

# MAKING SENSE OF DEFORESTATION

May 2023

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## The purpose of this guide

As a fund manager incorporating sustainability into all investment decisions, Generation has high expectations of disclosure and action on nature at companies in which we invest. Deforestation is an area of particular urgency, given its significant role as a source of greenhouse gas emissions, nature loss and community impact. But we know that this can be a difficult landscape. It can be hard for companies to work out how to get started, make sense of the multiplicity of initiatives, or understand what good looks like. We have developed this guide as a resource for companies to try to make things easier, whether a company is starting out on its deforestation journey or seeking to attain the very best level of practice.

## Why should companies care about deforestation?

*“Realistically, the world will not reach net zero by 2050 unless we halt and reverse deforestation within a decade. By encouraging the protection and restoration of forests, we can stay within the carbon budget and support local communities that depend on these ecosystems... In our view, [Net-zero] transition plans that lack objectives and clear targets to eliminate and reverse deforestation are incomplete.”*

Michael R. Bloomberg (Co-Chair of GFANZ), Mark Carney (Co-Chair of GFANZ) and Mary Schapiro (Vice Chair of GFANZ), September 2022

## Nature and the climate crisis

The inextricable link between climate change and deforestation is becoming clearer. Agriculture, Forestry and Other Land Use contributes 22% to global emissions and half of that (11%)<sup>1</sup> is from deforestation and land conversion<sup>1</sup>. However, this is a significant underestimate because it does not account for the absorption that the trees would have performed, if they were left standing. As forests are destroyed, we remove one of the world’s biggest carbon sinks. Every year, around one-third of all the CO<sub>2</sub> released globally is absorbed by forests<sup>2</sup>. To keep the chance of 1.5°C alive, all deforestation must end urgently with the majority of commodity-driven land clearance halted by 2025<sup>3</sup>, and all land use change eliminated by 2030<sup>4,5</sup>.

In addition to carbon-related impacts, deforestation is a significant cause of nature and biodiversity loss as well as community displacement and human rights abuses.

The causes of deforestation are complex and evolving. It is important to recognize the important role of agriculture and forestry production to economic development and the livelihoods of farmers and local communities. At the

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1 AR6 IPCC Working Group 3

2 Goldstein et al

3 Accountability Framework Initiative <https://accountability-framework.org/the-afi-recommends-a-target-date-of-2025-or-sooner-to-eliminate-deforestation-and-conversion-in-supply-chains/>

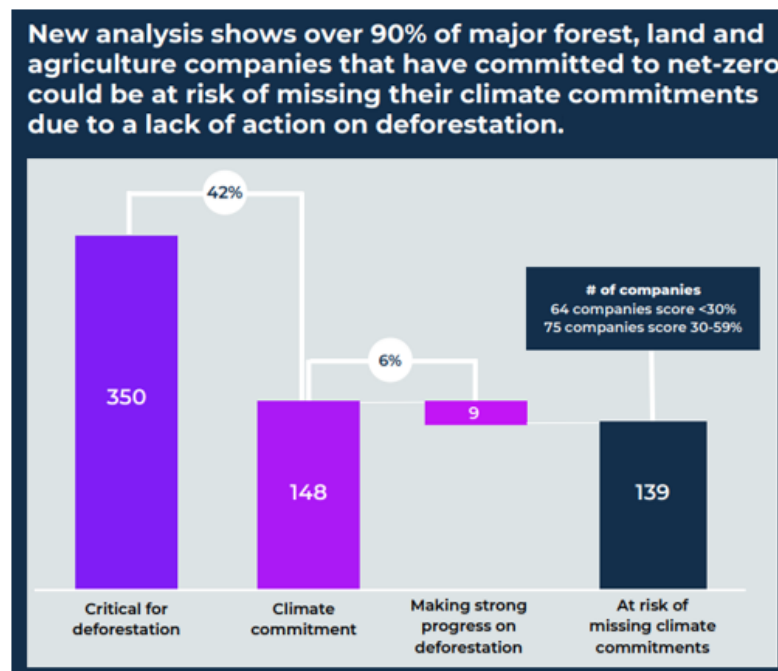
4 AR6 IPCC

5 Glasgow Leaders Declaration on Forests and Land Use, <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

same time, it is essential to note that the environmental and social issues associated with unsustainable production could have a material impact on companies that source such commodities.

Around 60% of total deforestation is associated with agricultural commodities production, which occurs in the operations and supply chains of major FLAG (forestry, land use and agriculture) companies<sup>6</sup>. It is critical to take action now to halt the obvious degradation of natural assets including forests. Generation is a signatory to the Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation<sup>7</sup>, launched at COP26 in Glasgow in November 2021. Currently more than 35 financial institutions with more than (US) \$8.9 trillion in assets under management have signed the commitment, with the initiative now known as Finance Sector Deforestation Action<sup>8</sup>. As a signatory, Generation commits to seek to substantially eliminate forest-risk agricultural commodity-driven deforestation activities at companies in our investment portfolios by 2025. Deforestation risk is relevant for companies sourcing, producing or financing a wide range of forest products, however the FSDA is focusing on palm oil, soy, cattle and wood products at this time.

1. Companies and regulators are taking increasingly stringent action to address deforestation risks, including as they realise net zero targets will not be achievable without tackling deforestation. The imperative to preserve biodiversity and eliminate the social harms associated with deforestation and related supply chains is also a strong driving force. Although the link between deforestation and decarbonisation is starting to be acknowledged in the net zero targets of leading companies, it needs wider recognition. As shown below, over 90% of companies in FLAG industries, that have set net zero targets, are at risk of missing their goals due to a lack of action on deforestation.



Source: Why net zero needs zero deforestation now, Climate Champions, Race to Zero, June 2022

<sup>6</sup> Pendrill et al., 2019 and Curtis et al., 2018

<sup>7</sup> The full finance sector commitment letter on eliminating commodity-driven deforestation can be found here:

<https://racezero.unfccc.int/wp-content/uploads/2021/11/DFC-Commitment-Letter-.pdf>

<sup>8</sup> <https://climatechampions.unfccc.int/system/nature-and-tackling-deforestation/>

## Implications for companies

As the link between deforestation and climate targets becomes more widely acknowledged, expectations around corporate performance on deforestation are increasing.

### Government and supranational action

Regulators are beginning to focus on deforestation, with the EU<sup>9</sup> agreeing a law that will require strict due diligence on forest-related commodities. Operators and traders will have to prove that their products are deforestation-free (produced on land that was not subject to deforestation after 31 December 2020). Companies will also be required to collect precise geographical information on the farmland where the commodities that they source have been grown, so that these commodities can be checked for compliance. Other jurisdictions, such as a number of U.S. states and the U.K., are known to be progressing regulation around deforestation.

In December 2022 at the 15<sup>th</sup> UN conference of the parties (COP15) to the Convention on Biological Diversity, the Kunming-Montreal Global Biodiversity Framework (GBF) was adopted. This framework includes 23 targets for governments, many of which are relevant to the private sector (see target 15, boxed to the right). 188 countries adopted the agreement demonstrating a significant increase in international focus and collaboration on the topic of nature.

Prior to COP15, 140 countries had pledged to stop deforestation by 2030 as part of the Glasgow Leaders' Declaration on Forests and Land Use.

### Standard setters

The Science Based Targets initiative has published specific Forestry, Land and Agriculture 'FLAG' [guidance](#) for businesses with land intensive operations. This guidance helps companies to understand how much and how quickly they need to cut land-related emissions in line with the Paris Agreement's goal to limit global warming to 1.5°C. It is explicitly calling for FLAG companies to make deforestation commitments in line with The Accountability Framework and in stating that target dates for eliminating deforestation "can be earlier, but no later than 2025" (and that cutoff dates can be earlier but not later than 2020).

### Target 15 of the Global Biodiversity Framework:

*Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:*

*(a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios;*

*(b) Provide information needed to consumers to promote sustainable consumption patterns;*

*(c) Report on compliance with access and benefit-sharing regulations and measures, as applicable;*

*in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.*

<sup>9</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_7444](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_7444)

The Glasgow Financial Alliance for Net Zero (GFANZ) has also said that Financial Institution transition plans are incomplete if they do not consider [deforestation](#).

## Disclosure

The recent publication of disclosure recommendations from the [Task Force on Nature-Related Financial Disclosures \(TNFD\)](#) is one example of the growing demand for corporates to disclose in a comparable and comprehensive manner on deforestation. CDP has also provided a comprehensive 'CDP Forests' questionnaire for many years.

## Third party oversight

NGOs such as Global Canopy have started to independently monitor and score companies on performance in relation to deforestation. The Forest 500 initiative reviews and scores the largest and most influential companies on this issue annually.

## Investor engagement

For all of the reasons set out above, investors are increasingly seeing deforestation as a systemic risk to the economy and a material risk to individual companies; clean supply chains are seen as a competitive edge. As a result of this, nature and deforestation are rapidly rising up the agendas of many asset owners and asset managers across the world.

## Customers

Research conducted by GlobeScan found that among consumers, environmental concerns are becoming more important than ever and sustainability now rivals conventional factors such as price and brand as influencers of consumer shopping choices<sup>10</sup>. A Boston Consulting Group study also found that 87% of consumers thought that companies should integrate environmental concerns into their products to a greater extent<sup>11</sup>.

## Supply chain resilience

Deforestation can lead to significant changes to local climatic conditions which, in turn, can introduce additional vulnerabilities to supply chains. For example, it has been suggested that rainfall patterns in the Amazon will be irreversibly impacted after a deforestation tipping point is reached<sup>12,13</sup>. Trees naturally take up water via root systems and release this water as water vapor via their leaves in a process known as transpiration. As tree cover is lost it starts to impact the amount of water being released to the atmosphere via transpiration and this in turn reduces local precipitation levels. Reduced precipitation levels can negatively impact yields reducing overall supply chain productivity. Companies have a clear interest in preserving these systems and preventing tipping points from being exceeded.

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10 <https://globescan.com/2021/10/21/consumer-research-reveals-escalating-concerns-about-climate-change-forest-biodiversity/>

11 Boston Consulting Group, <https://www.bcg.com/publications/2020/pandemic-is-heightening-environmental-awareness>

12 Leite-Filho, A.T., Soares-Filho, B.S., Davis, J.L. et al. Deforestation reduces rainfall and agricultural revenues in the Brazilian Amazon. *Nat Commun* 12, 2591 (2021). <https://doi.org/10.1038/s41467-021-22840-7>

13 Economist, August 2019 <https://www.economist.com/leaders/2019/08/01/deathwatch-for-the-amazon>

## Timeline

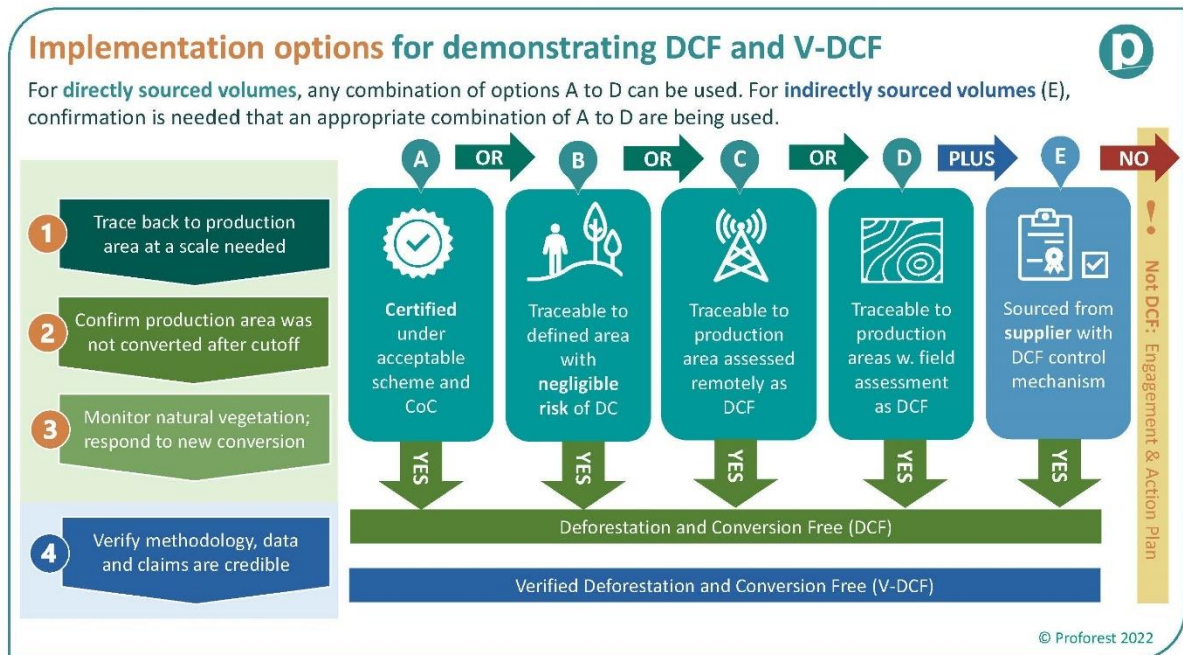
In recent years, momentum has been significantly building around incorporating nature generally into economic decision-making and addressing deforestation specifically

Jun 2021	 Taskforce on Nature-related Financial Disclosures	<i>TNFD launched.</i>
Nov 2021	<b>GLASGOW LEADERS' DECLARATION</b>	<i>140+ countries commit to end deforestation by 2030.</i>
Nov 2021	<b>Financial Sector Deforestation Action</b>	<i>35 investors with \$9tn AuM commit to tackle commodity driven deforestation by 2025.</i>
Sep 2022	 <b>GFANZ</b> Glasgow Financial Alliance for Net Zero	<i>"transition plans that lack objectives and clear targets to eliminate deforestation are incomplete."</i>
Sep 2022	 <b>SBTi</b> SCIENCE BASED TARGETS	<i>SBTi transition plans must include eliminating deforestation by 2025 for "FLAG" companies.</i>
Nov 2022	 <b>FCLP</b> The Forest & Climate Leaders' Partnership	<i>36 countries accelerating action on deforestation.</i>
Dec 2022		<i>EU proposes legislation banning the import of products with deforestation impacts.</i>
Dec 2022	 <b>Convention on Biological Diversity</b>	<i>~200 countries sign COP15 Biodiversity Framework.</i>

## How should companies tackle deforestation?

### Methods for achieving Deforestation and Conversion Free supply chains

There are a number of methods available to companies wishing to demonstrate Deforestation and Conversion Free (DCF) or Verified Deforestation and Conversion Free (V-DCF) supply chains. The graphic and accompanying text below from the consultancy Proforest outline some of these options:



*“In practice there are several different ways of demonstrating that material is Deforestation and Conversion Free, with different approaches more effective depending on location, production system and commodity.*

*Each includes the three steps of traceability back to origin, confirming no conversion since the cutoff date and monitoring and responding to new conversion. In general, any combination of these different options can be used to demonstrate Deforestation and Conversion Free.*

*Where none of them can be applied, the material cannot be considered Deforestation and Conversion Free and engagement and further action will be needed.*

*For Verified Deforestation and Conversion Free the fourth step of independent verification of methodology, data and resulting claims is also needed.” Proforest*

Caution is warranted around Option A, Certification, however, as flaws have been identified among all deforestation related standards<sup>14</sup>; indeed it has been pointed out that a strength of the proposed EU legislation on deforestation is that it does not rely on third party certification schemes<sup>15</sup>. Generation’s view is that, given incoming regulation and the widely acknowledged issues around certification, it does not make sense for companies to over-rely on certification. This said, where certification is a necessary component of a company’s strategy, Generation understands that the Round Table on Responsible Soy (RTRS)<sup>16</sup>, Roundtable on Sustainable Palm Oil (RSPO)<sup>17</sup> and Forest Stewardship Council (FSC)<sup>18</sup> are the better standards in terms of credibility, according to industry participants.

<sup>14</sup> <https://www.greenpeace.org/international/publication/46812/destruction-certified/>

<sup>15</sup> [The proposed EU law on deforestation-free products \(clientearth.org\)](https://www.clientearth.org/)

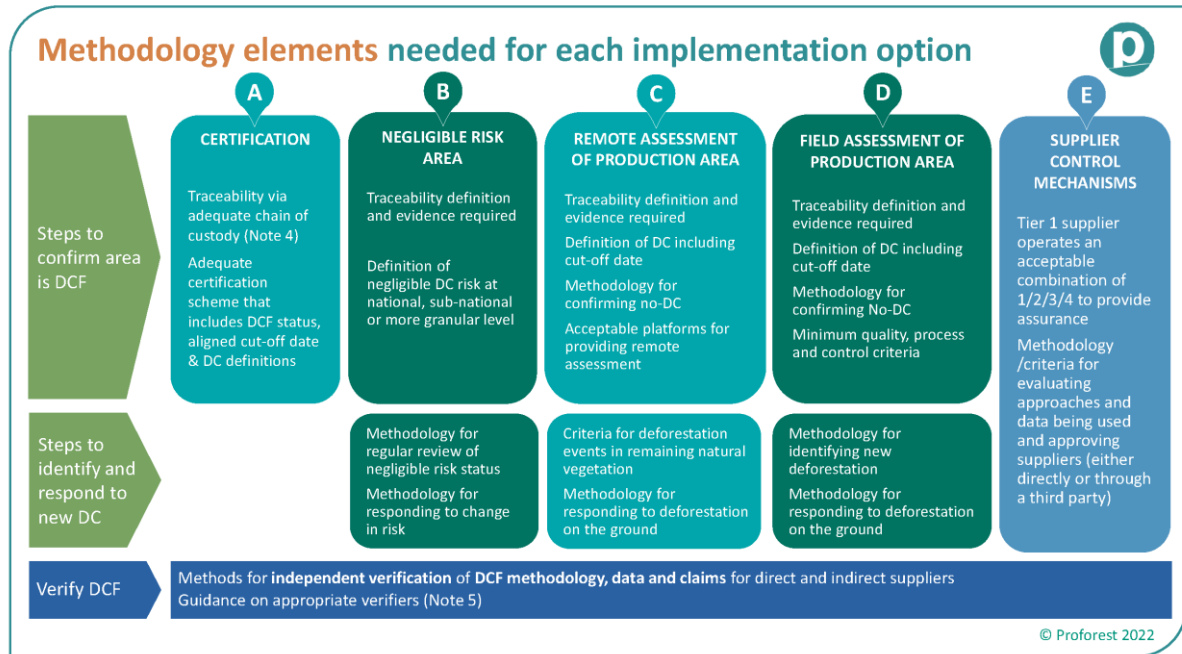
<sup>16</sup> <https://responsiblesoy.org/?lang=en>

<sup>17</sup> <https://rspo.org/>

<sup>18</sup> <https://fsc.org/en>



Further information on Proforest’s options A – E is set out below:

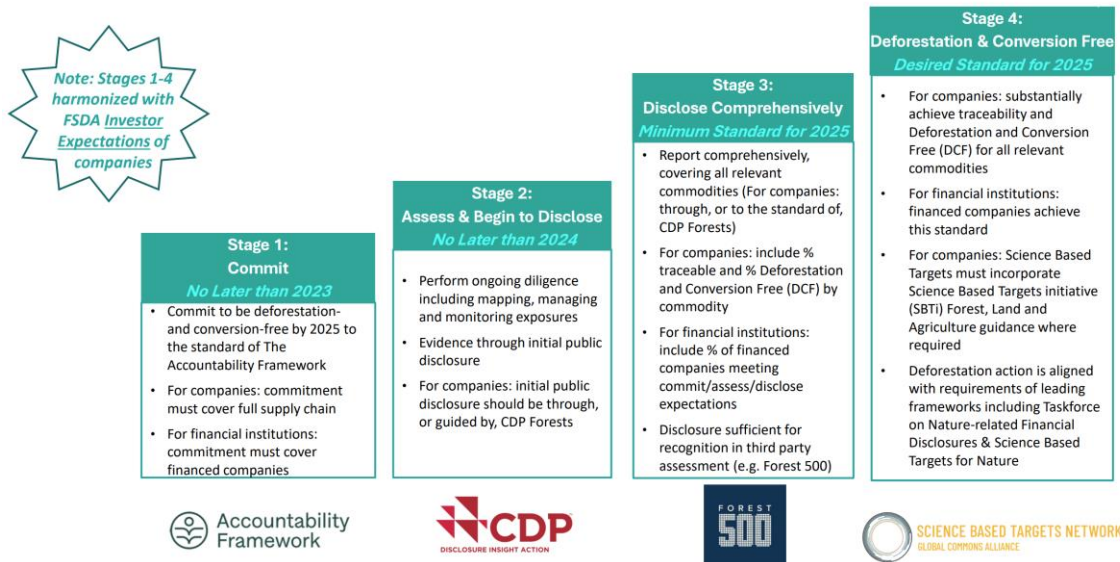


## Generation’s deforestation framework

In light of the clear imperative to eliminate and ultimately reverse deforestation, as well as increasing pressure on companies from multiple stakeholders (regulators, standard setters, consumers and others), Generation expects companies to act with urgency. It is also likely that “deforestation free” commodities will be in short supply as action intensifies, so that companies acting proactively will be much better positioned in the years ahead.

The framework below sets out Generation’s expectations around how companies can begin to tackle deforestation along with an indication of when we think these stages should be achieved.

## Generation IM Framework for Company Action on Deforestation



Generation’s deforestation framework identifies four stages of corporate action on deforestation. We look for all companies to take all the actions set out in the framework. The steps are not necessarily sequential; companies might choose to complete more than one level at once.

### Level 1:

We expect companies to commit to having Deforestation and Conversion Free (DCF) supply chains by 2025, and hope to see this commitment before the end of this year (2023). Our commitment definitions are aligned with the Accountability Framework<sup>19</sup>, which is a consensus-based guide for achieving and monitoring ethical supply chains, and we expect all commodities to be covered by this commitment especially where they are assessed by Forest 500 as being a ‘powerbroker’ for a given commodity. Like the EU and the Accountability Framework, we expect cut-off dates to be no later than 2020.

Lands under the stewardship of Indigenous people currently contain 80%<sup>20</sup> of the world’s remaining biodiversity. This is one of the many reasons that human rights and free, prior and informed consent (FPIC)<sup>21</sup> are indispensable aspects of any deforestation commitment.

The DCF commitment is expected to apply to direct and indirect suppliers as set out in the FSDA [investor expectations](#) (available in the Appendix). Where indirect supply chains are concerned, companies should require that their first-tier suppliers operate in a way that requires their second, third and onward suppliers to also become deforestation and conversion free.

For financial institutions the commitment should apply to financed companies.

<sup>19</sup> <https://accountability-framework.org/>

<sup>20</sup> <https://www.worldwildlife.org/stories/recognizing-indigenous-peoples-land-interests-is-critical-for-people-and-nature>

<sup>21</sup> a specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples

Further guidance on shaping commitments from the Accountability Framework is reproduced below:

*Companies commit to eliminating deforestation from their supply chains to help end global deforestation... “no deforestation” (deforestation-free) signifies that a company’s production, sourcing, and financial investments do not cause or contribute to the loss of natural forests.*

*1.1.1 Commitments prohibit deforestation, which includes the conversion of natural forests to agriculture, tree plantations, livestock production, or other land uses, as well as severe or sustained degradation.*

*1.1.2 Commitments include taking appropriate measures to support the long-term protection of natural forests and their conservation values in the company’s area of influence, and to provide for restoration and/ or compensation where the company has caused or contributed to deforestation in violation of their commitments.*

*1.1.3 To facilitate monitoring and provide clear signals to suppliers, each commitment specifies a cutoff date, after which land units associated with deforestation are deemed non-compliant (see [Operational Guidance on Cutoff Dates](#))*

## **Level 2:**

We expect companies to perform ongoing diligence including mapping, managing and monitoring exposures. Companies should also evidence these efforts through initial public disclosure.

The following comes from Proforest guidance:

*Confirming that a raw material is deforestation and conversion-free requires knowing where it was produced. This can be done at a large scale (e.g., country or province) if there is negligible risk of conversion, but needs to be done at a finer scale, down to a defined sourcing area (e.g., landscape, village, cooperative) or individual production units (e.g., farm, smallholding, concession) where there is risk that the land was converted after the cutoff date or there is ongoing conversion.*

*Once the origin is known the next step is to confirm that no conversion occurred after the cutoff date. Frequently this is done by overlaying the location with satellite images of the area at the cutoff date. However, other documentary evidence, such as old management or land use plans, can also be accepted if access to satellite data and Geographic Information System (GIS) systems is limited.*

*In addition to confirming that the production area was converted before the cutoff date, it is also important to identify any remaining natural vegetation within the production area and ensure there is a monitoring system to regularly confirm that no further conversion is taking place. There must also be a mechanism to respond to new conversion if*

*it occurs either via supply chain interventions or through community response or collaborative approaches within landscapes.*

Where possible traceability systems should extend to indirect suppliers as well as direct. Where this is not possible, first tier suppliers should operate in a way that requires their second, third and onward suppliers to also maintain high levels of traceability.

Where supply chains are too big to monitor on a supplier by supplier basis, clear sourcing policies should be in place setting out corporate expectations of suppliers on deforestation. In these cases, suppliers should be monitored regularly using a sampling approach.

For financial institutions: a similar risk-based mapping and monitoring approach should be adopted for financing and investment that is likely to include risk of exposure to deforestation.

Completing the CDP Forests questionnaire is a convenient way to disclose action on meeting Generation's Level 2 expectations, as well as meeting Level 3 requirements, but other standards are also available. Reporting to a similar standard in corporate sustainability reports will also be recognised.

Supply chain mapping and traceability guidance from the Accountability Framework is expressed as follows:

*The Accountability Framework's definitions reflect the most common meanings of these terms in the context of soft commodity supply chains and environmental and social compliance. Specifically:*

- *Supply chain mapping is the process of identifying the actors in a company's supply chain and the relationships among them.*
- *Traceability is the ability to follow a product or its components through stages of the supply chain (e.g., production, processing, manufacturing, and distribution).*

*These terms can be compared and applied as follows:*

- *Supply chain mapping pertains to supply chain actors (e.g., suppliers and intermediaries) whilst traceability pertains to batches of materials.*
- *Supply chain mapping and traceability can both be conducted to different extents and levels of granularity. For instance, supply chain mapping may be conducted initially to first-tier (direct) suppliers and subsequently to second and third-tier suppliers to gain increasingly comprehensive information about the company's supplier network. Similarly, products may be traced back to a given direct or indirect supplier (e.g., a refiner, trader, farmer group, or individual farm) or to an area (e.g., a country, province, or municipality)*
- *Supply chain mapping and traceability can both play important roles in assessing and managing for compliance. Supply chain mapping can include attribute information about suppliers that is useful to assess risk and compliance, such as the supplier's location, workforce characteristics, certifications held, dates and results of audits, and the status of improvement plans. Traceability links product*

## **Supplier Contracts**

Where purchasing is governed by contracts, it is generally recommended to incorporate requirements on sourcing policies into contract clauses.

*“Supplier contract clauses should be used to help ensure that monitoring and verification are implemented appropriately by upstream suppliers—ultimately reaching the supply-base level—and that the company has the right to verify compliance (either itself or through a contractor or third party) as necessary for assurance purposes. This includes access to information on the locations of production units (e.g., farm, plantation, or concession boundaries as well as processing facility coordinates) and may also include other data sources needed to make determinations of compliance.”*

(Accountability Framework)

volumes to specific suppliers and thus can help companies to attach these attribute data to product volumes.

- *Supply chain mapping and traceability can be complementary, and full traceability back to supply origins is not always necessary to adequately demonstrate compliance or manage for non-compliance. Therefore, companies are advised to define the objectives and scope of these activities that will be necessary to adequately demonstrate compliance for their given supply chain. Companies should also identify the tools and processes that will be used to map supply chains and achieve traceability (e.g., certification, commercial supply chain mapping services, blockchain, etc.).*

## Level 3:

We expect companies to report holistically on all relevant commodities. There are a number of different disclosure questionnaires and KPIs (e.g., CDP Forests and the Consumer Goods Forum Forest Positive KPIs). Generation sees these or equivalent bespoke corporate reporting as meeting our requirements for Level 3.

Specifically, we expect companies at Level 3 to be disclosing the following metrics:

- For corporates: % traceable and % verified as Deforestation and Conversion Free (DCF) by commodity. Narrative around methodologies and definitions used should also be available publicly.
- For financial institutions: % of financed companies meeting deforestation due diligence and monitoring, reporting and verification (MRV) requirements. Narrative around methodologies and definitions used should also be available publicly.

Disclosure should be sufficient for recognition in third party assessment (e.g., Forest 500).

## Level 4:

We expect companies to substantially achieve traceability and Deforestation and Conversion Free (DCF) status for all relevant commodities. Science Based Targets for climate change must incorporate the Science Based Targets initiative (SBTi) Forest, Land and Agriculture Guidance (FLAG) where required. Deforestation disclosure and action should be aligned with the requirements of the Taskforce on Nature-related Financial Disclosures and [Science Based Targets for Nature](#).

## Final considerations

Deforestation is a complex challenge, and while it is critical that companies make significant progress swiftly, we recognize that the ambition to be deforestation and conversion free by 2025 needs to recognize some important nuances

- For example, working with smallholders may require more time and effort to reach full traceability and simply replacing these with larger, better resourced supplies is not the answer
- For complex supply chains and for companies selling products manufactured by third parties, it may prove very challenging to diligence all tiers of suppliers. This should not be a barrier for ambition or progress, but we recognize that it may not be possible to reach 100% coverage by 2025

## Further resources and support:

- World Economic Forum Tropical Forest Alliance [Home » Tropical Forest Alliance](#)

- Consumer Goods Forum Forest Positive Coalition [Forest Positive Coalition - Create a forest positive future for the planet. \(theconsumergoodsforum.com\)](https://www.theconsumergoodsforum.com/forest-positive-coalition)
- Proforest [Proforest - Home](https://proforest.org/)
- Proforest - Verified Deforestation and Conversion Free (V-DCF) - [Generic methodology and approach](https://proforest.org/verified-deforestation-and-conversion-free)
- <https://globalcanopy.org/>
- <https://forest500.org/>

## Appendix

### FSDA Investor Expectations

We expect companies procuring these commodities to meet the following set of Investor Expectations:

#### 1. Commit

- a. Set a public commitment to deforestation- and conversion-free\* production or sourcing and which respect human rights\*\*, which covers all forest-risk commodities, all operations and geographies, and all direct and indirect suppliers and financed projects/clients, has a target date of 2025 and a cut-off date\* of 2020 at the latest.
- b. Set a public commitment to trace supply, which applies to all tiers of suppliers (including indirect suppliers) and to a point which is sufficient to know and control the deforestation, conversion, and human rights impacts of materials in the supply chain.
- c. Commit time and resources to participation in collaborative actions to advance sustainability in agriculture commodity production and sourcing. Where relevant, support work in production landscapes to transform practices and initiatives that promote public availability of data.

#### 2. Assess and Transform

- a. Perform ongoing due diligence on your operations and/or sourcing areas, suppliers and financed projects/clients for compliance with your commitments on deforestation, conversion and human rights abuses.
- b. Set clear requirements for suppliers, manage non-compliance with clear processes, and maintain an effective, public grievance mechanism\* for stakeholders to report issues.
- c. Support initiatives for the economic inclusion of supply chain actors in new deforestation-free production models which are supported by small rural producers, and local suppliers.
- d. Ensure that smallholders and small producers are not excluded from supply chains
- e. Invest in innovations and new models to reduce business dependence on practices which contribute to deforestation. Integrate learnings into new processes and scale what works.

#### 3. Disclose- publicly report progress annually.

- a. On your deforestation- and conversion-free commitment.
  - i. If you produce commodities directly:
    - Hectares of forest and/or other natural ecosystems converted since an appropriate reference date\* on land owned or managed by the company. And proportion of the total hectares owned/leased/managed that this represents.
    - Hectares of land owned/leased/managed for which deforestation or conversion has not been assessed or monitored, and proportion of total that this represents.
    - Processes and action plans in place to improve monitoring and reduce conversion for future years.

- Activities planned for the next year in line with the action plan.

ii. If you source or trade commodities, for each commodity report:

- 1. Volume of commodity, and proportion of total commodity volume, which is known to be deforestation/conversion-free, and method for determining that status. Including through certification, traceability to regions of negligible risk, sourcing from suppliers with suitable control mechanisms or full traceability and monitoring of production units.
- 2. Volume of commodity, and proportion of total commodity volume, with unknown deforestation/conversion risk.
- 3. Processes and action plans in place to improve supply chain traceability and/or control for volumes of unknown risk, including expectations of suppliers, and engagement.
- 4. Activities planned for the next year in line with the action plan.

iii. Activities to respect human rights associated with deforestation and eliminate violations.\*\*

iv. A summary of grievances that have been raised and the status or resolution of these grievances.

b. On your activities and progress made as part of collaborative actions.

\*For definitions of key terms and additional guidance please refer to the Accountability Framework Initiative's definitions and guidance.

\*\*Including human rights associated with deforestation and in alignment with international norms, specifically: labour rights, gender rights, smallholder inclusion, Free Prior and Informed Consent of relevant communities, the protection of customary rights to land, resources and territory of Indigenous peoples and local communities and zero tolerance of threats and violence against Forest, Land and Human Rights Defenders.

These expectations are aligned with the Finance Sector Roadmap for eliminating commodity-driven deforestation by 2025