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RESPONSIBLE BUSINESS CONDUCT QUARTERLY

JULY–SEPTEMBER 2023

► HEADLINES

EU ADOPTS NEW SUSTAINABILITY REPORTING STANDARDS FOR COMPANIES

The European Commission adopted the **European Sustainability Reporting Standards (ESRS)**, a sustainability reporting framework designed to guide companies in implementing their obligations under the EU's **Corporate Sustainability Reporting Directive (CSRD)**. The ESRS replaces the reporting guidelines under the EU's Non-Financial Reporting Directive (NFRD) and will focus on a more comprehensive range of social, environmental and governance indicators. It aims to improve reporting on adverse impacts in supply chains, including impacts on climate change, biodiversity and human rights. The ESRS also aims to contribute to developing a more reliable ecosystem of responsible investment that can better inform investors on potential sustainability risks among existing or potential portfolio investees.

31 July 2023: finance.ec.europa.eu

VIET NAM APPROVES NATIONAL ACTION PLAN ON RESPONSIBLE BUSINESS CONDUCT (RBC)

Following three years of cooperation between the Government of Viet Nam, businesses and multiple stakeholders, a **National Action Plan (NAP) for Enhancing Responsible Business Practices** was officially launched in July 2023, in partnership with the UNDP. The NAP marks an important milestone in Viet Nam's commitment to advancing responsible business conduct and due diligence together with local stakeholders. Viet Nam is a major global exporter of agricultural commodities such as rice, coffee and rubber. The introduction of responsible business practices among companies in the agrifood sector play an important role in the implementation of the NAP, notably in reducing adverse social and environmental impacts in production and trade.

14 July 2023: undp.org and thuvienphapluat.vn

► HEADLINES

EUROPEAN PARLIAMENT APPROVES NATURE RESTORATION LAW

In July, the European Parliament approved the Nature Restoration Law, a key pillar of the EU's [Green Deal](#) and its [Biodiversity Strategy 2030](#). EU parliamentarians voted 336 votes in favour of the law and 300 against, with 13 abstentions. Negotiations on the law will begin with EU Member States, followed by endorsement and final approval by the EU Council of Ministers. The Nature Restoration Law will require EU Member States to introduce solutions to restore 30 percent of all damaged ecosystems in the EU, including damaged forests, wetlands, fields, rivers, lakes and oceans. The law also addresses considerations for restoring biodiversity with relation to impacted habitats and species, including revising declining pollinating insects by 2030, which are critical for food production.

12 July 2023: cinea.ec.europa.eu and euronews.com

UN SECRETARY-GENERAL RELEASES REPORT ON THE ROLE OF BUSINESS IN REALIZING THE RIGHT TO DEVELOPMENT

Drafted by the UN Special Rapporteur on the right to development, Surya Deva, the **Role of business in realizing the right to development** was transmitted by the UN Secretary-General to the UN General Assembly in July. It illustrates how businesses can reduce adverse impacts in their activities and supply chains and respect the right to development. The report advocates the uptake of international standards on due diligence, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as a method for enterprises to understand how they may be impacting development, beyond an exclusive focus on economic growth. The report also calls on governments and other stakeholders to work more closely with businesses, moving beyond an approach based on “doing no harm” to creating inclusive business models that seek to maximize positive development outcomes.

12 July 2023: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N23/203/69/PDF/N2320369.pdf?OpenElement>

► HEADLINES

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (ASIC) AIMS TO REDUCE GREENWASHING AMONG AUSTRALIAN COMPANIES AND THEIR SUSTAINABILITY CLAIMS

The Australian Securities and Investments Commission (ASIC) has begun to investigate misleading claims on matters concerning sustainability and the environment among Australian companies. According to ASIC research, over 50 percent of companies surveyed in the investigation had reportedly made questionable claims regarding their environmental impacts or sustainability initiatives. From June 2022 to March 2023, 35 regulatory interventions against greenwashing activity were recorded by the ASIC, most commonly on claims involving net zero statements and targets, terms such as carbon *neutral*, *clean* or *green*, inaccurate labelling and vague terminology, among other areas. To guide companies in reducing false claims and promoting transparency in corporate sustainability efforts, the Australian Competition and Consumer Commission (ACCC) recently released draft guidance on environmental and sustainability claims to protect consumer rights.

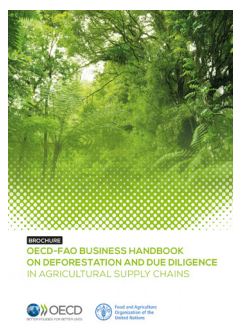
10 July 2023: asic.gov.au and acc.gov.au

► SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

FAO RELEASES STUDY ON BUSINESS AND RESILIENCE IN AVOCADO AND PINEAPPLE SUPPLY CHAINS

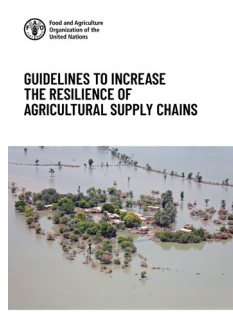
FAO's [Responsible Fruits Project](#) has released a detailed study on the resilience of companies and producer associations in the avocado and pineapple sectors. The study outlines the main challenges faced by both industries to ensure the continued supply of fruit to domestic and international markets and identifies opportunities to enhance the resilience of businesses and their operations. The study recognizes the key role that due diligence processes and the adoption of responsible business conduct play in building the resilience of tropical fruit value chains. The full study report is available in English and Spanish [here](#). Two briefs highlighting the main findings for each sector can be accessed here: [avocado](#) and [pineapple](#).

► PUBLICATIONS AND RESOURCES



OECD and FAO release a handbook for companies to reduce deforestation in agricultural supply chains

Following a two-year multi-stakeholder collaboration and consultation process, the OECD and FAO launched a business handbook on deforestation and commodity sourcing, supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the German Agency for International Cooperation (GIZ). The **OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains** aims to help companies incorporate deforestation and forest degradation considerations in their supply chain due diligence and responsible sourcing efforts and adopt a holistic approach to deforestation and forest-positive outcomes. The handbook builds on the risk-based due diligence framework of the **OECD-FAO Guidance for Responsible Agricultural Supply Chains**, the leading international framework on responsible business conduct and risk-based due diligence in the agrifood sector. Brochure versions of the handbook are available in **English, French, Spanish, Portuguese** and **Bahasa**. Further information on FAO's work concerning deforestation and agricultural supply chains is found [here](#). *An official launch event for the business handbook will take place at the FAO in Rome on 16 November, with online streaming.*



FAO launches guidelines on resilience in agricultural supply chains

Amid global challenges including COVID-19, climate change and other concerns impacting food production and global trade, the agricultural sector is particularly vulnerable to shocks which can influence food distribution. With support from Japan, FAO undertook research to assess the impacts of the COVID-19 crisis and natural disasters on agricultural supply chains and markets, resulting in the development of **guidelines for increasing the resilience of agricultural supply chains**. The guidelines build on and complement *The State of Food and Agriculture 2021 – Making agrifood systems more resilient to shocks and stresses*, written within the context of the call for concrete actions made by the first **United Nations Food Systems Summit** in September 2021. The landing webpage for FAO's work on resilience in agricultural supply chains can be found [here](#).

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[Responsible Global Value Chains](#)
[OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)
[Responsible Business Conduct \(RBC\) in Agriculture](#)

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