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Food and Agriculture Organisation of the United Nations (FAO)



Sophia Gnych

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Responsible Agricultural Supply Chains

Organisation for Economic Co-operation and Development (OECD)





Trade, markets, deforestation and global agricultural supply chains OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains

Sophia Gnych, Agricultural Sector Lead, OECD Centre for Responsible Business Conduct Tomislav Ivančić, Lead Advisor, Responsible Sourcing and Agricultural Supply Chains

Amsterdam Declaration Partnership (ADP) Meeting 21 November 2023



Responsible Business Conduct (RBC) in Agriculture

growing global population

rising demand for food

poverty, trade and development

Identify and prevent harm in global supply chains	Work with full value chain and all stakeholders	Responsible business: Better development outcomes

RBC and responsible sourcing

Facilitate the introduction of **sustainability**, **RBC and due diligence** expectations into trade and commodity markets

Support governments, farmer/companies, and other stakeholders engage in trade and development through responsible sourcing and supply chain risk reduction

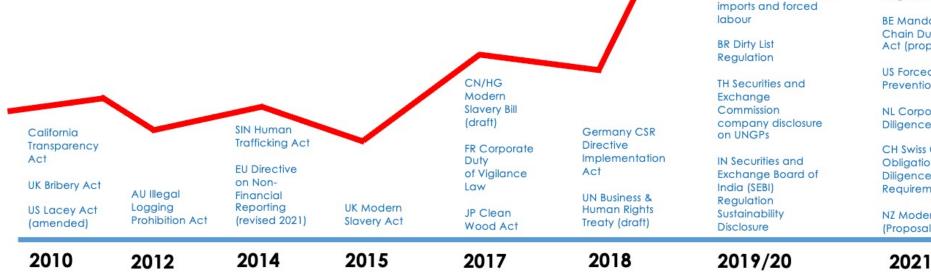
Address salient development risks in upstream supply chains linked to demand, export markets and trade (ex. child labour, deforestation, land tenure, etc).

Regulation on responsible sourcing and environmental and social impacts in business and trade in agricultural supply chains, 2010-2023

Source: Ivančić and Dias Sardinha, 2023.

Legislation characterised by certain thematic areas including:

- Corporate governance, transparency and bribery
- Environmental and social due diligence
- Sustainability reporting
- Key development concerns such as climate and carbon emissions, deforestation, greenwashing, modern slavery and forced labour, child labour, decent work



US Securities and Exchange Commission ESG disclosure (proposal)

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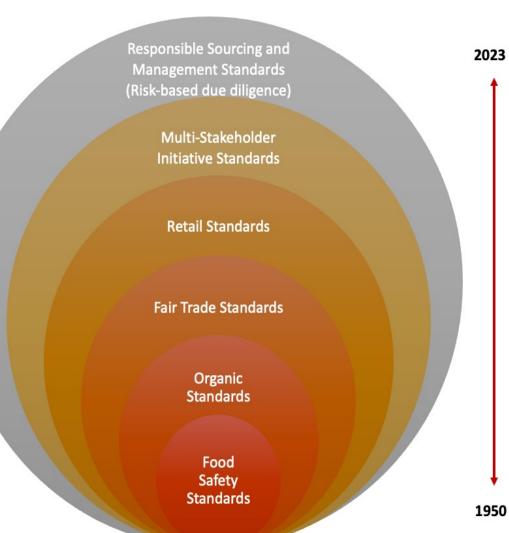
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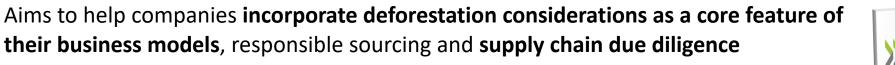


Sustainability, global trade, business and development



OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains

- Increasing need for a business resource focused on deforestation in agricultural supply chains, aligned to the growing trade and sustainability landscape
- Developed jointly with support from BMZ/GIZ, based on the due diligence framework of the OECD-FAO Guidance for Responsible Agricultural Supply Chains



- Released in July 2023; launch event November 2023, Rome
- Followed a **two-year multi-stakeholder** consultation with governments (ex. DE, JP, US, BR, ID, GH, MY, etc) businesses (ex. multinationals + SMEs from EU, BR, ID, etc), CSOs
- Only global business resource to help companies reduce deforestation in their business operations and supplier relations according to a process guided by due diligence, incorporating moving beyond a focus on certification and traceability
- Introduces practical tips for companies **upstream and downstream** in supply chains





Brochure available in EN, FR, ES, PT, ID

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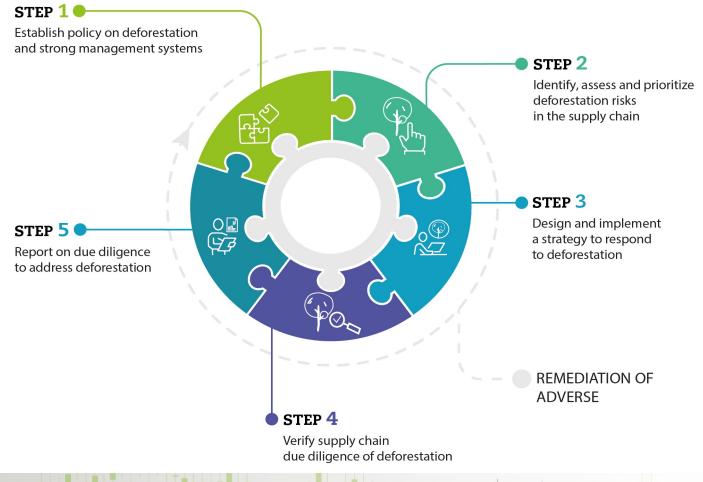
and Development

Implemented b

ür Internationale



OECD-FAO 5 Step framework for risk-based due diligence



- Rooted in adapting business models to identify, assess, mitigate and prevent deforestation in own business operations and among suppliers
- Considers company leverage and impacts caused, contributed or linked to deforestation
- Flexible, tailored to companies of different sizes
- Dynamic ongoing, responsive and informed by stakeholder engagement;
- Views disengagement as a last resort
- Increasingly becoming a passporting requirement in global trade and sustainability linked to exports



Food and Agriculture Organization of the United Nations **STEP 1** Establish a policy on deforestation and strong management systems

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Adopt or integrate into existing management processes, a corporate policy for RBC and deforestation along the supply chain

Structure internal management systems to support supply chain due diligence

Strengthen engagement on deforestation with business partners and stakeholders

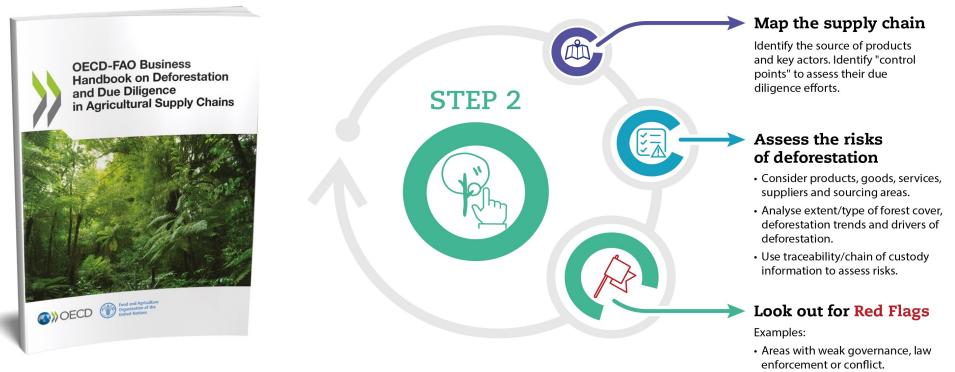
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With a system of controls along the supply chain, company focal point

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STEP 2 Identify, assess and prioritise deforestation risks in the supply chain



Food and Agriculture

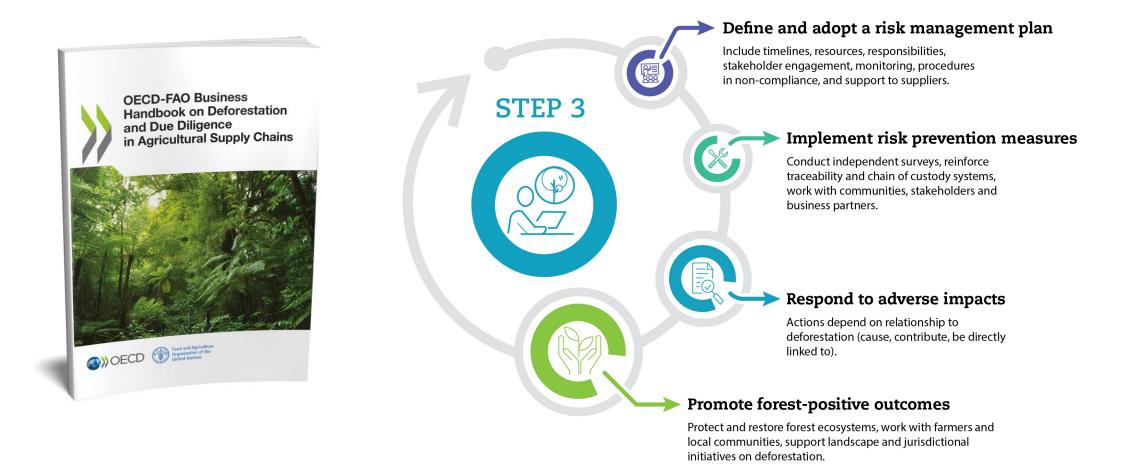
Organization of the United Nations

- Business partners/suppliers
 linked to deforestation.
- Suppliers sourcing from red-flag locations or red-flag suppliers.



Food and Agriculture Organization of the United Nations

STEP 3 Design and implement a strategy to respond to deforestation





OECD-FAO Business Handbook on Deforestation

and Due Diligence

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STEP 4 Verify supply chain due diligence is effective

Verify, monitor and validate progress on due diligence applied to deforestation and its effectiveness in the company's own operations Verify, monitor and validate progress on due diligence applied to deforestation and its effectiveness in the company's supply chain

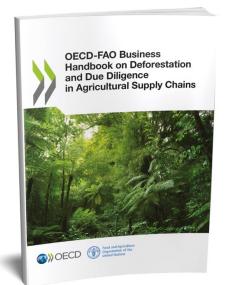
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Ongoing involvement of stakeholders in tracking and monitoring of risks



STEP 5 Report on supply chain due diligence

Publicly report on your policies and activities to curb deforestation through your diligence efforts



- Information on policy and risks covered alignment to international standards, reference to OECD-FAO Guidance as the agricultural standard, UNGPs, OECD Guidelines, etc
- Communicate red flag or salient risks and the process for assessing those risks, including justification, identification and prioritisation processes
- Highlight company's actions/action plan to prevent or mitigate deforestation
- Introduce efforts concerning **remediation** of identified impacts in own operations and in supply chain
- Cooperation with stakeholders, including NGOs, governments, suppliers
- Integrating findings in sustainably reports



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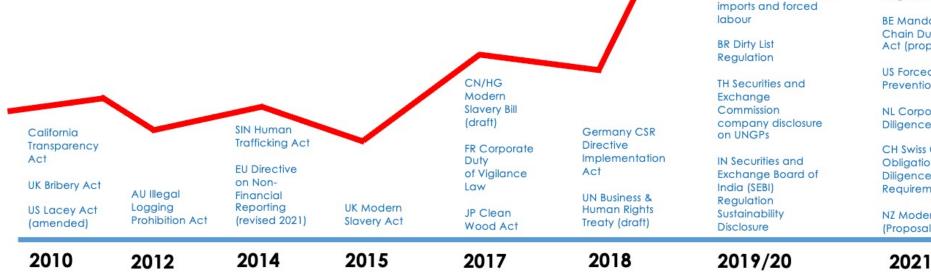
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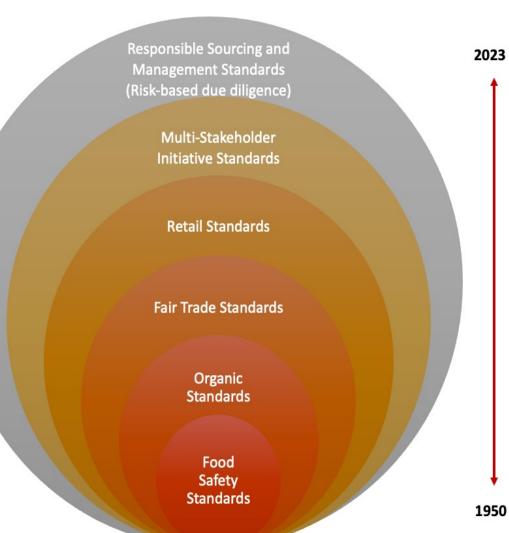
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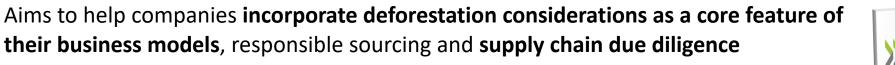


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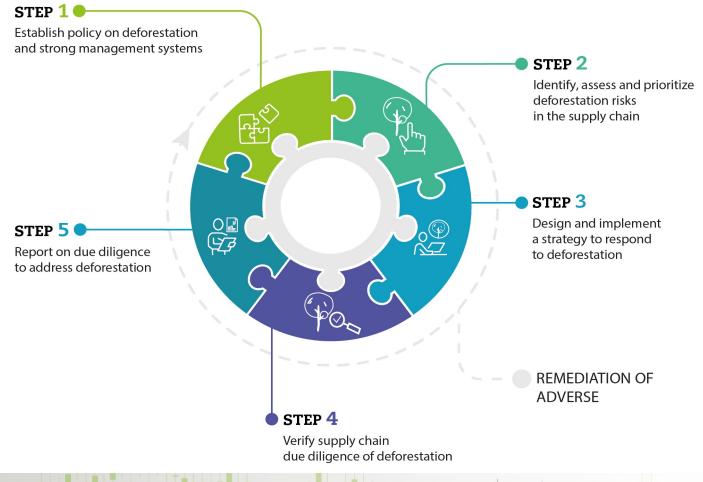
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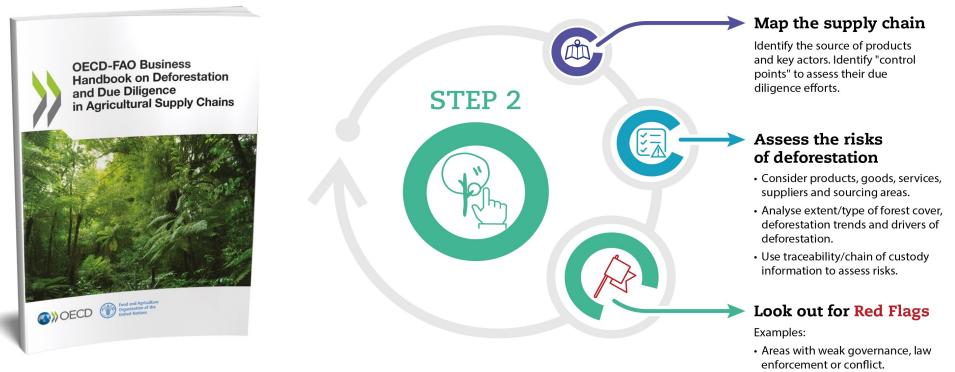
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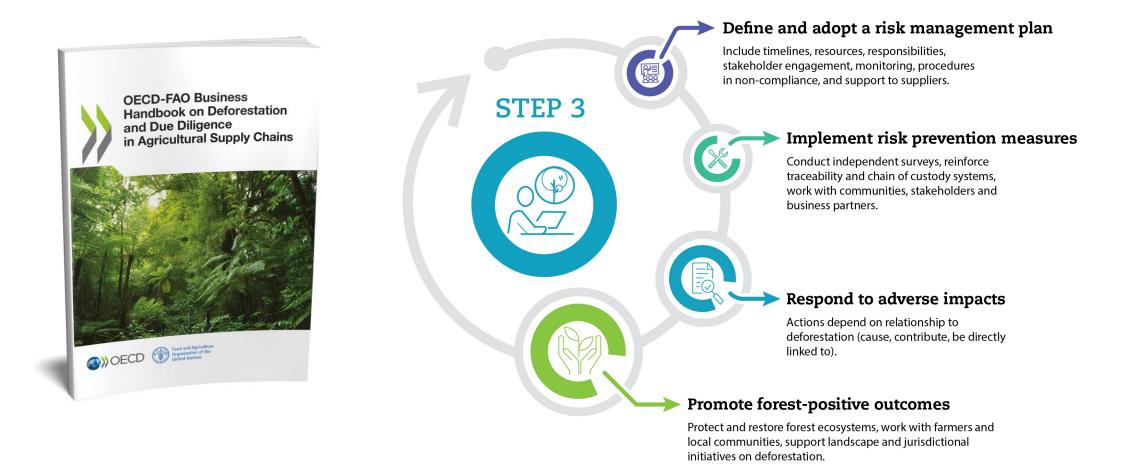
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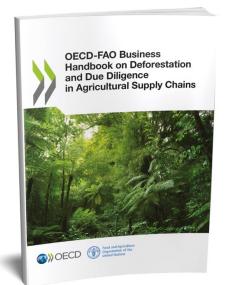
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