



Food and Agriculture Organization  
of the United Nations

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**No. 8**

# **RESPONSIBLE BUSINESS CONDUCT QUARTERLY**

**JANUARY–MARCH 2024**

## ► HEADLINES

### **EU MEMBER STATES VOTE IN FAVOUR OF A LANDMARK LAW ON SUSTAINABLE SUPPLY CHAINS**

Following a series of delays, the European Union's Corporate Sustainability Due Diligence Directive (CSDD), which sets a standard for curbing social and environmental risks in global supply chains and imports into the European Union (EU), was approved by the European Council of Ministers on 15 March. Under the CSDD, companies of a certain size operating in the EU, including agrifood enterprises, would be required to exercise social and environmental due diligence to curb adverse developmental impacts related to production and trade among subsidiaries and suppliers in their supply chains. The standard is based on a risk-based approach, requiring companies to identify and prioritize mitigation for risks related to environmental concerns, climate change, and human rights in the entire supply chain, from upstream production in low- and middle-income economies to downstream retail. In the previous version of the Directive, the due diligence requirements applied to EU companies with at least 500 employees and a minimum turnover of EUR 150 million, whereas the latest agreement increases the thresholds to 1 000 employees and a turnover of EUR 450 million. The CSDD will now be reviewed by the legal affairs committee of the European Parliament before being submitted to a final vote by Members of the European Parliament (MEPs). If approved by MEPs, the Directive will be enacted.

**15 March 2024:** [www.forbes.com](http://www.forbes.com)

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### **EUROPEAN PARLIAMENT AND COUNCIL REACH AGREEMENT ON LAW TO BAN FORCED LABOUR ASSOCIATED WITH IMPORTS IN EU SINGLE MARKET**

The European Parliament and Council reached a provisional agreement on new rules that prohibit products made with forced labour from entering the EU Single Market. The decision marks a significant step towards linking sustainability and trade policies with human rights risks and carries substantial implications for global trade dynamics and agricultural exports. Once finalized, the legislation on forced labour will require companies within the European Union to implement due diligence measures aimed at ensuring that their upstream suppliers address risks associated with forced labour. This development mirrors a growing trend of integrating human rights considerations into trade policies, which are linked to both social and economic development as well as labour conditions in production and trade.

**05 March 2024:** [www.europarl.europa.eu](http://www.europarl.europa.eu)

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### **THE BODY SHOP ENTERS INTO ADMINISTRATION IN THE UNITED KINGDOM, LEAVING AGRICULTURAL FAIR TRADE SUPPLIERS IN LOW- AND MIDDLE-INCOME COUNTRIES WITH MORE THAN USD 1 MILLION OF INGREDIENTS**

Following the impending administration of The Body Shop in the United Kingdom (UK) and the closure of nearly half of its 198 stores, The Guardian reports that its chain of fair trade suppliers across Latin America, Asia, and Africa now face a collective loss exceeding USD 1 million in unsold ingredients. The consequences are distressing for suppliers in low- and middle- income economies, where poverty rates are high and families heavily rely on incomes from these exports. Reports reveal that many fair trade community suppliers lack formal contracts with The Body Shop, relying instead on long-standing trust developed over years of business. Through its ethical sourcing programs, The Body Shop has historically collaborated closely with many producers in low- and middle-income economies to enhance capacity and foster economic growth in rural areas. The closure of The Body Shop's outlets outside the UK further threatens to impede such progress, potentially ending programmes supporting education, health, and anti-trafficking initiatives in many vulnerable communities.

**18 February 2024:** [www.theguardian.com](http://www.theguardian.com)

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### **THE INTERNATIONAL FINANCE CORPORATION (IFC) LAUNCHES MALENA, AN ARTIFICIAL INTELLIGENCE (AI) TOOL ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ANALYSIS**

The IFC launched MALENA, an AI-powered tool designed to advance Environmental, Social and Governance (ESG) analysis for emerging markets. MALENA leverages over 15 years of IFC data from emerging markets together with natural language processing to convey complex ESG information into actionable insights for sustainable investments. Owing to the scarcity of ESG data in emerging markets, with limited disclosure regulations and incomplete coverage by data providers, MALENA simplifies the extraction of insights from dense reports and news, facilitating transparent and rapid decision-making to inform sustainable investments. Users can upload documents to the platform and receive outputs such as greenhouse gas emissions, gender data, and other ESG insights. MALENA can identify over 1 000 ESG terms, including mining and predicting risk used to determine whether data is positive, negative or neutral, with 91 percent accuracy. The tool underwent testing by various entities including the New Development Bank (NDB), several export credit agencies and capital markets regulators. MALENA was funded by donors including the Danish International Development Agency and Republic of Korea's Ministry of Economy and Finance.

**14 February 2024:** [www.ifc.org](http://www.ifc.org)

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### **MAJOR US AGRIFOOD COMPANIES AND MULTINATIONALS REFOCUS ATTENTION ON CHILD LABOUR IN SUPPLY CHAIN**

Amid growing concerns over child labour within manufacturing and food production sectors in the United States of America (US), major American agrifood retail companies, such as McDonald's and Starbucks, are intensifying efforts to prevent minors from participating in hazardous work associated with their products. According to The New York Times, the surge in migration to the US has led to migrant children being drawn into perilous jobs across the country. Consequently, many companies are reassessing their audit protocols and implementing stricter measures, including conducting inspections during overnight shifts and introducing unannounced audits. Suppliers are also stepping up their safeguards, implementing initiatives such as age verification audits and hiring additional workers for night shifts.

**07 February 2024:** [www.nytimes.com](http://www.nytimes.com)

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### **CANADA ADVANCING EFFORTS TO MAKE SUSTAINABILITY REPORTING MANDATORY FOR COMPANIES**

The Canadian Sustainability Standards Board (CSSB) is nearing completion of a standardized framework aimed at guiding Canadian companies in their sustainability reporting. The CSSB has proposed a set of sustainability guidelines informed by experts in accounting, management, law and sustainable development. Once approved by the Canadian Securities Administrators (CSA), these guidelines may become obligatory for regulators such as provincial securities commissions and federal financial sector watchdogs. In alignment with similar initiatives in the EU, US, Australia, and other jurisdictions, financial experts in Canada are advocating for mandatory sustainability and climate disclosure among corporations. They argue that such disclosures are imperative for both encouraging sustainable development and competitiveness among enterprises given the increasing global concern over climate change. The objective of the guidelines is to enhance transparency, combat greenwashing and alleviate confusion stemming from various reporting standards.

**06 February 2024:** [www.theglobeandmail.com](http://www.theglobeandmail.com)

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### EUROPEAN COMMISSION ADAPTS ITS 2040 CLIMATE ROADMAP FOLLOWING PROTESTS

The European Commission revised its proposal for a new 2040 target aimed at reducing greenhouse gas emissions, following pressure from farmers. In response to protests across several EU Member States, the initial mention of a potential 30 percent reduction in agricultural pollution between 2015 and 2040 has been replaced with a more generalized statement emphasizing the involvement of “all sectors” in collectively reducing carbon emissions. Moreover, recommendations urging citizens to modify their dietary habits, such as consuming less meat, and a call to end fossil fuel subsidies, have been omitted. The original draft of the EU’s 2040 climate roadmap included an ambitious plan to reduce CO2 emissions associated with the agricultural sector, including methane, nitrous oxide and fluorinated gases, by a minimum of 30 percent over the next 25 years. The Commission’s decision to modify the text in its climate roadmap has drawn criticism from various stakeholders, including civil society organizations.

06 February 2024: [www.politico.eu](http://www.politico.eu)

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### THE EUROPEAN UNION SETS PRECEDENT WITH NEW RULES FOR ESG RATINGS

The EU institutions and EU Member States have reached a historic agreement on regulations governing ESG investing, marking a significant shift in the ESG ratings landscape. This move aims to address social and environmental risks in business and investment, including issues related to ‘greenwashing’, the exaggeration of sustainability claims by companies. Under the new rules, unregulated ESG ratings providers within the European Union must obtain authorization and oversight from the European Securities and Markets Authority (ESMA). ESG rating agencies located outside the EU will be required to have their ratings endorsed by a provider within the EU. The objective of the single system is to promote ratings that consider “double materiality” namely sustainability issues that are not only relevant to a company’s financial performance but also have broader impacts on society and the environment. This concept is central to EU sustainability disclosures mandated for listed companies. Environmental ratings and their associated impacts must also introduce alignment with the goals of the Paris Agreement regarding carbon emissions reduction.

06 February 2024: [www.reuters.com](http://www.reuters.com)

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### CHINESE RUBBER PRODUCERS AND EXPORTERS PREPARE FOR EU REGULATION ON DEFORESTATION-FREE PRODUCTS (EUDR)

Chinese rubber producers and exporters are proactively preparing for the implementation of the EU legislation on deforestation-free products (EUDR), which as of January 2025, will impact a series of agricultural commodity exports including natural rubber. The EUDR requires that companies operating within the EU trace their supply chains and conduct due diligence to ensure they are not associated with deforestation. China is among the world's largest processors and exporters of natural rubber, and its companies are adapting to meet the changing requirements of export markets. Various stakeholders within the Chinese supply chain, including smallholder farmers, local collectors, traders, processors, manufacturers and distributors, are involved in the process of preparing for EUDR requirements. Similarly to other commodity supply chains, price fluctuations in the natural rubber market often prompt smallholders to diversify cultivation or seek alternative livelihoods. In terms of consumer products, rubber by-products are extensive, encompassing a wide range of products such as tires, shoes, clothing, furniture and toys.

02 February 2024: [www.preferredbynature.org](http://www.preferredbynature.org)

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## ► SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

### WORLD BANANA FORUM (WBF) HOLDS FLAGSHIP CONFERENCE AT FAO HEADQUARTERS

The World Banana Forum (WBF), a multi-stakeholder network coordinated by the Markets and Trade Division (EST) of FAO, held its **Fourth Global Conference** at FAO headquarters in Rome, Italy from 12 – 13 March 2024. The event brought together a wide range of stakeholders engaged in the banana sector, providing an opportunity to strengthen collaboration on the pressing sustainability and trade challenges faced by the industry. Three side events complemented the Conference, the Third International Meeting on Gender Equity in the Banana Industry; the Event on Fusarium Wilt Tropical Race 4 and the Future of the Banana Industry; and the Global Conference on Living Wages and Living Income in the Banana Industry. The Conference addressed various topics related to the sustainability of the banana industry, including environmental impacts, climate change adaptation and mitigation, sustainable production systems, distribution of value in the supply chain, living wages, shared responsibility, due diligence, labour rights, decent work and gender equity. A press release on the WBF conference is found [here](#).

## ▶ SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

### FAO MODERATES THE IGUAZU SUMMIT, AN INTERNATIONAL CONFERENCE FOR THE SOUTHERN COMMON MARKET (MERCOSUR) ON IMPLEMENTING THE EU REGULATION ON DEFORESTATION FREE PRODUCTS (EUDR) IN ARGENTINA, BRAZIL, PARAGUAY AND URUGUAY

Supported by the German Federal Ministry of Food and Agriculture (BMEL), the MERCOSUR Iguazú Summit took place in Puerto Iguazú, Misiones, Argentina from 14 – 15 March 2024, bringing together over 150 stakeholders from Argentina, Brazil, Paraguay and Uruguay in a technical conference to discuss the implementation of the EU Regulation on Deforestation-Free Products (EUDR). Participants from various sectors including academia, business, government and development cooperation convened to explore the opportunities and challenges posed by the EU's regulation in the soy and beef production supply chains, which are major commodity exports in the region. Moderated by the Lead Advisor on Responsible Sourcing in FAO's Markets and Trade Division, the two-day event aimed to foster knowledge sharing and develop practical solutions to ensure continued exports amid concerns regarding commodity traceability and trade linked to deforestation. The summit was organized as part of several international cooperation projects funded by the BMEL, including the German-Argentine Dialogue on Sustainable Agricultural Innovations, the German-Brazilian Agricultural Policy Dialogue, and the German-Uruguayan Agricultural Dialogue. Additional information on the event can be found [here](#).



## ADAPTING TO CLIMATE CHANGE IN THE TROPICAL FRUIT INDUSTRY

The FAO's flagship initiative on business, development and tropical fruits, the [Responsible Fruits Project](#), has developed two new technical guides on climate change adaptation in the tropical fruit sector: one for the [avocado](#) industry and one for the [pineapple](#) industry. These guides are for producers and exporters who are interested in learning more about climate change in the context of their own business systems. These guides provide up-to-date information on recent and predicted climate change effects and trends in key producing and exporting countries; identify climate change risks and impacts on production and trade; identify adaptation practices and recommendations to address these risks; and identify gaps requiring further attention. The guides were developed through a consultative process with companies and producer organizations.

## ► SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

### FAO JOINS WEBINAR FOR AUSTRIAN AGRIFOOD COMPANIES ON DUE DILIGENCE AND RESPONSIBLE SOURCING

On 31 January, FAO gave a joint presentation with the Organization for Economic Co-operation and Development (OECD) in a webinar for Austrian agrifood companies organized by the Austrian Federal Ministry of Labour and Economy and its National Contact Point for Responsible Business Conduct (RBC). FAO presented its advisory services and approach to RBC in working with governments, businesses and other stakeholders to reduce adverse development impacts in upstream sourcing in agricultural supply chains, particularly in low- and middle-income economies. The event welcomed over 50 Austrian companies and stakeholders, followed by a round of questions concerning environmental and social risks and global trade and sustainability requirements in agricultural supply chains, such as the EU Regulation on Deforestation-Free Products (EUDR).





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

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