

Investor expectations of companies - 16.09.22

We recognise the role that agriculture, livestock and forestry sectors have in enabling economic development and sustaining the livelihoods of farmers and local communities, and that it is imperative to ensure sustainable production aligned with climate change mitigation, biodiversity protection and supporting global livelihoods as well as food security. To achieve these sustainable production and development goals with zero deforestation is both an urgent and complex endeavour. This document seeks to serve as a set of cross-sector investor expectations that are anticipated to be supplemented as appropriate on a sector-specific basis. We expect companies to act with purpose and determination, and specifically to:

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:
 1. 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.
 2. Hectares of land owned/leased/managed for which deforestation or conversion has not been assessed or monitored, and proportion of total that this represents.
 3. Processes and action plans in place to improve monitoring and reduce conversion for future years.
 4. 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.