

De-risking agriculture supply chains – Including forests in due diligence processes

concepts and tools

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Food and Agriculture
Organization of the
United Nations



MAFF
Ministry of Agriculture,
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Responsible Business Conduct (RBC) in agriculture

growing global population



rising demand for food

FAO encourages **inclusive growth** through **Responsible Global Value Chains** → RBC for businesses to:

- make a **positive contribution to economic, environmental and social progress** with a view to achieving **sustainable development**; and
- **avoid and address adverse impacts** of their **own activities** and prevent/mitigate adverse impacts **directly linked** to their operations, products or services (supply chain)

Reduced possibility of harm

FAO works with agricultural enterprises and other stakeholders

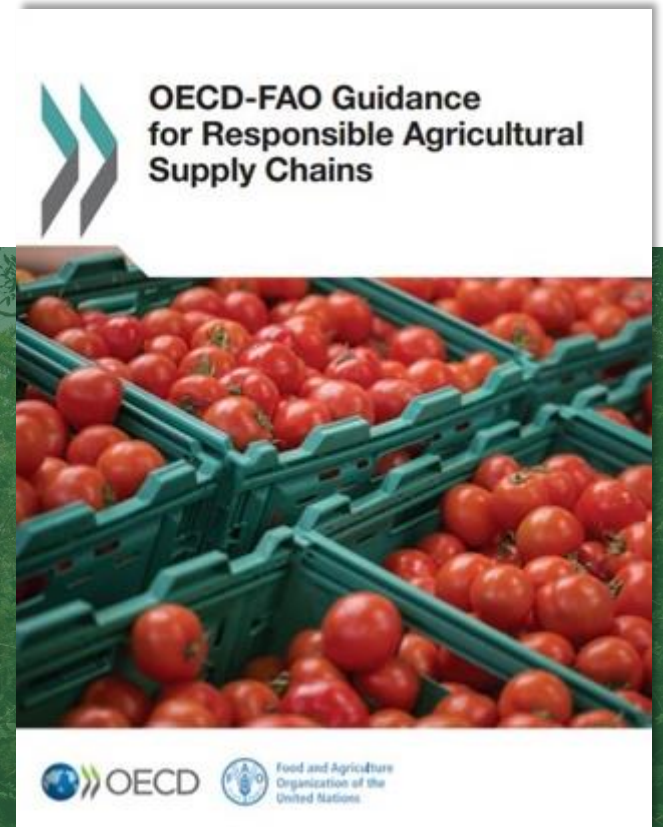
Better development outcomes



OECD-FAO Guidance

for Responsible Agricultural Supply Chains

- Launched in **2016** following **2-year multistakeholder consultation process**
- Leading **global framework for agri-businesses and investors**, incorporates **existing RBC standards** (UNGPs, ILO MNE Declaration, OECD Guidelines, etc)
- Introduces how companies can **manage social and environmental risks and development outcomes** in supply chains by establishing **due diligence systems and multi-stakeholder cooperation**
- Illustrates how certain risks can be **pronounced in developing economies and interlink with structural development challenges** (food security, land rights, carbon emissions— and deforestation and forest degradation).

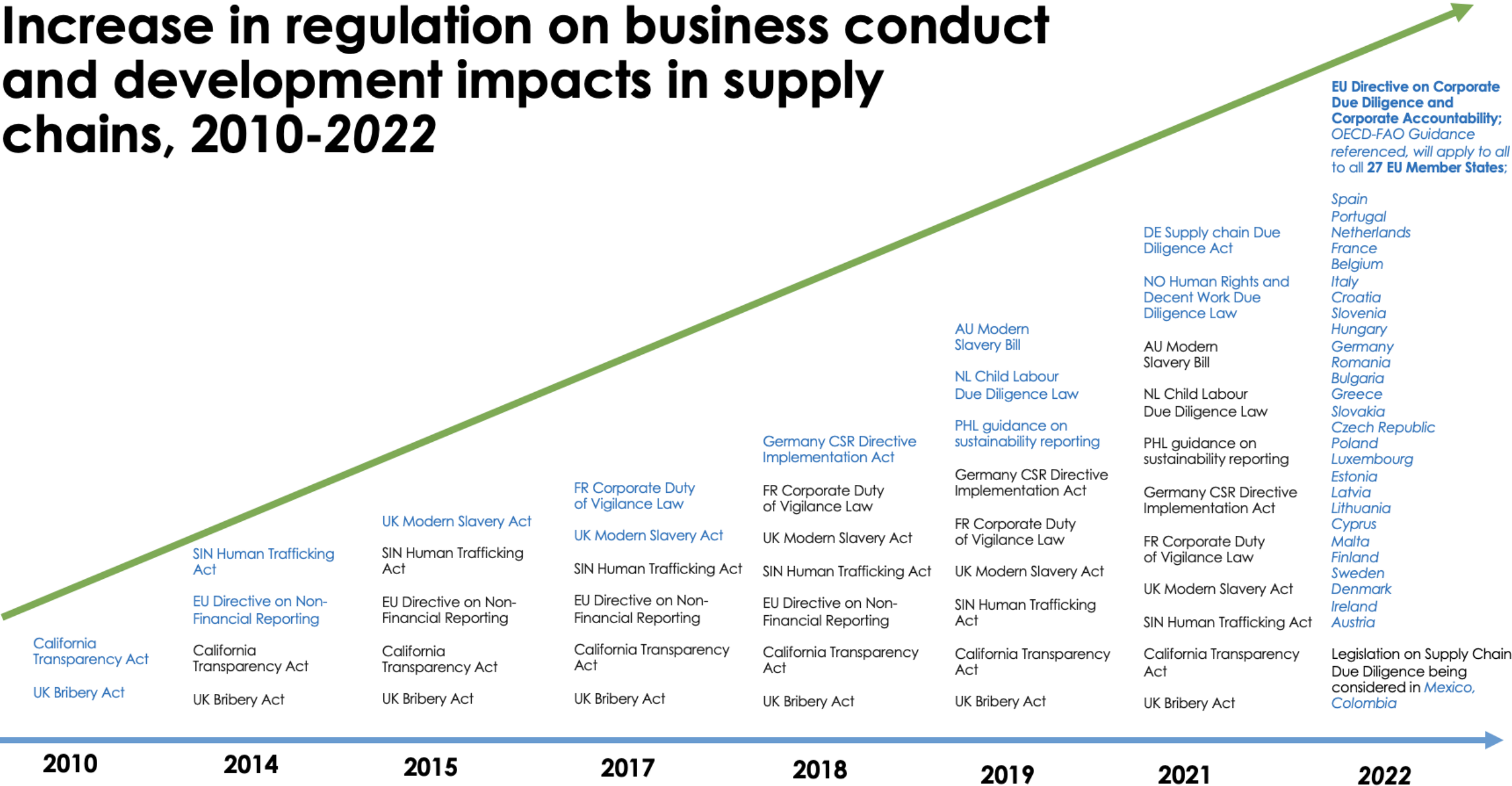


Regulation and Responsible Business Conduct (RBC)

OECD-FAO Guidance - smart mix of voluntary measures, policy and legislation

- **Legislation:** Enormous growth in regulation on responsible supply chains and due diligence since 2010 both in individual countries (ex. DE, FR, NL, UK, AU), and the EU level including the **EU Sustainability Reporting Directive** (2014) and the forthcoming ***EU Directive on Corporate Due Diligence and Accountability (2022)*** which references the OECD-FAO Guidance as a leading sector tool for companies in the agricultural sector; also linked to the **recent EU proposal to ban on products made by forced labour**
- **Public Policy:** OECD-FAO Guidance featured by several governments in National Action Plans on BHR (currently 30 NAPs), and related policies on RBC; featured by European Commission as the leading sector framework in the **EU Code of Conduct for Responsible Business and Marketing Practices**, the corporate commitment to the Farm to Fork Strategy / EU Green Deal and recently selected by the **UN Secretariat (UN/DESA)** as a **Best Practice of Implementing the Sustainable Development Goals (SDGs)**
- **Led by companies and different stakeholders:** [Global Pilot on the Implementing the OECD-FAO Guidance \(2018-19\)](#), investors, supports existing company sustainability efforts (ex. certification) and supported by civil society (ex. call for OECD-FAO Guidance at AU and EU agriculture ministerial 2022) in its multi-stakeholder approach

Increase in regulation on business conduct and development impacts in supply chains, 2010-2022



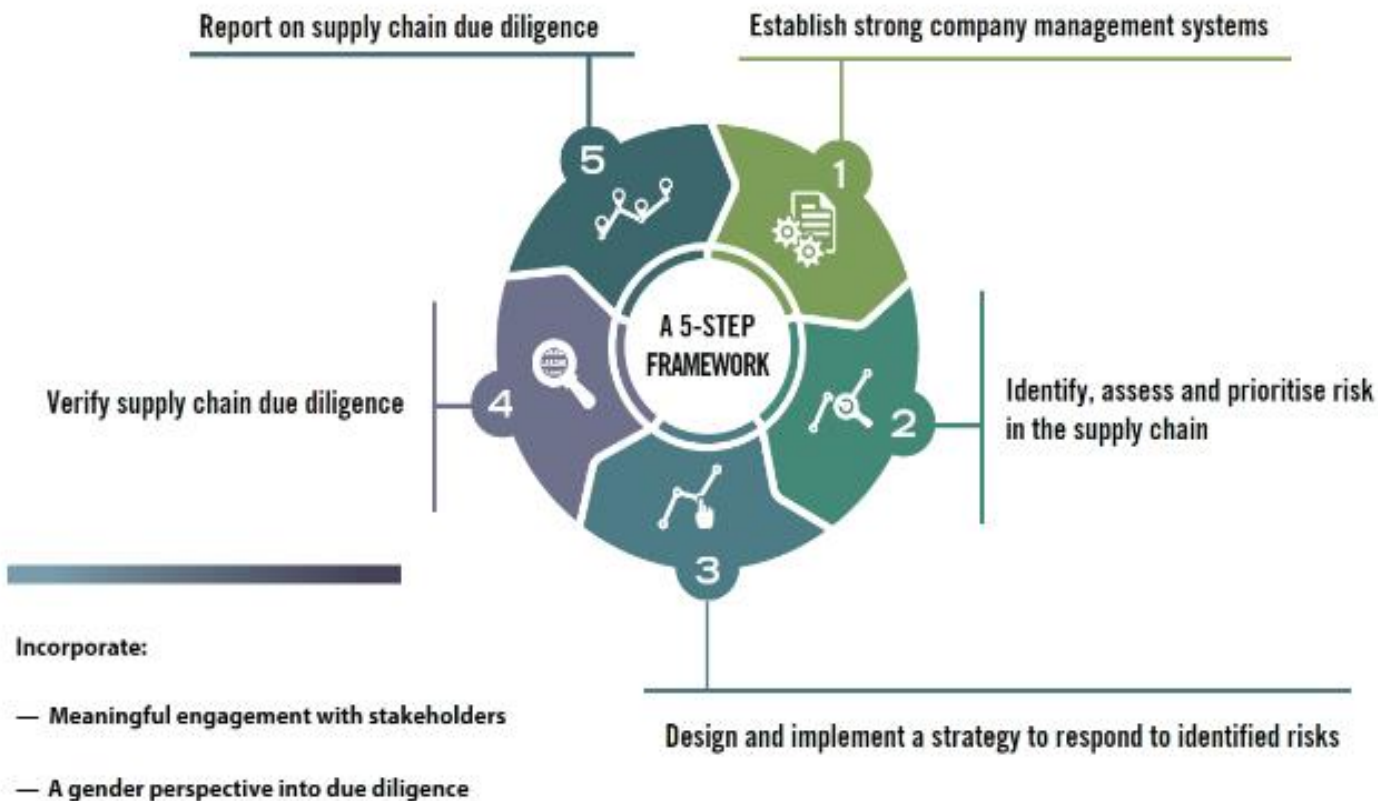
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OECD-FAO Guidance and the 5-Step Framework to Risk-Based Due Diligence

5-Step Framework for Risk-Based Due Diligence:



- Rooted in adapting business models to **identify, assess, mitigate and prevent impacts** in own business operations and those of suppliers (**supply chain**);
- Prioritizes by **severity** and **likelihood** of the impact
- Considers **leverage** and impacts caused, contributed or linked to business activities
- **Flexible, tailored** to companies of different sizes, contexts, etc.;
- **Dynamic** – ongoing, responsive and informed by **stakeholder engagement**;
- Views **disengagement** as a last resort



Deforestation and forest degradation

Why should businesses care?

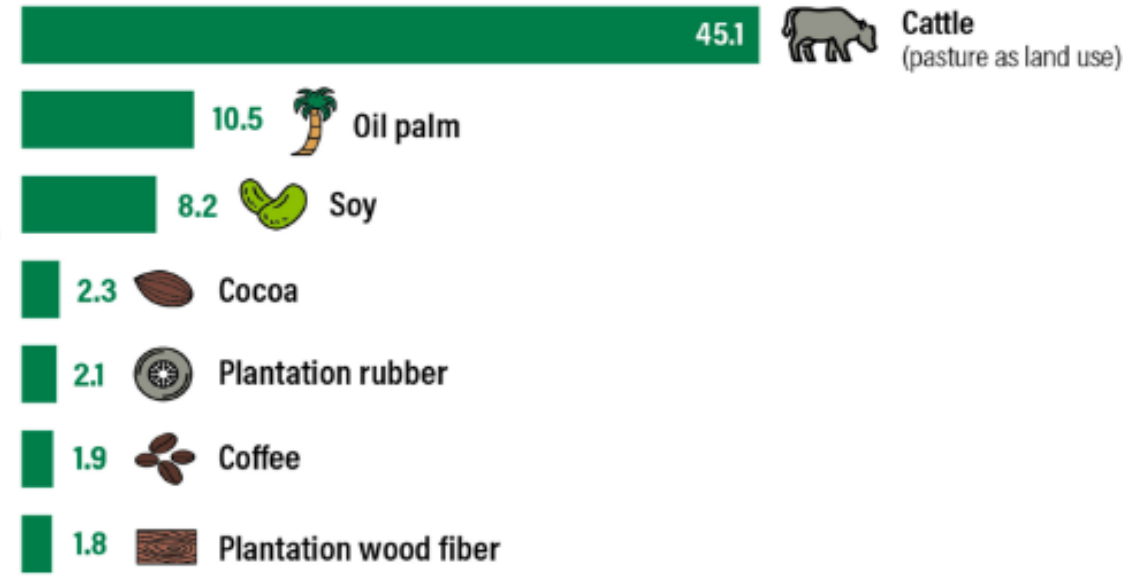
Agriculture accounts for approximately 73% of **tropical deforestation**



Commercial (40%)

Subsistence (33%)

Deforestation (2001-15, million hectares)



- Possible impacts of business activities on forests, through supply chains.
- Upcoming compulsory measures.
- Governments expect contribution of the private sector to their forest strategies.
- Remaining gaps in understanding how to carry out due diligence.

Practical business tool

on deforestation, forest degradation and due diligence in agricultural supply chains

Due diligence actions –
Red flags identification

Forest-positive actions

Existing global/regional standards, multi-stakeholder and industry initiatives, data, indicators, other approaches and tools

Salient or common risks

Clear definitions and concepts

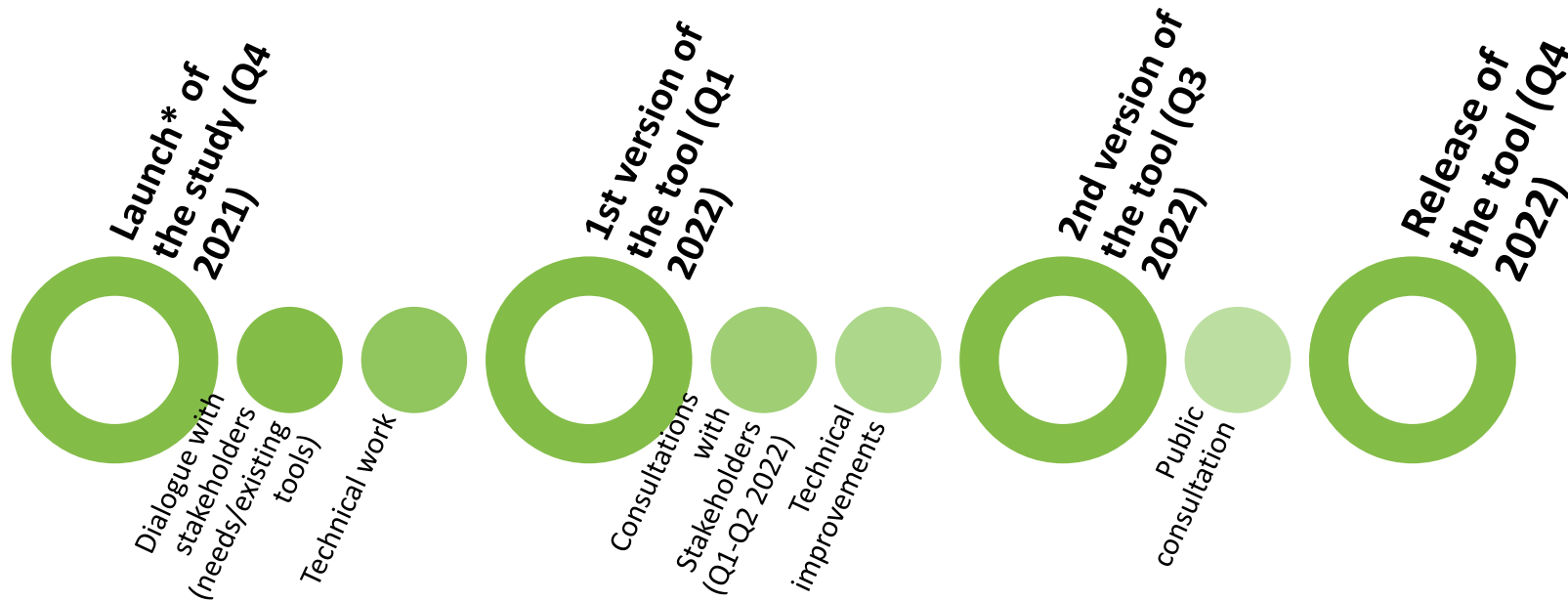
- Business oriented
- Practical and concrete examples
- Developed with stakeholders

OECD-FAO Guidance / 5 step due diligence framework

With support from

Development of the tool

Tentative timeline / stakeholder engagement



* “soft launch” during the Global Forum on Responsible Business Conduct – 17 June 2021





THANK YOU!

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