept that is further elaborated in the Operational Guidance on Remediation and Access to Remedy. For instance, as stated in Section 3.1 of this guidance document, fair and just remedy "should place the aggrieved parties in the same position as they were prior to the adverse impact." In the case of past earned wages that are due but have not been paid to present employees, application of this guidance would require full payment of past earned wages, potentially with interest or other accommodation to at least neutralize any harm to the aggrieved worker. The AFi's working group on workers' rights is currently developing additional guidance on workers' rights and will consider this question further as part of that work.*

### **Core Principle 7 (now Core Principle 10): External relations, stakeholder engagement, and collective action**

Multiple stakeholders from all sectors highlighted the importance of this Core Principle, emphasizing the importance of the public sector in working with companies to 'fix systemic issues'. Comments included:



- Make it clear that these initiatives will not work without a good governance framework.
- Expectations such as traceability, risk assessment, transparency and others will require action beyond the control of the companies themselves.
- The role of the public sector and advocacy groups needs to be made clear.
- The term ‘collective action’ could be implied as suggesting collusion, which may be illegal according to anti-competition laws.

*AFi response:*

*These comments were addressed in the revision of the Operational Guidance on Achieving Commitments Through Collaboration. To address the final point, the term ‘collective action’ was replaced with ‘collaboration’.*

### **Core Principle 8 (now Core Principle 11): Monitoring and verification**

No substantive comments were provided

### **Core Principle 9 (now Core Principle 12): Reporting and disclosure**

No substantive comments were provided

## **III. Comments on Operational Guidance**

### **Cutoff Dates**

Stakeholders acknowledged the importance of having sector-wide agreements and the development of cutoff dates where they do not exist, while also stating that it could be challenging to define cutoff dates (e.g., taking seasonality into consideration) and to align cutoff dates where many different ones now exist (i.e, for soy).

*AFi response:*

*The guidance was revised to provide greater clarity on the points raised in the comments, with additional guidance provided for situations where multiple cutoff dates exist.*

### **How to Apply the Definitions related to Deforestation and Conversion**

One stakeholder recommended including a localized definition for Indian grasslands, which are biodiversity-rich. More step-by-step guidance for applying the definitions at the field level was also recommended.

Other stakeholders asked for clarification on compatibility between the FAO forest definition and the AFi definition, and on boundary cases between natural forest and plantation forest.

*AFi response:*

*Guidance specific to grasslands was not provided in this version of the Framework. However, if there is additional demand for detail on definitions for a greater range of non-*



forest ecosystem types, the AFi will look to provide this information through future elaboration of this Operational Guidance.

The guidance already included a section on applying the definitions at the field level, which aims to explain the relationship among and use of various definitions, especially in contexts where this has been the subject of some confusion, such as the Brazilian Cerrado. However, because ecological contexts vary widely, it is beyond the scope of the Framework to provide step-by-step support or instructions for field technicians to delineate various types of land use. Qualified field staff should generally be able to do this by applying the Framework's definitions in the local context based on their knowledge of local ecology and land use patterns.

Further clarification was provided that the FAO forest definition is compatible with the Accountability Framework's forest definition. This clarification also explains that, to create full interoperability between FAO-based definitions and monitoring systems and those focused on deforestation-free supply chains, natural forests and tree plantations should be disaggregated as part of forest inventory or monitoring efforts that use FAO-based definitions. Additional examples of boundary cases between natural forest and tree plantations were also provided.

## Relationship Between Voluntary Commitments and Applicable Law

One stakeholder asked for clarification on whether and how International Labour Organization (ILO) conventions should be included in the applicable law assessment in countries where they have not been ratified.

*AFi response:*

Section 3.3.1 of the Annex of this Operational Guidance states that the eight core conventions of the ILO and the ILO Declaration on Fundamental Principles and Rights at Work should be considered in the applicable law assessment, even in situations where countries have not ratified these instruments. This stipulation follows the provisions of the UN Guiding Principles on Business and Human Rights.

## Respecting the Rights of Indigenous Peoples and Local Communities (IP/LC)

One stakeholder recommended including reference to the UN Declaration on the Rights of Peasants, another called for including reference to the UN Guiding Principles on Business and Human Rights (UNGPs) and FAO Voluntary Guidelines on the Responsible Governance of Tenure (VGGT), and another noted that the Programme for the Endorsement of Forest Certification (PEFC) standard also addresses IP/LC rights and should be included in the annex.

Reference to the High Conservation Value (HCV) approach was also raised as a potential concern insofar as some natural resources that are important for IP/LC may not qualify as HCVs (e.g., HCV 5) and therefore may not be sufficiently protected through application of the HCV approach. This could be the case, for instance, with resources that are not used by more than 50% of the population, or in cases where there is a substitute way to meet an essential need, such as the provision of bottled water as an alternative to a natural water source that has been rendered unpotable by contamination.



AFi response:

The UN Declaration on the Rights of Peasants has been added to the guidance; reference to PEFC was included in the annex; UNGP and FAO VGGT were already referenced in this guidance as well as in the Operational Guidance on Free, Prior and Informed Consent.

The reference to the HCV approach is provided as an example of a tool that may be used to Identify natural resources of Importance to IP/LC; however, such an Inventory would not necessarily be exhaustive. The guidance is clear that the requirement to protect IP/LC rights related to land and natural resources is broad, and is not limited to the need to protect HCVs. The Operational Guidance on Respecting the Rights of Indigenous Peoples and Local Communities identifies other tools and good practices for developing comprehensive inventories of resources that are subject to IP/LC rights and important for these groups' livelihoods and wellbeing. These include land tenure studies, land use studies, and community mapping.

## Free, Prior, and Informed Consent (FPIC)

### Community engagement

Some stakeholders recommended that more emphasis should be placed on engaging with CSOs working at the community level to support FPIC processes. These commenters believed that there are risks to placing too much of the expectation for conducting FPIC processes on companies – for instance, pressure to conduct FPIC in a rushed or inadequate manner as well as limited capacity or willingness to actually control supply chains. CSO and community engagement could help companies in addressing these challenges to implementing robust FPIC processes.

AFi response:

Emphasis on CSO and community engagement has been included in the revised guidance, added to Section 3 of this Operational Guidance (“Key Elements of an Effective FPIC Process”).

### Situations where FPIC was not secured from the start

Stakeholders pointed to the need for more guidance to address situations where FPIC was not secured at the start of operations, including for cases where there has been transfer of concession ownership.

AFi response:

Guidance was added to clarify that if FPIC was not secured at the time of site establishment or the commencement of operations, then related commitments on FPIC or IP/IC rights cannot be considered to be fulfilled, unless or until appropriate processes of consultation and/or remediation are carried out. Guidance on what to do in such situations was also added.



## Supply Chain Management

Several stakeholders provided general support for this guidance, stating that it will help make the information that is communicated to suppliers more consistent. Stakeholders also made several suggestions, as detailed below.

### **Clarifying roles of supply chain actors**

Stakeholders asked for more clarity on the type of information/evidence that needs to be assessed from suppliers (and which level of suppliers) and recommended to stratify the guidance based on where the company is in the supply chain as well as its leverage points (with examples).

*AFi response:*

*Revisions were made to clarify how downstream companies should communicate expectations to their suppliers as well as the type of information that should be included in supplier management systems. The AFi expects to develop some case examples in the coming months to illustrate how this guidance can be applied in practice. These examples will address topics related to supply chain management and supplier-buyer relationships and information flow.*

### **Management of indirect suppliers**

Stakeholders, particularly those from the private sector, commented that the guidance is not realistic or practical in holding companies accountable to the actions of their indirect suppliers. Comments included:

- While it is logical to hold companies accountable for actions of all suppliers, management of the actions of indirect suppliers is challenging and might only change through sectoral and jurisdictional engagement. The guidance should prioritize actions and control measures for direct suppliers while also emphasizing collaboration through landscape and sectoral approaches in order to ultimately address the actions of indirect suppliers.
- The guidance should focus on leverage and what actions have the most impact. Many companies have little leverage on indirect suppliers.
- Downstream companies often cannot suspend indirect suppliers even if they wanted to; suppliers want to manage their own supply chains.

*AFi response:*

*Companies that have made commitments are expected to fulfill these commitments regardless of whether they buy directly from producers/processors or through one or more tiers of intermediaries. Managing for compliance up the supply chain is critical for achieving this objective. The AFi partners appreciate the challenges in managing the actions of indirect suppliers (and the consultation helped to illuminate these challenges for a variety of contexts) and additional guidance has now been provided to support this process, including: use of supplier control measures that should be communicated up the supply chain from direct suppliers; supplier engagement and incentives; and the importance of collaboration through jurisdictional, landscape, and sectoral initiatives. As*



*effective global and regional tools become available to facilitate monitoring and management of compliance of indirect suppliers, these will be considered and potentially referenced in subsequent revisions to the relevant Operational Guidance documents.*

## **Traceability**

Several stakeholders from the private sector expressed concern that the onus of tracing the origins of raw material was unduly being placed on upstream companies rather the downstream buyer. This was noted as problematic because traders do not always have visibility or access to farm-level information and there are costs associated with achieving this level of traceability that the trader would have to bear.

Other stakeholders supported the expectations regarding traceability and requested additional guidance on how to operationalize it. Some comments also pointed to a need to clarify the difference between supply chain mapping, traceability, and transparency.

### AFi response:

*Without adequate traceability or other form of supply chain control, it is not possible to know whether a company commitment is being fulfilled. By extension, this means that there can be little real accountability for commitments. However, the AFi partners recognize supply chain control can be achieved through multiple mechanisms, not only through full traceability back to production units of origin. They also recognize that sufficient levels of supply chain control may take time to achieve, particularly in complex supply chains. Additional guidance has been provided on the use of supplier control mechanisms if/when it is infeasible to achieve full traceability to the supply-base level.*

*Clarification was also provided on the difference and relationship between traceability, supply chain mapping, and transparency, with further detail on the role that all three play in supply chain accountability.*

## **Risk assessment**

Stakeholders from diverse sectors recommended including an indicative set of risk assessment indicators, particularly for assessing human rights risks.

### AFi response:

*Based on this input, the AFi partners attempted to draft a set of potential risk assessment indicators but took the decision to not include generalized indicators in the guidance because they recognized that appropriate indicators of risk can be highly context-specific. However, the Operational Guidance on Monitoring and Verification does provide indicative indicators for area-based monitoring, which can be similar, if not identical, to indicators for area-based risk assessments. The Operational Guidance on Supply Chain Management also specifies good practice for risk assessment, which can effectively guide the selection and application of risk assessment indicators to achieve sufficient levels of accuracy, rigor, comparability, and transparency in risk assessment processes.*



### **Determining course of action for non-compliant suppliers**

Stakeholders generally expressed support for this section of the guidance while cautioning to avoid being overly prescriptive and to encourage retaining suppliers when possible. Additional salient comments include:

- The way ‘severity’ is used appears to conflate it with ‘extent’ and ‘permanence’. A better distinction between these terms is needed.
- To align with the Brazil Cattle Agreement (and potentially other sectoral initiatives), when a buyer excludes a supplier, they should notify the supplier of this course of action and encourage the supplier to achieve compliance and remedy past harms. It is not clear in the Operational Guidance whether such engagement is allowed if a supplier is excluded. This point needs to be clarified.

#### *AFi response:*

- *Use of the term ‘severity’ has been revised. This term now replaces previous use of the term ‘gravity’ as the term referring to the overall seriousness of a non-compliance, considering the three factors of ‘intensity’, ‘extent’ and ‘persistence’.*
- *Guidance on exclusion of suppliers was modified to clarify that, while companies should not further engage with excluded suppliers related to purchasing or other supply chain business, this does not preclude companies from communicating this course of action to their suppliers and encouraging them to achieve compliance.*

### **Time-bound implementation plans**

Stakeholders from diverse sectors commented that more guidance was needed on: how to work with non-compliant suppliers on time-bound implementation plans; how to demonstrate that suppliers are progressing; the appropriate amount of time for suppliers to reach compliance; and the point in time when commercial relationships may be re-instated as suppliers work toward compliance.

#### *AFi response:*

*After exploring what further guidance might be provided to effectively respond to the above request, AFi partners concluded that these issues are context-specific and that the provision of more detailed or more prescriptive guidance could undermine effective context-appropriate decision-making and action regarding supplier implementation plans and the pace of their realization. More specificity was added regarding the content of these plans in order to guide companies as they develop them. The AFi will continue to monitor guidelines, practices, and tools addressing the issue of continuous improvement and time-bound progress and may update the Operational Guidance on Supply Chain Management if and when the collective understanding of best practices on these topics warrants a more detailed treatment.*

### **Other salient comments**

- Emphasize the importance for downstream companies to engage with suppliers in order to support them in complying with company commitments.



- Provide examples and best practice throughout the guidance.

*AFi response:*

- *In several sections of this guidance, emphasis was provided on the importance of supplier engagement.*
- *Some additional examples and best practice were added to the guidance; others will be added as case examples are developed and published in the coming months.*

## Remediation and Access to Remedy

### **Grievance mechanisms**

Several stakeholders from the non-profit sector commented on the expectation for having company grievance mechanisms:

- What is the purpose of having companies establish grievance mechanisms if they are operating in a jurisdiction with an applicable and well-functioning grievance mechanism? This would seem to add unnecessary cost.
- The expectation to have an ‘operational level grievance mechanism’ can be problematic because it could mean that complaints are not filed at the lowest possible level and rather are filed at the operational level.

Additional guidance was also requested on the differences between the types of grievance mechanisms that should be established by upstream and downstream companies.

*AFi response:*

*The question of whether companies should establish operational grievance mechanisms was raised during the first consultation, and it was deemed important to retain this expectation in order to ensure direct connection for companies with respect to remediation and access to remedy. However, this does not preclude using independent lower level grievance mechanisms. The guidance was revised to clarify these aspects of the AFi position on grievance mechanisms. Additional guidance was also provided to clarify the difference between grievance mechanisms operated by upstream versus downstream companies.*

### **Effective remedy - role of companies downstream from land ownership/management**

Stakeholder comments included:

- Concern about the level of compensation expected from the end-buyer who may have little control over or direct responsibility for issues at origin, for example: resettling cocoa workers to another crop/district
- Confusion regarding engagement of the middle of the supply chain (e.g., traders)
- Concern about the increasing expectation that downstream companies/end buyers fix problems created upstream/on the ground



AFi response:

The AFi position and guidance follows the UN Guiding Principles on Business and Human Rights (UNGPs) in stating that the requirement to remediate arises only where the company caused or contributed to the harm. Please see Section 3.2 of the Operational Guidance on Remediation and Access to Remedy for more information on the interpretation and application of this principle.

Also in accordance with the UNGPs, in cases where the adverse impact is directly linked to a company's operations or supply chains but the company itself did not cause or contribute to the harm in question, the company is not required to remediate. However, in such cases companies are strongly encouraged to take measures to facilitate remediation by the responsible entity within its supply chain.

### **Effective remedy - legacy issues**

A comment was provided requesting clarity on expectations regarding retroactive application of commitments when new land is acquired.

AFi response:

Revisions were made to the guidance, particularly in Section 3.4 on company responsibility for legacy harms, to clarify these expectations.

## **Environmental restoration and compensation**

### **Company involvement in restoration in situations outside of remedy for past harms**

Stakeholders noted that companies are engaged in restoration for reasons other than to remedy past harm, and this should be highlighted and encouraged in the guidance.

AFi response:

Additions were made to the guidance to highlight this point and to state that, while the main purpose of the guidance is to provide detail on expectations for environmental remedy of past deforestation and conversion, the same principles for effective restoration and conservation apply in cases when companies pursue these activities for other reasons (e.g., to demonstrate 'net positive' impact).

### **Determining the most appropriate approach: restoration vs. compensation; on-site vs. off-site**

Stakeholders from diverse sectors suggested that:

- Further emphasis is needed on the principles of 'additionality' and 'equivalence' in order to provide sufficient disincentive for conversion/deforestation to occur in the first place. Similarly, clarity is needed that restoration/compensation may not be used to justify and offset ongoing conversion/deforestation.



- Restoration of ecological functionality through actions taken off of the subject site (but in nearby areas within the landscape) is important in some cases and should be further emphasized.
- It is important to promote and prefer on-site compensation/restoration first, “off-site” adjacent compensation/restoration second, and then more distant off-site activities third.
- Restoration is a form of compensation, and therefore a distinction should not be made between restoration and compensation but rather to focus on on-site versus off-site, and to allow for a blending of restoration and conservation under both scenarios.
- Additional guidance is needed on the dynamics of combining ecosystem restoration with socioeconomic restoration in line with the overall restoration of the target subject ecosystem(s) and their values for conservation and human wellbeing.
- Additional guidance is needed on assessment, documentation and monitoring.

*AFi response:*

*Significant revisions were made to this guidance document that reflect all the above points. Of note, the guidance gives preference to restoration/conservation that is on or proximate to the site of the deforestation or conversion. Additional text was also elaborated to make it clear that avoidance of conversion/deforestation is a Core Principle of the Framework, and that restoration or conservation may not be used to justify or offset new deforestation or conversion for agriculture or forestry commodities.*

## **Smallholders**

### **Further clarify different types of smallholders**

Stakeholders pointed to the need to better define smallholders and to clarify the distinction between outgrowers and other types of smallholders, especially given that terms such as 'outgrower' may be used to mean different things in different contexts.

*AFi response:*

*The guidance provides a well-elaborated definition of smallholders and clarifies the types of smallholders to which the Operational Guidance on Smallholder Inclusion in Ethical Supply Chains is intended to apply.*

### **Incentives for engaging in AFi**

The benefits that AFi brings to smallholders was not clear to some stakeholders: What incentives exist for compliance with company commitments? What is the responsibility of smallholders relative to these commitments?

*AFi response:*

*The guidance addresses these points in several places, including a table on different approaches to supporting smallholders and thus incentivizing their participation. In response to feedback, several items were added to this table, including support via engagement with producers' organizations and others working to advocate fair prices and*



*equitable benefit-sharing. Responsibilities of smallholders are identified in sections on smallholder groups as well as the section on identifying and addressing non-compliance.*

## **Applying Voluntary Commitments in Context (now Achieving Commitments Through Collaboration)**

### **Importance of collaborative and jurisdictional approaches**

Multiple stakeholders from all sectors expressed the importance of this topic (for risk assessments, monitoring/verification, traceability of indirect suppliers, and to address other expectations in the Framework) and asked for additional guidance on how to put it to practice.

#### AFi response:

*The guidance now further elaborates on the topic of how jurisdictional/landscape approaches can help overcome the challenges faced by companies in implementing their supply chain commitments as well as the opportunities for advancing deforestation-free, conversion-free, and human rights goals overall. Reference to this Operational Guidance was also added to relevant sections of other Operational Guidance documents. Given stakeholder interest, AFi plans to continue to develop and refine guidance on this topic as company engagement in landscape approaches increases and as this experience generates useful learnings and good practices with potential broader applicability.*

### **Role of government**

Stakeholders commented on the importance of engaging government in order for companies to be able to fulfill their commitments.

#### AFi response:

*The guidance now lists specific actions that companies can take in collaborating with other actors toward fulfillment of commitments, including engagement with government entities. The AFi has also elaborated use cases for government entities to use or refer to the Accountability Framework to help meet their objectives related to responsible production and trade; please see the [AFi website for this information](#).*

### **Use of the term “collective action”**

Stakeholders noted that the term ‘collective action’ should be replaced with one that does not risk raising concern with anti-trust laws.

#### AFi response:

*The term ‘collective action’ was revised throughout the Framework, and replaced with terms such as ‘collaboration’, ‘shared responsibility’, and others that clarify the intent is pre-competitive collaboration.*



## Monitoring and Verification

### **Purpose, scope and applicability**

While stakeholders acknowledged the value of this monitoring and verification (M&V) guidance, comments were also provided on the need to clarify its purpose, scope and applicability. For example:

- It is not clear whether this is only for companies or a wider audience.
- Is this document about telling companies what they should be doing with the current systems available or is it about an aspirational future?
- It would be helpful to better differentiate who in the supply chain is expected to monitor for what.
- It would be helpful to better define what is in the scope for companies to monitor and, conversely, what the public sector or others should monitor that is outside the company's scope. This is particularly important for the goal of driving transformation and not just fixing compliance gaps.
- There is a need to clarify the difference between monitoring, traceability, certification, and verification.

#### AFi response:

*The guidance was revised and enhanced to provide further clarity and improve readability on these topics. Specifically:*

- *The guidance provides greater detail regarding how companies should monitor progress towards or compliance with their commitments given their supply chain position and visibility.*
- *Companies can use this guidance to assess whether their current monitoring system is able to monitor performance and outcomes at the supply base level and, where there are gaps, the guidance can be used to fill them.*
- *Clarification was provided on how companies might use control mechanisms such as certification programs as a means of assessing or demonstrating compliance.*
- *A new figure was added to help clarify appropriate M&V approaches in relation to the supply chain control mechanisms that a company uses.*
- *Definitions and differentiation were provided on monitoring and verification. Traceability is described in the Operational Guidance on Supply Chain Management. Certification is a tool that may be used toward multiple objectives such as monitoring, verification, and as a control mechanism to demonstrate compliance.*

### **Monitoring progress**

Some stakeholders expressed support that the guidance included progress monitoring and asked that this be further emphasized.

#### AFi response:

*Additional guidance was provided on this topic.*



### **Metrics for assessing compliance/progress**

Some stakeholders perceived the list of metrics to be very useful, e.g., one commenter noted that “the sample metrics are appropriate and are a good starting point for conversation for companies and their suppliers.” Others felt that the metrics still needed to be better defined, including the type of deforestation data to use, and the unit of measurement.

AFi response:

*Revisions were made to the suggested set of metrics to address these and other needs. Following the publication of Framework version 1.0, the AFi is continuing its work on the topic of metrics, in conjunction with leading reporting, assessment, and data initiatives. Refinements to the information on metrics to add additional specificity are expected to be provided as this work advances.*

### **Monitoring Tools – land use change**

Stakeholders provided input on which types of geospatial tools (particularly with regard to the level of spatial resolution) would most effectively be able to detect land use change in different contexts, and also cautioned that, although the guidance on geospatial tools is interesting, technology is constantly changing and the section could soon become outdated.

AFi response:

*Stakeholders' recommendations on tools, including tools that are more applicable for monitoring the conversion of non-forest natural ecosystems, were incorporated into the final version. Text was also added to acknowledge the rapidly changing nature of geospatial technology.*

### **Monitoring tools – human rights**

Several stakeholders noted that there was not sufficient guidance for monitoring human rights, including indicators for measuring progress. They further emphasized the importance of grievance mechanisms in monitoring human rights: with so many suppliers/supply areas, it is not possible to monitor all of them, so the focus should be on where there is highest risk and on identifying and addressing grievances.

AFi response:

*Guidance was added on the types of human rights issues that should be monitored. Additionally, the guidance now includes a list of frameworks and other resources for selecting indicators for specific contexts. Use of grievance mechanisms was also further highlighted as an important tool for monitoring compliance. Given the variability of risks related to human rights in the different contexts in which companies operate, the guidance does not provide a generalized set of suggested indicators for human rights monitoring.*



### **Verification – general comments**

Stakeholders provided a variety of salient comments on this section:

- The language sounds like a certification standard.
- The critical element for credible verification is to have competent auditors. This needs to be adequately addressed in the guidance.
- Guidance could elaborate on collaborative approaches to verification at a broader landscape level.
- It would be useful to have a verification of the extent of the verification.
- The guidance should include a list of tools and resources that companies can use toward implementing their monitoring systems.

#### AFi response:

- *Accepted good practice for credible and effective verification is similar for certification and non-certification contexts. Thus, it is appropriate that elements of this section of the Framework are similar to the analogous elements in some certification programs.*
- *The importance of auditor competence was included in the consultation draft and has been further highlighted, along with additional detail on specific elements and indicators of auditor competence.*
- *Landscape- and jurisdictional-level monitoring and verification is addressed in the Operational Guidance on Achieving Commitments Through Collaboration.*
- *The AFi has compiled a set of tools and resources to support effective and credible M&V and will make these available on the AFi online platform (website).*

### **Verification in the absence of certification standards**

Several stakeholders were not clear on how verification works when there is no standard covering the commitment. One stakeholder commented on the need to develop a verification standard.

#### AFi response:

*Clarification was provided on how this guidance might be used in the absence of a verification standard in order to provide assurance on compliance or progress relative to commitments. The guidance is intended to provide key characteristics and best practice for verification of commitments so that companies can develop their own verification systems or contract third parties to provide independent verification services. The credibility of such systems can be increased by publicly disclosing and monitoring their attributes relative to the good practice attributes elaborated in the Accountability Framework. The section on monitoring provides approaches and metrics that could also be used for verification purposes.*



### **Third-party verification**

Stakeholders from the private sector noted that the guidance should place more emphasis on the level of trust between the company and stakeholders when determining whether third-party verification is necessary. If stakeholders trust the company then third-party verification may not be necessary, particularly given the costs associated with third-party verification. Additionally, it was suggested that transparency could be an acceptable substitute for third-party verification.

#### AFi response:

*The guidance outlines a set of considerations to guide companies in determining when and to what extent third-party verification should be implemented. These considerations have now been updated to reflect the input provided, for instance by adding considerations related to trust and transparency to the list. In general, transparency is important for building trust and accountability, and it may help enable interested stakeholders to do some level of verification on their own (e.g., analyzing tree cover loss data within and near the production areas that supply a given commodity buyer). However, it is typically not a full substitute for third-party verification.*

## **Reporting and Disclosure (now Reporting, Disclosure, and Claims)**

### **Reporting for various supply chain actors**

Stakeholders commented that there was too much emphasis being placed on supply chain reporting, which is not as relevant to producer countries. Similarly, it was noted that a distinction needs to be made between who in the supply chain is reporting on what.

#### AFi response:

*This guidance underwent substantial revisions, including further specification of reporting practices appropriate for different supply chain actors. The guidance is relevant to both public-facing sustainability reports (which may be a less common practice for upstream suppliers in producer countries) and business-to-business reporting (i.e., documented information) on environmental and social practices and attributes of the transacted materials, which may be expected of such suppliers by their buyers. Such information is necessary to allow downstream companies to be able to assess and report on progress, practices, and compliance within their supply chains.*

### **Non-physical certified supply chain as a control mechanism**

Stakeholders from all sectors noted that this guidance (and the Framework in general) does not provide sufficient clarity on how certification can be used for monitoring, reporting, and making claims. Specifically, when companies use non-physical chain-of-custody models offered by certification programs (i.e., mass balance or book-and-claim models as opposed to segregated or identity-preserved models), then what can be reported and claimed?

#### AFi response:

*The Framework now addresses this question within Section 4 (Claims) of the Operational Guidance on Reporting, Disclosure, and Claims. Additionally, the Operational Guidance on Monitoring and Verification addresses how certification may be used as a control*



*mechanism to monitor and demonstrate compliance with company commitments, and by extension, the claims that can be made when using certification. In brief, to be able to make a claim about the physical material in a supply chain or a product, a company needs to be able to ascertain whether the raw material production associated with the supply chain or product meets its supply chain commitments. If the company is using chain-of-custody models that include material that is not known to come from certified production units (e.g., as is usually the case in mass balance and book-and-claim models), the company would need to apply additional due diligence on the non-certified material in order to ascertain compliance. See the referenced Operational Guidance documents, and the [FAQ](#), for more information on how to address these situations.*

### **Other tools and frameworks**

Stakeholders expressed interest in aligning the AFi guidance on reporting with the Responsible Sourcing Implementation and Reporting Framework (IRF) being developed by Proforest with other partners. Commenters also suggested value in having a list of best practices, tools, and platforms for sharing information between suppliers and downstream companies as well as between investors/lenders and investees/borrowers.

#### *AFi response:*

*The AFi is collaborating with Proforest and other partners on development of the IRF with the aim of maximizing the alignment and complementarity between both initiatives. A box describing the IRF has been added to the Operational Guidance. The guidance is also now linked to a resource that describes the alignment of Accountability Framework Core Principles with three common reporting Frameworks: CDP Forests, The Global Reporting Initiative (GRI), and the UNGP Reporting Framework.*

### **Reporting on supply volume**

Commenters provided a range of perspectives on this topic:

- Information on sales/volumes by commodity and region is especially useful to understand a company's potential footprint. This information coupled with detailed progress information against company commitments allows stakeholders to gauge how much of the production in a given sector is currently produced using responsible practices.
- The guidance should let the company decide the unit on which reporting is based, such as volumes, suppliers, or hectares.
- Although volumes are important, particularly in some sectors where there is a lot of laundering, these don't necessarily need to be reported.
- There might be competition and legal issues that inhibit companies from reporting on volumes.
- Suppliers are often shifting; it is hard to describe volumes.

#### *AFi response:*

*This guidance underwent substantive revisions, recognizing that place-based, volume-based, and supplier-based reporting and metrics can all be useful, but the applicability of each depends on the company's position in the value chain and other attributes of their business. Based on this recognition, the final version includes and further clarifies the*



*approach of reporting progress and compliance based on commodity volumes, in both absolute and relative terms. It also suggests that companies may report based on land area or number and/or percentage of suppliers depending on supply chain position and level of visibility, if that approach is more useful to effectively and accurately report on progress or compliance.*

## **Metrics**

An array of salient comments was provided:

- With regard to traceability, the company should also describe the methodology, including the level of verification conducted (e.g., 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> party) and how the percent traceability figure is being calculated.

*AFi response:*

*The above recommendations were added to the Operational Guidance on Supply Chain Management (Section 2 on traceability) and the Operational Guidance on Monitoring and Verification (Section 4 on verification).*

- The methodology should include how frequently risk assessments are carried out (at least annually as best practice).

*AFi response:*

*The above recommendation was added to the Operational Guidance on Supply Chain Management (Section 3 on risk assessment).*

- Additional metrics for environmental and social outcomes (not only processes) are needed, including on the topics of restoration; habitat degradation outcomes/impacts; systemic interventions beyond the company's own supply chain that will contribute to sector transformation; and a standardized means for reporting on smallholder engagement.

*AFi response:*

*Metrics related to land use change are found in Annex 2 to the Operational Guidance on Monitoring and Verification. A list of implementation processes on which companies could report in order to document their degree of alignment with the Accountability Framework is found in the Annex to the Operational Guidance on Reporting, Disclosure, and Claims. These include collaborative efforts and smallholder engagement, among others. AFi does not identify specific metrics linked to these processes, as many metrics already exist in reporting platforms and tools such as CDP Forests, the Global Reporting Initiative, and the UNGP Reporting Framework. This guidance is also now linked to a resource that describes the alignment of Accountability Framework Core Principles with these three methodologies.*

- GHG reporting: For agriculture, this is more than land use and reporting should be expanded and tied to cover crops, nitrogen, other waste, water, etc.

*AFi response:*

*While these sources of GHG emissions and/or carbon sequestration are very relevant for comprehensive GHG reporting, they are outside the scope of AFi, which focuses on*



*deforestation, conversion, and human rights. Therefore, the suggested GHG metrics found in Annex 2 of the Operational Guidance on Monitoring Verification address only GHG emissions related to land use change. The AFi encourages users to consult other credible sources for methodologies for comprehensive GHG accounting and reporting, including in relation to agricultural management practices.*

### **Information disclosure (transparency) regarding supply base/suppliers**

Some stakeholders expressed support for the level of transparency embedded in the guidance:

- More disclosure is better and will solve many problems, good to suggest these expectations.
- The information expected for disclosure is at an appropriate level of detail and it is good to see this sort of disclosure specified.

Other stakeholders were more concerned:

- The guidance needs to recognize the challenges with this level of traceability and transparency. Many of the greatest risks are in the areas hardest to identify/trace, challenging to provide this level of information.
- Sometimes companies do not want to provide this information because they want to build trust with their suppliers.
- The transparency requirements are overly aspirational and the business case for them is not clear.
- How useful is the disclosure and does this actually help companies to allocate their resources effectively to encourage change?
- Rather than disclose this level of information, it is more important for companies to have the right control systems in place and report on them.

And others offered suggestions for making it more operational:

- Transparency requirements should be risk-based.
- The guidance should consider a stepwise approach to this.
- Trust needs to be at the core of this section – not just instructions but authentic transparency.

Similar to comments provided in the *Operational Guidance on Supply Chain Management and Monitoring and Verification*, stakeholders also requested that the guidance be made clearer regarding roles and responsibilities: who discloses what information to whom.

#### *AFi response:*

*Global good practice for commodity production and trade is moving toward higher levels of disclosure, including of the elements listed in this guidance. In some sectors, such as palm oil, good practice norms are changing rapidly as increases in transparency have advanced quickly. Nevertheless, the AFi recognizes that in many cases it may be challenging to adhere to the disclosure guidance in its entirety. As with other sections of the Framework, in cases where companies are not currently able to meet the stated expectation, the Framework asks companies to document their level of progress toward*



it and, in the case of disclosure, the reasons why greater disclosure is not presently provided. Please also see the [FAQ](#) that provides more detail on this topic.

### **Information disclosure regarding supply base/suppliers – production/primary processing data**

Stakeholders expressed the following concerns:

- While it is generally better to disclose primary processors, is it really necessary?
- The supplier transparency requirements are one of the more contentious parts of this section, particularly the expectation for production-level shapefiles – this is a government remit and should not fall on the company to provide. It may also put producers on the edge. The other disclosure expectations (point location for mills, non-compliances and grievances) are generally OK.

#### AFi response:

*As stated in the previous response, the AFi recognizes that the disclosure expectations may not be achievable immediately in all cases - for instance, due to government restrictions on the release of mapped information. Where levels of disclosure fall short of the stated expectation, the Framework asks companies to document their level of progress toward such disclosure levels and the reasons why greater disclosure is not presently provided (e.g., due to legal restrictions in the country of production).*

### **Information disclosure regarding supply base/suppliers – consumer goods manufacturers and others that purchase from traders**

In addition to the elements listed in the guidance, some stakeholder requested that consumer goods manufacturers also disclose:

- Suppliers and/or exact locations of supplier operations
- When using certification, the scope of certification and validity (in case of suspension, etc.)

#### AFi response:

*The suggested information on certification and validity was added to the guidance. More stringent requirements for downstream companies to disclose the location of all suppliers were not added because it would be very challenging, if not impossible, for many consumer goods manufacturers to list all suppliers and the exact location of their operations. This is due to multiple factors, including the length and complexity of supply chains and the fact that, in many supply chains, the suppliers at origin are constantly changing.*

### **Information disclosure regarding supply base/suppliers – retailers**

In addition to the elements listed in the guidance, some stakeholders requested that retailers also disclose:

- Suppliers and/or exact locations of supplier operations



- When retailers purchase raw or processed materials from other supply chain stages (similar to the consumer goods manufacturers section), they should follow the disclosure practices for the corresponding supply chain role as elaborated for that supply chain actor

AFi response:

*Further detail was added to the section on disclosure by retailers to include different buying scenarios. Additional expectations for disclosure of the exact locations of all supplier operations was not added for the reasons stated in the prior response.*

## IV. Terms and Definitions

- The term **'supply chain commitments'** should be revised if AFi also wants to target companies that have deforestation risks within their direct operations.

AFi response:

*Producers (and other companies that directly own or manage production or processing operations) are part of a supply chain; thus the term 'supply chain commitments' includes commitments that address direct operations. Clarification was provided that companies are also responsible for their direct operations.*

- The definition of **'companies'** needs to make it clear that business relationships are also included.

AFi response:

*Business relationships that fall within the company 'group' (i.e., affiliates, subsidiaries, joint ventures, etc.) are considered part of the company. This was clarified in the definition of 'company' as well as a newly added definition of 'corporate group'.*

- The definition of **'forest'** should be understood such that managed forests in US and Canada are managed natural forests, which is accurate. However, Table 2 in the Operational Guidance on *How to Apply the Definitions Related to Deforestation and Conversion* identifies even-aged management and forest chemicals as characteristics of plantation forest. The assessors should be allowed the ability to determine this using local parameters, legislation, and conditions. Recommend that the definition be revised to include the intent of the PEFC definition Note 3 in the context of loss of natural forest.

AFi response:

*Clarification was added in the Operational Guidance on Applying the Definitions of Deforestation, Conversion, and Protection of Ecosystems regarding this issue. Even-aged management (where such management does not approximate the spatial and temporal dynamics of the natural forest ecosystem) and regular application of herbicides and pesticides are mentioned as indicative, not determinative, features of tree plantations that are not natural forests. As the commenter notes, determinations of natural forest need to be made in view of the local context in consideration of the global guidance provided in the Framework.*

- The definition of **'natural ecosystem'** does not give any indication of the scale of



ecosystems – how small an area can be considered an ecosystem? This should be clarified in the definition or can scale of ecosystems be determined by the organization?

*AFi response:*

*For natural forests, reference is made to the AFi definition of "forest," which follows the FAO forest definition, which includes a scale threshold of 0.5 hectares. For other types of natural ecosystems, the AFi determined it was not feasible or useful to attempt to set a global threshold for all non-forest natural ecosystems since the appropriate threshold is context specific, given the wide range of non-forest natural ecosystems that exist.*

- The **'minimum levels'** of conversion as currently defined are vague enough to serve as a loophole for conversion of forests and other ecosystems. Have a tighter and more specific definition to shut down this loophole to the extent possible. It should also be made clear that full public disclosure of all conversion (including any "minimal" conversion) should be made on an annual basis.

*AFi response:*

*The AFi agrees that any references to minimal or 'de minimus' conversion must be narrowly specified to avoid any confusion or differences in interpretation that could create unintended loopholes. However, the AFi believes that the present definition is specified precisely enough to meet this need. Specifically, to adhere to the AFi definition, the scale and effects of any minimal conversion must be narrowly circumscribed both in terms of their physical extent and their functional effect on conservation values. These aspects are specified in the definition as follows.*

**Absolute physical extent:**

- *Minimal conversion must "not exceed cumulative thresholds that are small both in absolute terms (e.g., no more than a few hectares) and relative to the area in question (e.g., no more than a small proportion of the site)." Thus, even on a large site, conversion exceeding a few hectares is not considered "minimal."*
- *These quantities are "assessed cumulatively over space and time" such that it is not possible to for numerous small incursions associated with the same or related site(s) or actor(s) to be considered "minimal."*
- *Metrics specified in the Operational Guidance on Reporting, Disclosure, and Claims (e.g., hectares of forest/ecosystem converted) are intended to quantify any incidences of deforestation and conversion cumulatively over space and time.*
- *The concept of "minimal level" applies at the site scale but not at the landscape or jurisdictional scale. For instance, plans to convert 0.1% of a 10,000 sq. km. jurisdiction for a new commodity production area or concession would not be considered "minimal" conversion under the AFi definition because such conversion does not adhere to the specific parameters and thresholds within the definition.*

**Functional effect:**

- *Even if its physical extent is small, minimal conversion must "not significantly affect the conservation values of natural ecosystems or the services and values they provide to people"*



- *More specifically, such conversion must “not result in the loss of important biological, social, or cultural values, for instance as defined by the High Conservation Value framework”*

*With these detailed specification in place, the AFi provides clarity to companies and other stakeholders that this definition does not afford a loophole for new conversion for commodity expansion. By providing this definition, the AFi helps to resolve ambiguities about whether and when small scale land-use adjustments made at the site level may be compatible with no-deforestation and no-conversion commitments. Similar guidance to inform rational, conservation-based, site-level land use planning is included within other credible no-deforestation guidance, such as the High Carbon Stock Approach.*

- The definition of **FPIC** could be at cross-purposes with national legislation where legislation determines the protection of the rights of IPs. In some countries, national legislation may not allow for an Indigenous veto (“withhold consent”) on matters related to resource development. Framework does provide guidance on this item but there may well be scenarios where IPs believe they have a veto, but national legislation could allow for a legally recognized over ride on the IP’s belief they have a veto.

Afi response:

*This Issue is addressed In the Operational Guidance on Free, Prior, and Informed Consent, which addresses scenarios where adherence to national law or government procedures related to FPIC may not serve to fulfill company supply chain commitments or ensure respect for the rights of IP/LC.*

- **Labour rights**
  - The following definitions should be added: environmental defender, human rights defender, migration, freedom of movement, modern slavery/human trafficking (reference Universal Declaration of Human Rights and SDGs).
  - Child labour: An international law definition and not one developed by one organization or group of organizations (SA8000) should be used. There might be some nuances missing, e.g., generally, there should be something about exceptions for non-hazardous work and the fact that children under 18 can never be used in hazardous work.
  - Abusive practices/undue disciplinary procedures: The origin of the definition is not clear (besides SA8000).
  - Legal/decent working hours: The definition is thorny: there is quite a bit of variability in how the concepts of reasonable, fair, and decent are treated, especially in national jurisdictions. And what about overtime? Generally, there is an expectation of no more than a 40-hour week and overtime (reasonable overtime) is permitted but paid at a higher rate.



- Living wage: AFi would not have a credible standard if it only spoke of minimum wage (as in ILO), so it is good that it goes beyond that. However, guidelines for this commitment area are needed.
- Fair benefits: A definition for this cannot be found in law, and the concept is not well-developed. Provide general advice that allows for context sensitivity given that there are so many factors at place. The definition and guidance should not be too prescriptive.
- Vulnerable workers: This is not an ILO term and there is not one agreed definition for it, though guidance does exist – e.g., workers with no formal employment arrangements.

Afi response:

*Based on these comments, definitions related to workers' rights were revised and others were added.*

- The definition of “**stakeholder**” is very open ended. The definition should be restricted to “affected stakeholders”. See PEFC ST 1003-2018 definition of Affected Stakeholder.

Afi response:

*This definition was retained, as indirectly affected stakeholders (i.e., interested stakeholders) also have a stake in company decisions and actions. The definition also aligns with recognized definitions for stakeholders, for example, as defined in the UNGPs, ISO 26000, and ISEAL Codes of Good Practice.*

- Definitions for **certification, segregated certified supply chain, and identity preserved** certified supply chain should be added.

Afi response:

*These definitions have been added.*



## Annex 1: Stakeholders who participated in the public consultation process

Stakeholders affiliated with the following organizations participated in the public consultation process through their involvement in consultation workshops (see Box 1), submission of written comments via the AFi website or otherwise, or conversations with the AFi partners or secretariat. Stakeholders who participated in this consultation and who are not affiliated with any organization are excluded from this list in order to preserve anonymity.

Private Sector (Supply chain companies, industry associations, and consultancies)		
Annie Adams Consulting	Golden Veroleum Limited	Pepsico
APICAL	Groupe ment de la Filière Bois du Cameroun	Royal Golden Eagle (RGE)
Asian Agri	Inclusive Development Consultancy	Sainsburys
Barry Callebaut	Juaben Oil Mills	Samartex Timber & Plywood
Benso Oil Palm Plantation	Kuapa Kokoo	Soft Commodities Forum (SCF)
Bunge	Kumasi Wood Cluster	SIC-CACAO
Cargill	Liberia Timber Association	Sime Darby Plantation
Consumer Goods Forum (CGF)	Logs and Lumber Limited	Taylor Crabbe Initiative
Compass Group PLC.	Mars	Tesco
Daemeter	Maryland Oil Palm Plantations, Liberia	TMPSystems
Efeca	McDonalds	Touton
Equatorial Palm Oil	Mike Read Associates	Transitions
Equitable Food	Mondelez	Tropenbos Ghana
Finlays	Mondial	Twifo Oil Palm Plantation
Food and Drink Federation	Neste Oil	UK Roundtable on Sustainable Soya
Global Agribusiness Alliance	Nestle	Unilever
Ghana Rubber Estate Limited	Norpalm	Waitrose and Partners
Glencore	Olam	Walmart
Golden Agri Resources (GAR)	P&G	Whitbread



Golden Star Oil Palm Plantation	Palm and Soy Retailers Group / Decarbonize	WSL (Sumitomo Forestry Group)
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### NGOs and Peer Initiatives

Accountability Counsel Appui pour la Protection de l'Environnement et le Développement (APED) Borneo Nature Foundation Cameroun Ecologie CDP Ceres  Collaboration for Forests and Agriculture (CFA) CIFOR Civil Society Coalition on Land Clientearth Climate Focus Colandef  Conservation Alliance	Conservation International CSO Oil Palm Working Group  Earthworm Ecocare Ghana EcoNusantara Environmental Governance Institute (EGI) Buea Fauna & Flora Initiative, Liberia  Forest Watch Ghana Global Witness Goodweave IDH International Institute of Tropical Agriculture(IITA) Le Centre pour l'Environnement et le Développement (CED)	Nature & Development Foundation NEPCon  NGO Coalition of Liberia Oxfam REPAR Reseau de Lutte contre la Faim (RELUFA)  Royal Society for the Protection of Birds, GolaMa Project Sawit Watch SNV Netherlands Development Organisation Society for Nature & Conservation of Liberia Solidaridad UN Principles for Responsible Investing (UNPRI) World Cocoa Foundation
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### Standards, Tools, and Assessment Initiatives

Forest 500  Forest Stewardship Council (FSC)  Global Forest Watch Pro  Global Canopy	International Corporate Accountability Roundtable International Sustainability and Carbon Certification (ISCC) Programme for the Endorsement of Forest Certification (PEFC) Roundtable on Sustainable Palm Oil (RSPO)	Sustainable Forestry Initiative (SFI)  Supply Change  Supply Chain Transparency Network  Trase
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High Conservation Value Resource Network (HCVRN)	SCRIPT	ZSL SPOTT
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### Government and Policy Processes

Amsterdam Declaration Secretariat	LTKL (Indonesia Sustainable Districts Platform)	Cameroon, National REDD+ Secretariat
Cameroon Cocoa Development Corporation (SODECAO)	Cameroon Climate Change Directorate	Cameroon, National Office of Coffee and Cocoa (ONCC)
Liberia, National Bureau of Concessions	Cameroon, Ministry of Mining (MINCOMMERCE)	Ghana, Cocoa Board (COCOBOD)
Liberia, Environmental Protection Agency	Cameroon, Ministry of Forestry (MINFOF)	Ghana, Timber Validation Division
Liberia, Forestry Development Authority	Cameroon, Ministry of Land (MINDCAF)	
Liberia, Land Authority	Cameroon, Ministry of Planning (MINEPAT)	
Liberia, Ministry of Agriculture	Cameroon, Ministry of Agriculture (MINADER)	
Liberia, National Bureau of Concessions	Cameroon, Ministry of Environment (MINEPDED)	

### Community Groups

Liberia, National Union of Community Forestry Development Committee (CFDC)	Sustainable Development Institute (SDI)	Dibombari Palm oil Smallholder Cooperative
Liberia, National Union of Community Forestry Management (CFMB)	Tiko Palm Oil Smallholder Cooperative	Foundation for Community Initiatives
Liberia, Rubber Planters Association of	Union des Exploitants de Palmiers a Huile du Cameroun (UNEXPALM)	Groupe de Jeunes Agriculteurs de Meyomessala

### Academic Institutions



Federal University of Bahia	Singapore Institute for International Affairs (SIIA)	Cameroon, University of Yaounde I
Instituto Sociedade, Popula e Natureza Nature Conservancy & Research Centre	Cameroon, University of Buea Cameroon, University of Dschang	Cameroon, University of Yaounde II Soa



## Annex 2: AFi process and timeline

This diagram summarizes the process of Framework development and initial uptake through the end of 2019. For more information on the AFi's work in 2020 and beyond, please visit the AFi website.

