Accountability
Framework
initiative

HOW TO
Write a Supplier Code Aligned with the Accountability Framework

This guide explains how companies can apply the Accountability Framework to develop a supplier code to help achieve supply chains that are free from deforestation, conversion, and human rights abuses. It also includes a sample supplier code, which companies may reference or adapt as they develop their own code.

SEPTEMBER 2023

This guide is provided by the Accountability Framework initiative (AFi) to help companies and other users apply the Accountability Framework. The Framework was created through a consultative process with a wide range of stakeholders including companies, NGOs, and government, and following applicable good practices for multi-stakeholder initiatives. The Framework represents the consensus of the entire AFi Coalition, whose members as of the date of publication include:

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This work product is intended to be advisory only and is not intended to serve as a legal opinion or legal advice on the matters treated. The reader is encouraged to engage counsel to the extent required.

Contents

Overview

Stage 1
Analyse context
& scope

Stage 2
Write the
supplier code

Stage 3
Implement the
supplier code

Annex
Sample
supplier code

Overview

To achieve responsible supply chains, companies must engage with their suppliers to manage the upstream sources of materials in each supply chain. A key aim of this engagement is to ensure that the company's goals and requirements for environmental and social performance are implemented across all direct and indirect suppliers back to the level of commodity production.

The Accountability Framework provides companies with a consensus-based set of principles and guidance for achieving responsible supply chains that are free from deforestation, ecosystem conversion, and human rights abuses. The Framework applies to all agricultural and forestry commodities, such as beef, cocoa, leather, palm oil, soy, and timber. It serves as a globally-recognised reference for setting, implementing, and reporting on responsible supply chains.

Responsible supply chain management is addressed in the Accountability Framework's Core Principle 6, which includes the following elements:

> *"Companies manage their supply chains to proactively address deforestation, conversion, and human rights abuses, identify non-compliance, and resolve any such issues expeditiously and effectively...*
>
> *The buyer engages its suppliers to communicate the following requirements, ensure that they are fulfilled, and support their implementation where needed: materials offered for purchase are produced, sourced, and controlled in accordance with the buyer's commitments and obligations related to deforestation, conversion, and human rights..."*

A supplier code is a company policy that supports responsible sourcing by specifying requirements that suppliers and other business partners are expected to follow in order to do business with the company. This guide explains how companies can apply the Accountability Framework to develop or refresh a supplier code. It also includes a sample supplier code, which companies may reference or adapt as they develop their own code.

The supplier code and its function

The supplier code is an essential tool for supplier management and engagement. An effective supplier code specifies roles and responsibilities for both suppliers and the company itself to fulfil supply chain goals and other obligations. A supplier code may also be called by other names, such as a code of conduct, supplier guidelines, or procurement principles.

A robust supplier code:

- clearly and transparently communicates the buyer's expectations on topics such as environmental protection, respect for human rights, labour practices, legal compliance, ethics, anti-corruption, and data privacy

- supports strong and effective supplier engagement, describing how the buyer will work with its suppliers to fulfil requirements

- supports accountability, tracking of progress, and resolution of non-compliance and other performance gaps

- serves as a tool for the buyer's direct suppliers (tier 1 suppliers) to communicate to their suppliers the expectations regarding responsible production and sourcing

Supplier codes should be well integrated into the company's overall business, supply chain, and risk management mechanisms. Specifically, supplier codes should be:

- reviewed by the company's legal team, approved by senior leadership, and considered as part of senior leadership's accountability for responsible business practices

- integrated with other supplier management mechanisms, such as supplier selection criteria, purchase contracts, supplier policies, supplier reporting mechanisms (eg, supplier questionnaires and supply chain data platforms), and supplier compliance protocols

- implemented through procurement processes and decisions on a routine and systematic basis

The supplier code should be revised and updated as appropriate to reflect changes in regulations, best practices, and the company's approach to meeting sustainability goals in its supply chain.

Using the Accountability Framework to develop a supplier code

The Accountability Framework provides a detailed reference to guide companies in developing effective supplier codes (Box 1). The following sections explain how to develop an Accountability Framework-aligned supplier code in three stages:

1. Analyse the context and scope for the supplier code

2. Write the supplier code

3. Implement the supplier code

BOX 1. WHY USE THE ACCOUNTABILITY FRAMEWORK TO DEVELOP A SUPPLIER CODE?

As a leading global reference, the Accountability Framework helps companies improve their business practices to achieve responsible supply chains and fulfil market and stakeholder expectations. By using the Framework to develop a supplier code, companies can benefit from the following features:

- The Framework reflects broad consensus of civil society, market actors, regulatory frameworks, other stakeholders regarding the elements for responsible supply chains in agriculture and forestry. This gives companies greater confidence that their approach will pass muster with a range of key stakeholders.
- Since hundreds of companies have already applied the Accountability Framework, following this approach supports standardisation of requirements, supply chain management processes, and performance metrics across the value chain.
- Since it can be applied across all commodities, origins, and stages of the value chain, the Framework provides a global end-to-end approach to compliance and risk mitigation.
- The Framework follows recognised **due diligence frameworks**, covering both environmental and human rights issues. It also aligns with global frameworks for science-based targets for climate and nature. These integrations enable companies to address multiple key sustainability goals and obligations by applying the Accountability Framework to guide supply chain management.

The value of the Framework has continued to increase as it is used by more and more **companies** to guide how they set goals, take action, and monitor and report on responsible supply chains. Use of the Framework by individual companies is reinforced by **industry-level initiatives and guidelines** that are also applying the Framework to define and pursue shared goals.

Overview

Stage 1
Analyse context
& scope

Stage 2
Write the
supplier code

Stage 3
Implement the
supplier code

Annex
Sample
supplier code

STAGE 1

Analyse the context and scope for the supplier code

Review relevant company policies and goals

Because the supplier code is an extension of the company's own policies and goals, a first step is to catalogue and fully understand the company's existing policies and other instruments that will be relevant for the development of the supplier code. These typically include all company-wide and commodity- or geography-specific policies, commitments, and targets that address environmental and social risks associated with the company's operations and supply chains. They may also include corporate governance and management policies, compliance procedures, and existing supplier management systems and tools.

This first step is also an opportunity to review the company's policies and goals related to deforestation, conversion, and human rights and to strengthen these as needed. To support this process, the Accountability Framework initiative offers a **self-assessment tool** to review and benchmark existing responsible supply chain policies against the Accountability Framework. It also offers a **user guide on writing a strong ethical supply chain policy**, which includes a sample policy.

Assess relevant legal and regulatory requirements

Legal and regulatory compliance is an essential part of responsible supply chain management. For this reason, supplier codes should be informed by a thorough assessment of applicable national and international law related to commodity supply chains. This includes land-use laws (eg, legality of agriculture or tree harvesting in specific places), land tenure (including vis-à-vis Indigenous Peoples and local community rights), and relevant labour and human rights laws. It also includes legislation related to ethics, anti-corruption, and data privacy, among others.

The AFi´s **Operational Guidance on Voluntary Commitments and Applicable Law** provides details on assessing applicable law related to the Accountability Framework. Companies are encouraged to seek other resources for support in assessing applicable law on topics outside the scope of the Accountability Framework (eg, biodiversity, water resource protection, pesticide use, and taxes and royalties).

Assess the company's supply chain, purchasing practices, and associated risks

An effective supplier code translates a company's high-level policies and goals into specific performance criteria for suppliers and supply volumes. The more specific these criteria are, the less ambiguity there will be in guiding suppliers and holding them accountable for the expected level of performance. Analysis at this initial stage should therefore identify relevant details of the contexts in which sourcing occurs, including aspects such as:

- Supply chain tiers, including direct and indirect sourcing: Identify the different types of supplier relationships and associated challenges associated with each sourcing context throughout the company's supply chains. It is particularly important to consider contexts where the company does not have a direct, long-term sourcing relationship, such as spot markets, indirect suppliers, and complex supply chains.

- Commodities being sourced and sourcing regions: Identify relevant voluntary and regulatory requirements pertinent to each commodity and sourcing region that may be appropriate to include in the supplier code. Additionally, identify the most salient social and environmental risks for each context, which will also be important to address in the code.

Assess existing company systems for supplier management

The supplier code should be integrated within the company's overall systems and suite of practices for managing, engaging, and monitoring suppliers. As it is preparing to write a supplier code, the company should therefore take stock of existing supplier management mechanisms and procurement practices and determine how the supplier code will relate to these existing mechanisms. This is also a good time to identify any missing elements that may be necessary to effectively implement the supplier code once it is published, such as supplier screening processes, procurement protocols, supplier questionnaires, monitoring processes, or supply chain information systems. If needed, such elements can be developed alongside the supplier code to establish a comprehensive system for responsible supply chain management.
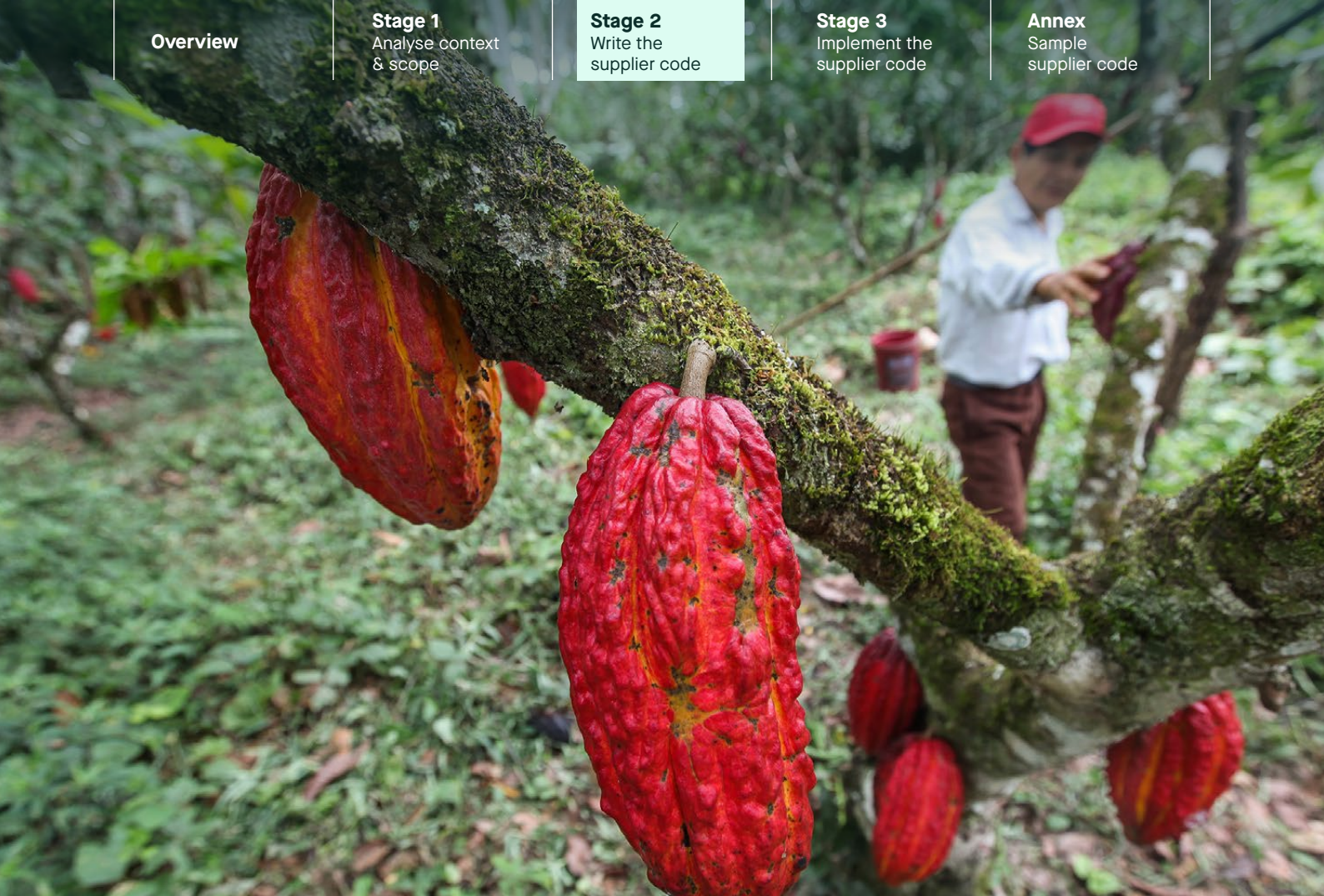
Seek input internally and externally

Early and proactive engagement with the entities that will be responsible for implementing the supplier code, or may otherwise be affected by it, is essential for developing a code that is well-grounded in realities of the supply chain and feasible to apply. Input should generally be sought from:

- Key units within the company: Seek to involve all relevant teams, such as sustainability, procurement, sales, and legal, to help ensure that the supplier code is consistent with other company policies and practices, addresses relevant factors and risks, and has broad support consistent with the priorities of each unit. It is especially important to engage the procurement team to understand and account for the types of suppliers and purchasing relationships, as well as the purchase control mechanisms that can be used to implement the supplier code.

- Suppliers: Most suppliers are subject to requirements, questionnaires, and reporting systems of multiple buyers. To avoid supplier fatigue and maximise efficiencies, consult with suppliers and aim to align on requirements, definitions, and processes where possible. Engaging suppliers in this process will also provide valuable information on the challenges that each supplier may face in meeting the company's expectations and ways these challenges might be overcome by working together.

- Peer companies: Engaging peer companies or sectoral initiatives supports sector alignment and adoption of best practices without having to 'reinvent the wheel.' Such collaboration is unlikely to violate antitrust laws when it focuses on topics that are not competitively sensitive and leaves decision-making to the company.

Companies are also encouraged to seek out examples of robust supplier codes from peer companies sourcing in similar contexts. The sample code in the annex incorporates good-practice elements from the existing codes of a variety of companies engaged in sourcing agricultural and forestry commodities.

Overview

Stage 1
Analyse context
& scope

Stage 2
Write the
supplier code

Stage 3
Implement the
supplier code

Annex
Sample
supplier code

2

STAGE 2

Write the supplier code

Write the supplier code

An effective supplier code typically includes the following seven elements, which are detailed further below:

1. goals and context for the code

2. scope and applicability of the code

3. requirements related to legality, environment, and human rights

4. requirements related to management systems

5. requirements related to monitoring and information provision

6. provisions on quality assurance, non-compliance, and response

7. the company's role in supporting suppliers

1. Goals and context for the code

Based on the analysis done during stage 1, the context for the supplier code should be documented at the beginning of the document. This typically includes:

- a summary of the key legal, environmental, and social risks or impacts related to the commodity supply chains that the company aims to address

- an overview of the company's core values, goals, and desired outcomes related to responsible supply chains

- an overview of the company's policy commitments to responsible sourcing and supplier engagement, with links or references to relevant documents (eg, commodity-specific policies, human rights and sustainability policies, grievance mechanism)

- identification of the external norms (eg, international conventions, laws, standards, frameworks, and other instruments) that the supplier code aligns with or incorporates

- a statement that suppliers are expected to follow the supplier code

The AFi encourages companies to include a reference to the Accountability Framework when it has been used to guide the development of the supplier code. The AFi **policy on communications and claims** provides guidelines for how to reference the Framework. Please feel free also **contact** the AFi team for additional support.

2. Scope and applicability of the code

The supplier code should clearly specify the scope to which it applies. This includes:

- the corporate entities that will utilise the code (eg, different brands/operators, affiliates, or national/regional entities of the company issuing the code)

- the commodities and sourcing regions to which the code applies

- the topics covered within the code, including environmental, social, governance, and legality elements

- which of the company's products are covered by the code (eg, a retailer may choose to focus its code only on direct sourcing and own-brand products)

- which types of suppliers (or other business partners) are subject to the code (eg, all direct and indirect suppliers)

The AFi encourages companies to address the full scope of salient environmental and social risks in their responsible sourcing policies and practices. It also highlights the importance of including all direct and indirect suppliers in supply chain management mechanisms, including supplier codes.

Companies that source multiple commodities may wish to have a company-wide ('umbrella') supplier code that applies to all products. This can provide consistency and clarity for the purposes of implementation, reporting, and stakeholder communication. Umbrella codes can be complemented with context-specific requirements or guidelines that provide additional detail (eg, cutoff dates, regulations and voluntary systems to follow, and land management approaches to utilise) for specific commodities or sourcing regions. This level of detail can also be provided in supplier contracts and other purchasing mechanisms.

3. Requirements related to legality, environment, and human rights

The supplier code should clearly specify the requirements that suppliers are expected to fulfil in their operations and sourcing. The following subsections detail requirements that are within the scope of the Accountability Framework.

> **NOTE:** In most cases, the supplier code should not simply be a copy of the company's policy commitments. Rather, it should provide additional detail regarding the parameters and expected practices for implementing these commitments in the places from which materials are sourced. For example, whereas a company policy might state 'no-deforestation after the cutoff date of 2020,' the supplier code might include the requirement for suppliers to demonstrate adherence to the Amazon Soy Moratorium or to conduct integrated High Carbon Stock Approach (HCSA)/High Conservation Value (HCV) assessments prior to the development or expansion of any production areas. Similarly, whereas the company policy might specify 'no child labour' the supplier code should specify expectations for suppliers to monitor, exclude and/or remediate child labour in a manner appropriate to the context. The supplier code should also provide adequate detail about what types of child work are considered acceptable and not acceptable in different contexts, if this detail is lacking in the company's child labour policy commitments.

Legal compliance and ethical practices

The supplier code should stipulate supplier obligations to comply with all regulations, applicable law, data privacy, and ethical standards (eg, refusal of bribery, anti-corruption, avoidance of conflicts of interest, no anti-trust violations, and confidentiality of proprietary information). The results of the legality assessment described in the preceding section should be incorporated here.

The Accountability Framework's **Operational Guidance on the Relationship Between Voluntary Commitments and Applicable Law** is a resource for assessing applicable law related to human rights and forest and ecosystem protection, and for aligning implementation systems to address both legal requirements and voluntary commitments.

No-deforestation, no-conversion, and ecosystem protection

Consistent with the Accountability Framework's Core Principle 1, the supplier code should include the requirement for production and sourcing to be free from deforestation or conversion of other natural ecosystems. To clearly specify this requirement, the code should specify:

- A cutoff date after which deforestation or conversion is considered non-compliant. Specific cutoff dates may be placed in commodity-specific guidelines or other instruments, in which case the umbrella

code should refer to these context-specific cutoff dates. The cutoff dates should be the same as those specified in the company's policy commitments. See the **Operational Guidance on Cutoff Dates** for further information on specifying cutoff dates in the company's policy commitments.

- **Definitions** for all key terms, such as natural forest, natural ecosystem, deforestation, and conversion.

- Expectations to conduct or support restoration and/or compensation in cases of deforestation, conversion, and any associated human rights abuses in suppliers' operations or supply chains in violation of company policies.

The code may also include additional guidelines that clarify what constitutes non-compliant deforestation or conversion, for instance post-cutoff date deforestation on one area of a farm renders the whole farm non-compliant. The Accountability Framework includes guidance on such matters that may be incorporated into supplier codes.

To support the implementation of no-deforestation and no-conversion policies, the supplier code should also include requirements for ensuring responsible land acquisition, land use planning and management, and long-term protection as described in the Accountability Framework's Core Principles 7-9 and related Operational Guidance. These requirements commonly include:

- use of recognised and technically-sound land planning approaches, such as the integrated High Carbon Stock Approach/High Conservation Value (HCSA/HCV) methodology, when acquiring or developing a new production area

- effective processes to seek and secure the free, prior, and informed consent (FPIC) of Indigenous Peoples and local communities prior to any activities that might affect their rights

- protocols for restoration and/or compensation, following best practice in the given contexts, where post-cutoff date conversion or other environmental harms have occurred

Respect for human rights

Consistent with the Accountability Framework's Core Principle 2, the supplier code should include an overarching requirement to respect human rights. This is often supplemented by references to key international (and, where applicable, national and regional) human rights instruments, such as those listed in Box 2. Citing specific portions of these instruments (eg, specific ILO Conventions) can help clarify the company's expectations of suppliers.

NOTE: While some companies choose to address human rights. particularly workers' rights, in separate corporate policies from environmental topics, the AFi recommends that the supplier code address both environmental and human rights topics because of the importance of addressing these issues in an integrative manner and through a single coherent supplier engagement process.

To foster effective implementation of human rights policies, the supplier code should also require suppliers to carry out due diligence to identify, assess, and address actual and potential human rights risks, and to provide for remedy where these rights have been impacted. Requirements for due diligence should include access to an effective grievance mechanism, meaningful engagement with affected rightsholders, and measures that address specific or heightened risks to vulnerable persons and marginalised groups. The code should also include additional expectations for human rights due diligence, as needed, to address specific human rights risks in the context of the company's supply chains.

In addition to the overarching requirements to respect human rights and conduct due diligence, the code should include specific requirements to respect the rights of Indigenous Peoples, local communities, and workers.

Respect for the rights of Indigenous Peoples and local communities (Core Principles 2.2, 7, 8, and 9)

- carry out operations consistent with international human rights instruments for Indigenous Peoples and local communities
- identify and respect Indigenous Peoples and local communities' rights to land, territories, and resources
- ensure that, prior to any activity that may affect such rights, their free, prior, and informed consent (FPIC) is sought and secured following a valid FPIC process

Respect for the rights of all workers, including employees, contractors, temporary, seasonal, part-time, and others (Core Principles 2.3, 8, and 9)

- no child labour
- no forced or compulsory labour
- freedom of association and collective bargaining
- no discrimination (including gender equity)
- no abusive practices or undue disciplinary procedures
- legal and decent working hours
- safe and healthy workplaces
- living wages and fair benefits for workers
- living income for smallholders and other individual producers
- responsible recruitment

The supplier code should provide sufficient detail on each of these elements in the text of the code itself and, as needed, in additional material incorporated by reference so that there is no ambiguity regarding expectations. See the **Operational Guidance on Workers' Rights** for implementation elements related to each of the above workers' rights provisions.

BOX 2. KEY INTERNATIONAL HUMAN RIGHTS INSTRUMENTS

Supplier codes often reference international human rights instruments to help align supply chain management with international consensus on human rights topics. Such instruments may also be cited to incorporate by reference additional detail regarding supplier expectations on different human rights topics. Commonly cited instruments include:

- International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises
- International Labor Organization (ILO) fundamental Conventions
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- ILO Declaration on the Fundamental Principles and Rights at Work
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- ILO Convention 169
- The Convention on the Elimination of all Forms of Racial Discrimination (CERD) and the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW)

Other requirements

In addition to protections for forests, other natural ecosystems, and human rights, companies may wish to include other sustainability requirements or specifications for their suppliers. These topics might include:

- greenhouse gas emissions
- impacts on biodiversity (beyond impacts caused by deforestation or conversion)
- use of toxic chemicals and integrated pest management
- stewardship of water or soil resources
- poverty alleviation and livelihood improvement
- use of recycled materials in lieu of virgin materials
- animal welfare

4. Requirements related to management systems

In addition to environmental, human rights, and legality requirements, the supplier code should also address the management systems that suppliers should have in place to fulfil these requirements. These systems should include elements such as:

- The supplier's own written policies and commitments related to responsible production and sourcing that are aligned with those of its buyers
- senior leadership and oversight
- procedures for supply chain mapping and traceability if the supplier sources from other suppliers
- risk assessment processes to identify, prioritise, and address actual and potential risks in the supply base
- procedures for monitoring performance and reporting on progress, as guidelines related to effective monitoring and verification systems (eg, monitoring metrics, methodologies for gathering information, use of third-party auditors, and platforms for reporting information) can complement what is in the code
- active stakeholder engagement, particularly with rightsholders and other stakeholders who may be affected by company operations and sourcing
- a grievance mechanism aligned with the Effectiveness Criteria of the UN Guiding Principles on Business and Human Rights (UNGPs)
- training and other capacity building for the supplier's employees and contractors on compliance with the supplier code, as relevant to the employee's job functions or the contractor's remit

The company should also provide access to its own grievance mechanism and encourage its suppliers, the employees and contractors of its suppliers, and other stakeholders to use the grievance mechanism where necessary.

5. Requirements related to monitoring and information provision

To assess supplier performance with respect to the supplier code, the code should require suppliers to furnish the company with necessary information, including:

- information on the supplier's systems and practices for ensuring adherence to the supplier code, including mechanisms to identify and address non-compliance with the code

- information on supplier's performance relative to the supplier code, including the proportion of materials that comply with the code as well as the nature and extent of non-compliance (or inability to determine or verify compliance) with regards to specific elements of the code

The supplier code may specify the format, frequency, and mechanisms (eg, use of an information-sharing platform operated by the company or by a third-party vendor) by which suppliers are asked to share this information. The code should also make clear that the company, or a third party authorised by the company, has the right to verify supplier compliance and performance relative to the supplier code through audits or similar means.

6. Provisions on quality assurance, non-compliance, and response

The code should summarise the consequences or potential consequences of suppliers complying or failing to comply with the supplier code. These may include positive incentives or support for sustained compliance or improvement as well as consequences for non-compliance. They should also include actions to address performance gaps, including expectations for the supplier to develop and implement improvement plans as well as potential support from the company itself (see sub-section 7, below).
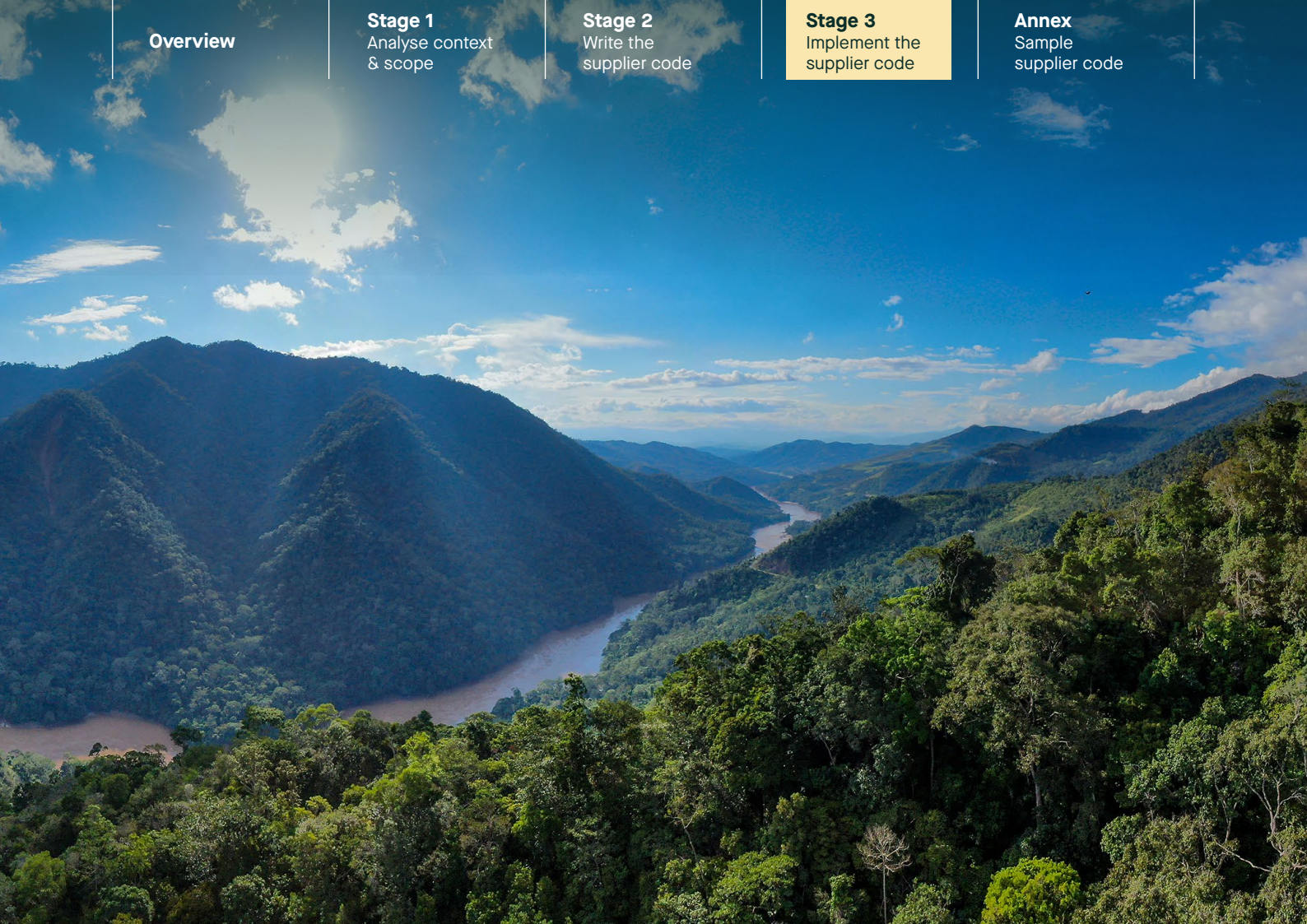
Actions taken in the event of non-compliance (eg, fines, cancellation of orders, or suspension of supplier) may depend on the severity of non-compliance and other factors. The code may also specify timeframes for establishing and implementing improvement plans, and for demonstrating progress, as well as for escalation of responses in the event of insufficient progress. Such details may be specified in the supplier code or provided in a separate, linked, document, such as a purchase agreement or contract.

7. The company's role in supporting suppliers

Buyers play a key role in shaping the production and sourcing decisions of their suppliers. This includes buyers' purchasing practices and the explicit and implicit incentives that these practices place upon suppliers. For instance, unreasonably short product delivery timelines or long payment terms can both place economic pressure on suppliers that leads to workers' rights violations. Conversely, favourable purchasing practices, technical support, financial incentives, and preferred supplier programs can serve to enable and motivate good performance.

With these considerations in mind, the supplier code is a key instrument to establish two-way collaboration whereby the supplier commits to fulfil the code and the buyer commits to support the supplier in doing so. The buyer should signal this intention by outlining its own commitments to support suppliers, such as:

- communicating clearly and promptly

- developing company management systems, with dedicated staff to support effective implementation of the supplier code

- offering direct support or training to suppliers to develop management systems, practices for responsible production, or similar

- agreeing to fair prices, timeframes, and product lead times so as not to create barriers to fulfilling the supplier code

- providing incentives for strong environmental and social performance

- committing to seek the root causes of supplier noncompliance, and collaborating on the resolution of these root causes, particularly in instances where they may be due to buyer purchasing practices

- basing actions and long-term relationships on social and environmental performance rather than solely on product price or quality

Overview

Stage 1
Analyse context
& scope

Stage 2
Write the
supplier code

Stage 3
Implement the
supplier code

Annex
Sample
supplier code

STAGE 3

Implement the supplier code

Implement the supplier code

Once the supplier code is finished, communication of the code to the parties responsible for its implementation is essential to its success. Effective socialisation of the supplier code with suppliers not only serves the purpose of conveying sourcing requirements, if done effectively, it is also a powerful tool for gathering feedback to support compliance and for establishing positive long-term engagement. Good practices in this regard include:

- making the supplier code available in all major languages in which suppliers operate

- providing training to suppliers on the code and on mechanisms and tools available to support its implementation, which should be provided through different modalities that are most appropriate to the cultures and learning styles of the recipients

- providing resources to make it easy for the supplier to communicate the code to its suppliers

- scheduling or being available for check-ins with suppliers to answer questions, troubleshoot any challenges, or collect feedback

- implementing socialisation activities on a regular basis to accommodate staff turnover and other changing dynamics

It is also helpful to have the supplier's authorised representative sign the code in order to confirm that the supplier has read it, understands it, and accepts its terms. Even if the supplier code is not presented as a legally-binding agreement, a signature confirms the supplier's intentions to follow the code, including when it is incorporated by reference into contracts, purchase orders, or other transactions.

Annex: Sample supplier code

This annex provides a sample of a supplier code for a commodity-buying company to implement responsible supply chains in alignment with the Accountability Framework. Its focus is on the topical scope of the Accountability Framework, including no-deforestation, no-conversion of other natural ecosystems, and full respect for human rights.

The AFi also recommends that companies include other supplier obligations and controls often found in a supplier code, such as:

- protection and best management practices related to other environmental and social impacts;

- no-corruption, bribery, or money laundering;

- avoidance of conflicts of interest;

- no anti-trust violations; and

- data privacy and confidentiality of proprietary information.

AmazingCompany's Supplier Code ## **Introduction and general expectations**

AmazingCompany is committed to eliminating deforestation and ecosystem conversion and to safeguarding human rights in all its supply chains. To advance these goals, we count on our network of suppliers across the globe to share in these commitments, and we work closely to support our suppliers to achieve them. This Supplier Code ('Code') outlines the minimum requirements of how we expect our suppliers to fulfil the commitments stated in our Sustainability Policy and in our policies on responsible cocoa, palm oil, and soy.

Our suppliers are expected to commit to this Code and implement it in a transparent manner. We actively seek to select and source from suppliers that not only comply with these commitments but that set and implement their own responsible sourcing policies.

We define 'supplier' as any third party that provides agricultural or forest commodities (either as raw material, semi-finished, or finished product) to AmazingCompany, or to any of the affiliated organisations within our corporate group [Company to add link to the Accountability Framework's definition of a corporate group], for compensation. This includes, but is not limited to, our direct and indirect suppliers, co-manufacturers and co-packers, labour providers (including third-party recruiters), and contractors.

Some of our commitments must be implemented most directly by suppliers that own, control, or manage commodity production. When we purchase materials from intermediaries, those intermediaries are expected to have their own purchase control and supplier management systems to ensure that these commitments are implemented by the intermediaries' own direct and indirect suppliers, all the way back to the product's origins.

We expect our suppliers to communicate this Code to affiliates within their corporate group, to employees, and to subcontractors. We also expect our suppliers to cascade this Code within their supply chains.

We expect our suppliers to keep abreast of updates to this Code and to other additions or changes in our policies, action plans, and other materials that affect and support supplier practices and performance on the topics covered in this Code. AmazingCompany will communicate these to suppliers and make them available on our website here [company to insert link].

By accepting purchase orders from AmazingCompany, the supplier agrees to comply with this Code.

Supplier requirements

1. Operate according to applicable law and high ethical standards

We require our suppliers to abide by all applicable international, national, state, and local laws and regulations in the places where they operate. Where applicable law differs from this Code, we expect our suppliers to comply with the more stringent requirements.

We also expect suppliers to meet the highest standards of moral and ethical conduct in their businesses. All forms of bribery, extortion, corruption, and fraud are prohibited. Suppliers should disclose to us any existing or potential conflicts of interest.

2. No-deforestation and no-conversion of other natural ecosystems

AmazingCompany is committed to supply chains that are free of deforestation and conversion of other natural ecosystems, as specified in our Sustainability Policy [company to insert link]. Suppliers shall not conduct, participate in, finance, or otherwise contribute to deforestation or conversion in their own operations or through other business activities. We expect suppliers to have their own policy commitments and effective implementation systems to avoid sourcing materials linked to deforestation or conversion. Suppliers should also engage their own suppliers proactively to help ensure that they do not conduct, participate in, finance, or otherwise contribute to deforestation or conversion, as this could imperil future compliance with AmazingCompany's commitments.

To implement the above expectations for no-deforestation and no-conversion means that suppliers must adhere to the cutoff dates specified in our commodity-specific guidelines. The cutoff date is the date after which deforestation or conversion associated with a product renders it non-compliant with our policy.

We expect suppliers to conduct or support restoration or compensation to remedy deforestation, conversion, and/or any associated human rights abuses that occurred in their operations or supply chains after this cutoff date.

For more information on how AmazingCompany defines deforestation and conversion, when such incidences are considered non-compliant, and the response taken to address situations of non-compliance, see [company to insert link to related guidelines].

3. Site establishment and land management

To ensure that forests, other natural ecosystems, and their conservation and cultural values are protected both at the time that production sites are established and on an ongoing basis during site operation, AmazingCompany expects suppliers to adhere to the following practices.

- Site establishment: Carry out effective due diligence, environmental impact assessment, participatory land use mapping, stakeholder consultation, and site planning prior to acquiring new rights to land or resources and prior to developing or expanding production or processing operations. We recommend that suppliers use structured and integrative site planning methodologies such as the **High Carbon Stock Approach** to help ensure protection of forests and human rights in the site establishment process. Where Indigenous Peoples and local communities might be affected, a process of free, prior, and informed consent (FPIC) must be conducted (see #4).

- Site management: Conduct or support management activities necessary to ensure long-term protection of conservation and cultural values associated with the land within the supplier's control (eg, owned or managed land or concessions) or directly affected by the supplier's operations, including forests, natural ecosystems, and High Conservation Values.

As with this entire Code, we expect suppliers to require and oversee fulfilment of the preceding elements from their own direct and indirect suppliers, back to the product origin as well as in areas where new commodity production units may be established.

4. Respect the rights of Indigenous Peoples and local communities

AmazingCompany is committed to respecting the rights of Indigenous Peoples and local communities and to ensuring that actions potentially affecting these groups are done only with their free, prior, and informed consent (FPIC). Therefore, we expect our suppliers to adhere to the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and to the following.

- Prior to acquiring new rights to land or resources and prior to developing or expanding production or processing operations, identify whether, which, and how Indigenous Peoples and local communities have property or use rights in the area.

- Ensure that, prior to any activity that may affect Indigenous Peoples' and local communities' land and resource rights, FPIC is secured. The right of Indigenous Peoples and local communities to give or withhold consent shall be honoured. The supplier is responsible for ensuring that the affected Indigenous Peoples and local communities are compensated according to the negotiated outcomes of the FPIC process if activities will impinge on their rights.

- Provide effective remedy where Indigenous Peoples' and local communities' rights have been adversely impacted.

Suppliers that own or manage production areas shall have effective policies and procedures to respect Indigenous Peoples' and local communities' rights, including the above-listed points, and shall develop and implement plans at the operational level that adequately address all issues that may arise. For further detail on meeting these requirements, see the Accountability Framework **Operational Guidance** documents on Respecting the Rights of Indigenous Peoples and Local Communities, Free, Prior and Informed Consent, and Remediation and Access to Remedy.

5. Respect workers' rights

AmazingCompany is committed to respecting the rights of all workers in its supply chain, including those employed, contracted, or otherwise engaged directly or indirectly by our suppliers. Suppliers shall manage their operations and supply chains consistent with the Universal Declaration on Human Rights, the ILO fundamental conventions, and all applicable law.

Specific workers' rights obligations are outlined below. All of these provisions shall be detailed in worker handbooks and worker contracts. We also encourage suppliers to publish their own workers' rights commitments that mirror the requirements stated here.

5a. NO CHILD LABOUR
Suppliers are responsible for ensuring that workers below the legal minimum age (15 in most countries) are not working. If young workers are employed (children above the minimum age and below age 18), they must not do work that is mentally, physically, socially, or morally harmful, and work must not interfere with their school attendance.

AmazingCompany's Guidelines on Child Labour [company to insert link] provide additional detail on how to identify child labour, remediation, and other actions that suppliers should take to eliminate child labour in a systemic manner that helps address root causes.

5b. NO FORCED OR COMPULSORY LABOUR; RESPONSIBLE RECRUITMENT
Suppliers are responsible for ensuring that they do not directly or indirectly employ forced laborers or contribute to forced labour, including human trafficking or debt bondage. AmazingCompany requires that all labour in its supply chain is voluntary and that workers are allowed freedom of movement.

Suppliers shall provide all workers with written contracts that describe the terms of employment. Wages shall be paid on time, and personal documents such as passports must not be withheld from workers. These provisions also apply to labour procured through service providers, agents, or other third parties.

AmazingCompany's Guidelines on Responsible Recruiting [company to insert link], provide additional detail on actions that suppliers should take to identify, eliminate, and remediate forced labour. It also includes detail on adherence to the **Employer Pays Principle**.

5c. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Suppliers are responsible for ensuring that workers are able to exercise their rights to form, join, or not join trade unions of their choosing, and to collectively bargain without fear of any retaliatory action. In cases where freedom of association is restricted by law, alternative means of worker association and collective bargaining should be supported and must not be obstructed.

5d. NO DISCRIMINATION OR HARASSMENT

All workers must be treated with respect and dignity, and without any form of discrimination or harassment. Workers must not be subject to any physical, sexual, psychological, or verbal harassment, abuse, or other form of intimidation. There should be no discrimination in employment, including hiring, compensation, advancement, discipline, termination, or retirement. Discrimination based on race, ethnicity, age, role, gender, gender identity, colour, religion, country of origin, sexual orientation, marital status, pregnancy, dependents, disability, social class, union membership, or political views is also prohibited. Suppliers should pay particular attention to protecting the rights of workers in vulnerable groups.

5e. NO ABUSIVE PRACTICES

Suppliers may use only legitimate disciplinary actions, and these shall not be applied in a discriminatory manner. Worker performance that triggers disciplinary action, and the actions taken in such cases, shall be detailed in employment contracts and worker handbooks.

5f. DECENT WORKING HOURS

Suppliers are expected to, at a minimum, adhere to ILO conventions for working hours (even if these are not specifically for agriculture), which generally require that the regular working schedule consist of no more than an eight-hour workday for no more than six days a week, for a maximum of 48 regular hours per week. With overtime, this may be increased to up to 60 hours per week for limited durations. Workers should have a 30-minute break after six consecutive hours of work, and one day off after six consecutive days of work. All overtime shall be voluntary.

5g. LIVING WAGE, FAIR BENEFITS, AND LIVING INCOME

Suppliers shall pay at least the legally required minimum wage to all workers. If workers do not currently receive a living wage, suppliers should follow the guidelines provided by the Global Living Wage Coalition to progress towards the payment of a living wage. When sourcing from smallholders or other independent producers, suppliers should pay (or work towards paying) a living income that is sufficient to afford a decent standard of living for the producers and their families. See AmazingCompany´s position on living wage and income [company to insert link] for more information.

5h. SAFE AND HEALTHY WORKPLACES

All workers must be provided with safe and healthy working conditions, including use of personal protective equipment, tools, and machinery that are well-maintained and fit for purpose, availability of first aid, and access to potable water and clean toilet facilities.

6. Grievance mechanism and protection for environmental and human rights defenders

AmazingCompany expects suppliers to provide grievance mechanisms that are transparent, responsive, anonymous, unbiased, and confidential to workers and other parties across the supply chain. Grievance mechanisms should be established and operated in accordance with the Effectiveness Criteria of the UN Guiding Principles on Business and Human Rights. As a resource to support development of a grievance mechanism, see the AFi's **Operational Guidance on Access to Remedy and Remediation**, which includes a sample terms of reference for a company grievance mechanism (Annex 2).

AmazingCompany shall be notified if and when any grievances are filed that raise concerns or allege problems that would constitute violations of this Code.

Workers may also report violations and concerns directly to AmazingCompany through our own grievance mechanism, accessible via our website [company to insert link].

The supplier shall also have a policy and effective procedures to protect environmental and human rights defenders. See our website [company to insert link] for an example of such a policy.

7. Management systems

Suppliers are expected to develop and implement adequate and effective management systems, policies, procedures, and training to ensure ongoing compliance with the code regarding their own operations and supply base. This includes:

- senior leadership that provides oversight and accountability for fulfilment of supply chain commitments

- risk assessments and traceability measures if the supplier sources from other suppliers

- due diligence on their own operations, on suppliers, and on sub-suppliers to verify compliance with this code

- training for workers on all aspects of this code that are relevant to each worker's job

- stakeholder engagement strategies and procedures, particularly with rightsholders and other stakeholders who may be affected by the supplier's operations and sourcing

- procedures for identifying non-compliance with this code, including through filed grievances

- monitoring, verification, and reporting systems covering the supplier's own operations and purchased supply, as necessary to ensure adherence to the code

- identification of tools, methodologies, or partnerships that the supplier uses to help fulfil the code, such as the use of certification

8. Monitoring and information provision

[Note: this is where the company could add or incorporate specific KPIs, specific reporting platforms, and other methodologies the supplier will be asked to use.]

We expect suppliers to provide us with the information we need to monitor compliance and demonstrate progress towards meeting our ethical supply chain commitments. This includes:

- information on the origins of products furnished by the supplier, including maps or inventories of the supplier's own operations as well as information on the origins of purchased supply based on suitably detailed supply chain mapping and traceability

- risk assessments indicating the level of risk of non-compliance with environmental, human rights, and legality requirements of this Code, disaggregated by origin, direct or indirect supplier, or other relevant factors

- implementation plans for adhering to this Code

- procedures for stakeholder engagement

- an inventory of grievances and their status and/or resolution

- a summary of FPIC processes and their resolution

- information on the proportion of the product volumes offered for sale to AmazingCompany that is fully compliant with this Code, as well as the extent and nature of non-compliance

- summary of the monitoring and verification methods used to assess compliance across the supply base

This information is requested primarily through AmazingCompany's supplier questionnaire. We reserve the right to request other information (for ourselves or for auditors that we may commission), including more specific information on the origins of the raw materials being produced or sourced and other information needed to determine compliance with this Code.

Quality assurance, non-compliance, and response

AmazingCompany will monitor compliance by reviewing the sources of information described above as well as through:

1. supplier self-assessments;

2. announced and unannounced audits;

3. worker surveys;

4. grievances lodged via the supplier's grievance mechanism or our own grievance mechanism; and

5. other methods, as needed.

If there are known breaches to this Code, then the supplier is expected to share them with AmazingCompany through [company to insert link to grievance portal]. These will be handled confidentially following [company to insert related policy or procedures for doing so]. In the case of such self-reported breaches, or if AmazingCompany identifies breaches through other means, the supplier will be asked to take prompt corrective actions and, if necessary, to develop and implement longer-term improvement plans to address more complex or entrenched challenges. If suppliers fail to implement the necessary corrective actions and follow the improvement plans AmazingCompany reserves the right to suspend purchases or terminate contracts.

Support to suppliers

AmazingCompany will work with suppliers to ensure that they fully understand the intent and requirements of the Code. Several guidance materials are referenced throughout this Code to provide suppliers with further information on how to meet the Code's requirements. AmazingCompany also works proactively with peer companies, NGOs, and government stakeholders to support the capacity of our suppliers to meet our responsible supply chain commitments, including through direct support to programs in our places of origin. If you have questions about the requirements of this Code or suggestions about how they can be implemented more effectively, please contact us via our supplier sustainability portal [company to insert link].

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