Today's webinar:
Reporting on forest-risk commodities

1 WHY should companies report on forest-risk commodities?

2 HOW should companies report on forest-risk commodities?

3 Q&A and discussion
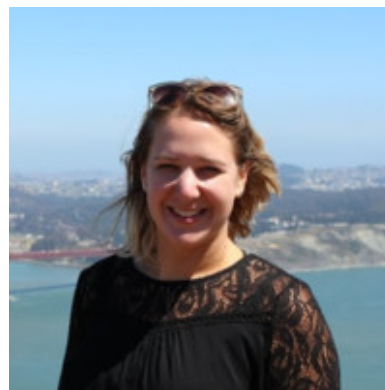
Today's speakers

Morgan Gillespy

Global Director, Forests, CDP

Michel Santos

Senior Director, Global Sustainability, Bunge

Marie Keeling

Senior Coordinator, GRI Sustainability Reporting Standards

Rini Setiawati

Project Manager, Forests, CDP

Leah Samberg

AFi Backbone Team Rainforest Alliance

The Accountability Framework:

- Provides structured approach for credible reporting with a standardized set of reporting elements

- Identifies recommended indicators for many elements

- Does **<u>not</u>** provide a reporting platform or prescribe a single KPI for each element

- Guides companies in planning credible and comprehensive public & B-to-B sustainability reporting

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Key reporting elements

1 Company exposure to environmental and social risk

2 Management systems and activities related to implementation of commitments

3 Degree of traceability and control in the company's supply chain

4 Outcomes of commitments
- Progress toward compliance
- Outcomes on the ground

Reporting tools and platforms

With the inclusion of indicators on ecosystem conversion, GRI Agriculture and Fishing sector standard will allow for comprehensive reporting.

As of 2020, companies can use CDP's forests questionnaire to report effectively on deforestation/conversion and the majority of elements related to land rights.

The UNGP Reporting Framework provides structure for reporting on policies and implementation related to human rights.

The Implementation Reporting Framework facilitates volume-based reporting on compliance of palm oil volumes with NDPE commitments.

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GRI Agriculture and Fishing Sector Standard

November 2020

Marie Keeling,
Senior Coordinator
Sector Program

Why Sector Standards?

- Urgent and accelerated action is needed to address global challenges facing the economy, the environment, and society

- The stakes are rising for tackling global challenges such as climate change, biodiversity loss, poverty, and inequality

- Sustainability reporting by individual companies has not always consistently addressed a sector's key challenges

- Organizations have expressed a need for further guidance on how to apply the GRI Standards to their own sector

Purpose of the Sector Standards

Provide clarity on a sector's most significant impacts from a sustainable development perspective

Provide a firm foundation, using authoritative information on sectoral impacts, to help focus sustainability reporting on the issues that matter most

Enhance the technical features of the GRI Standards and surface emerging issues for future development of standards

Pilot projects underway will define the approach and format for the Sector Standards
- Pilot 1: Oil and Gas Sector Standard (public comment period)
- Pilot 2: Agriculture and Fishing Sector Standard (currently in drafting phase)

The GRI Standards – Introduction of the Sector Standards
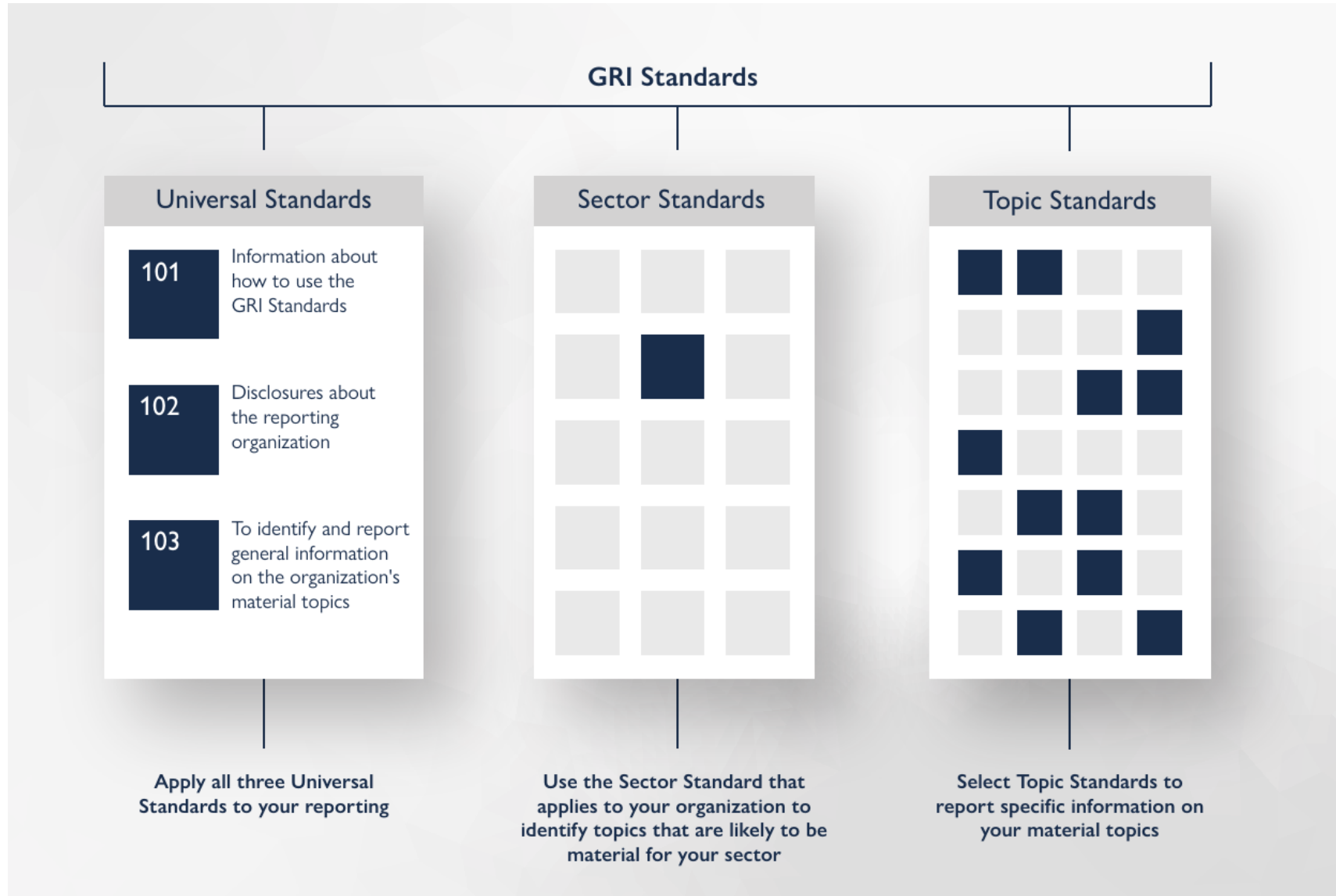
Development of Sector Standards

Global Sustainability Standards Board

GRI's independent standard-setting body

Following the Due Process Protocol

Authoritative references

International instruments

Normative expectations

Stakeholder & expert input

Multi-stakeholder working group

Public exposure

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Agriculture and Fishing Sector Standard
List of likely material topics (under development)

1. Air emissions
2. Climate adaptation
3. Biodiversity
4. Natural ecosystem conversion
5. Soil health
6. Pesticide use
7. Water and effluents
8. Waste and Food loss
9. Food safety
10. Animal health and welfare
11. Local communities
12. Land tenure and access to natural resources
13. Rights of indigenous peoples
14. Diversity and non-discrimination
15. Forced labor and modern slavery

16. Child labor
17. Freedom of association and collective bargaining
18. Occupational health and safety
19. Employment practices
20. Living income
21. Economic inclusion
22. Supply chain traceability
23. Public policy and lobbying
24. Anti-competitive behaviour
25. Anti-corruption

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Aligning with the Accountability Framework

Multi- stakeholder input through the working group

Representation from AFi Coalition

Submission on natural ecosystem conversion facilitated via working group members

AFi – Terms and Definitions

Natural Ecosystems

Deforestation

Forest / Natural Forest

Degradation

Project Timeline

December 2019: Project commencement

April 2020: Appointment of working group

<mark>**April-November 2020:** Development of exposure draft</mark>

Q1 2021: Public comment period

Q1-Q2 2021: Consideration of received comments and revisions

Q3 2021: The expected release of Sector Standard

More information:
globalreporting.org/standards

GRI

www.globalreporting.org

global-reporting-initiative-gri   @GlobalReportingInitiative   @GRI_Secretariat

CDP – AFi collaboration in Southeast Asia

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The collaboration

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Objectives

1. Promote transparency and accountability by utilizing CDP forest framework to the upstream producers

2. Promote and increase uptake of the Accountability Framework Core Principles, Guidance and definition among companies

Activities in 2020

1. Webinar: Set & strengthen goals for managing deforestation risks in company's business
2. Webinar: Improving supplier management systems for resilient supply chains
3. Upcoming webinar on traceability (Dec 2020)
4. Individual support to promote CDP forest reporting and Accountability Framework alignment
5. Focus on the SME version questionnaire
6. Development of business case on the importance of NDPE commitment and reporting progress

Outreach:

1. 127 attendees including 50 companies
2. 27 palm oil suppliers

Lessons learned

- Environmental reporting is a new concept among upstream companies particularly Tier 2 suppliers

- Great interest from upstream producers on Accountability Framework

- Collaboration with buyers is crucial in engaging upstream producers

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Reporting on forest-risk commodities

An Accountability Framework
baseline for 2020 and beyond

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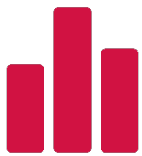# Reporting on forest-risk commodities

AFi & CDP work together to provide clarity on best practice for corporate reporting to demonstrate progress towards eliminating deforestation

AFi-CDP alignment links expectations with reporting platform

By reporting via CDP Forests, companies can report on all elements of the Framework related to deforestation

New report provides a baseline for assessing how companies disclose on topics related to the Accountability Framework Principles going forward

KEY FINDINGS

▼ Nearly half of the companies that disclosed to CDP Forests in 2019 had policies or commitments to produce or source one or more commodities free of deforestation or ecosystem conversion. However, the majority of those commitments were not fully aligned with the principles of the Accountability Framework in their terminology, use of cut-off dates, or inclusion of time-bound targets.

▼ The majority of companies, and nearly all companies with robust no-deforestation commitments, were **actively assessing deforestation and conversion risk in their operations and supply chains.**
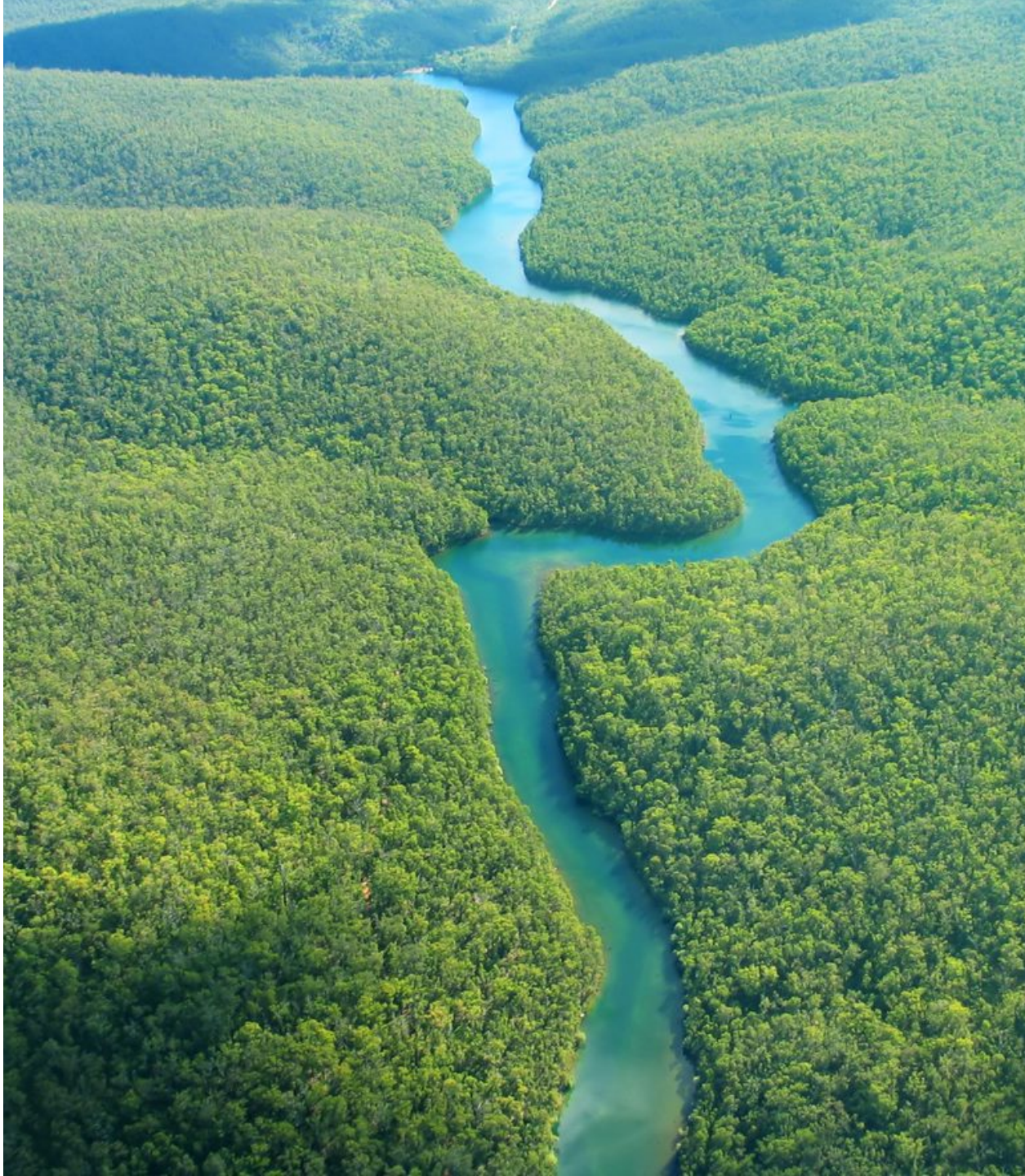
▼ **Supply chain traceability** varied greatly, but in each commodity sector some companies were able to trace to sub-national levels and beyond, and the majority of companies sourcing from regions with high deforestation risk disclosed the origin of commodity volumes down to a sub-national level.

▼ Roughly **one third of companies use certification** for at least some portion of the commodities in their supply chain.

KEY FINDINGS

▼ **Supplier engagement is common**: each of the three types of engagement covered by the questionnaire (direct suppliers, indirect suppliers, and smallholders) were being conducted by at least half of the disclosing companies.

▼ **Fewer than 20%** of the companies disclosing to CDP had a **commitment to resolving complaints and conflicts** through an open, transparent, and consultative process.

▼ **More than 80%** of companies report involvement in external sustainability initiatives, such as **jurisdictional or sectoral collaborations**.

AFi - CDP alignment 2019

AFI CORE PRINCIPLES	2019 CDP FORESTS QUESTION
Core Principle 1: Protection of forests and other natural ecosystems	**F4.1a:** Select the options to describe the scope and content of your policy.
Core Principle 2: Respect for human rights Core Principle 3: Specification of commitments	**F6.1b:** Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.
Core Principle 4: Company systems and processes to drive effective implementation	**F4.2a:** Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.
Core Principle 5: Supply chain assessment and traceability	**F1.1a:** Indicate from which State/region(s) and municipality(ies) your disclosed commodity(ies) originate.
	F2.1: Does your organization undertake a forests-related risk assessment?
	F2.1a: Select the options that best describe your procedures for identifying and assessing forests-related risks.
	F6.3: Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?
	F6.4: Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered.
Core Principle 6: Managing for supply chain compliance	**F6.6:** Are you working with smallholders to encourage and support best practices that aim to reduce or remove deforestation/ forest degradation?
	F6.7: Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?
	F6.8: Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?
Core Principle 7: Land acquisition, land use planning, and site development	**F2.1c:** Which of the following stakeholders are considered in your organization's forests related risk assessments?
Core Principle 8: Land management and long-term protection	**PF6:10a:** Does your organization have any projects focused on reforestation, habitat restoration, or habitat protection that are not part of your production cycle (Paper & Forestry only)
Core Principle 9: Remediation and access to Remedy	**F6.1b:** Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.
Core Principle 10: Collaboration for landscape and sectoral sustainability	**F6.9:** Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?
Core Principle 11: Monitoring and Verification	**F1.3:** Do you own or manage land used for the production of you disclosed commodity(ies)?

Join the rest of the webinar series!

Company Training and Learning
Webinar Series

September 30th	Overview of the Accountability Framework (recording available)
October 21st	Improve your company's sustainability ratings (recording available)
November 17th	Reporting on forest-risk commodities
December 9th	Using the Framework in tandem with certification and other tools
January (data tba)	Responsible supply chain management

For more information visit:
accountability-framework.org/events