Responsible Business Conduct (RBC) in Agriculture

FAO works with different stakeholders in agricultural supply chains to advance better development outcomes through Responsible Business Conduct (RBC) in commodity sourcing and trade. Its advisory work on RBC seeks to:

- make a positive contribution to economic, environmental and social progress with a view to achieving sustainable development; and
- help companies avoid and address adverse social and environmental impacts in their own activities and prevent/mitigate adverse impacts linked to their operations, products or services (supply chain.)
OECD-FAO Guidance for Responsible Agricultural Supply Chains: Responsible sourcing, risk-based due diligence and development

Increased regulation on responsible business conduct and development impacts relevant to enterprises and agricultural supply chains, 2010-2022

Source: OECD and FAO, 2022

Legislation characterised by thematic areas in agricultural supply chains including:

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

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<td>UK Modern Slavery Act</td>
<td>EU Climate Law</td>
<td>EU Corporate Sustainability Reporting Directive (CSRD)</td>
<td>DE Supply chain Due Diligence Act</td>
<td>UK Company’s Act adapted for requirements on Climate-related Financial Disclosures (TCFD)</td>
<td>NO Human Rights and Decent Work Due Diligence Law</td>
<td>CA Supply Chain Due Diligence Law (draft)</td>
<td>BE Bill on Due Diligence (proposal)</td>
<td>CH Amended Civil Code of Obligations to integrate Enterprise Due Diligence Requirements</td>
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US Securities and Exchange Commission climate risk disclosure rules (proposals)
EU proposal on empowering consumers for the green transition
UK forest-risk commodities due diligence (proposals)
EU proposal on Corporate Sustainability Due Diligence; OECD-FAO Guidance referenced, applicable to EU-27
OECD-FAO Guidance for Responsible Agricultural Supply Chains

- Launched in 2016 following 2-year multi-stakeholder consultation process

- Leading global framework for agri-businesses and investors, incorporates existing RBC standards (including UNGPs, ILO MNE Declaration, OECD Guidelines)

- 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 (e.g. food security, land rights, carbon emissions, deforestation)
What kind of risks and development impacts? Where do they occur?

- Due diligence applies a comprehensive approach to risk management
- Addressess risks and development impacts past Tier 1 suppliers
- Moves beyond financial risks for business: applies a material focus on social and environmental risks in sourcing
OECD-FAO Guidance and the 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.
OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains

Designed for businesses, based on OECD-FAO Guidance and its 5-step framework

Introduces how businesses can:

- Address deforestation upstream and downstream in the supply chain
- Implement due diligence that is risk-adverse, but also forest-positive
- Troubleshoot bottlenecks in considering different case instances
- Address current or forthcoming legislation on due diligence and deforestation
- Engage with different stakeholders

Written input from MS-WG: Draft 1 - February, Draft 2 – May and Draft 3 -Public Consultation - June/July, launch final handbook in Q2 2023
Food and Agriculture Organization of the United Nations (FAO)

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

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