

AGRICULTURAL SUPPLY CHAINS AND THE ENVIRONMENT:

WHAT DO THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES ON RESPONSIBLE BUSINESS CONDUCT EXPECT FROM BUSINESS?

The challenge for agri-food business

Agricultural supply chains ensure food security for a growing global population and provide livelihoods for millions of people. However, they also account for a substantial share of global environmental pressures – including roughly a third of global GHG emissions and significant terrestrial biodiversity loss, including and up to 73% of tropical deforestation. In addition, climate change and environmental degradation present a growing threat to global food security. Businesses operating in agricultural supply chains are likewise facing increasing pressure to address adverse environmental impacts from investors, governments and the public as the world seeks to transition to a green economy.

A framework for action: the updated OECD guidelines (2023)

Agri-food business can contribute to more environmentally responsible agricultural supply chains, consistent with government commitments under the Paris Agreement and the UN Sustainable Development Goals. Observing the recommendations of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the Guidelines) and the OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance) can help business contribute to these goals.

The Guidelines are recommendations from Governments to multinational enterprises on how to act responsibly and enhance their contribution to sustainable development. In 2023 the Guidelines were updated to better reflect current challenges and objectives, including with respect to the environment.

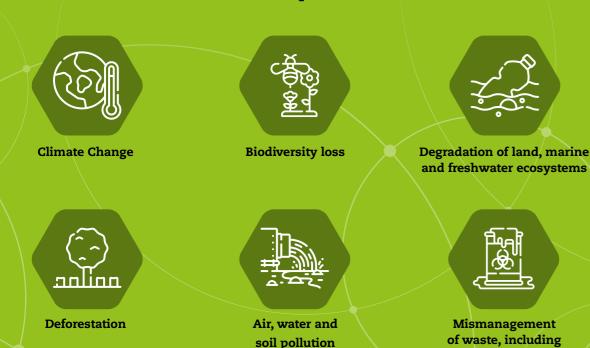
The Guidelines:

- call on businesses to carry out due diligence for adverse impacts related to the environment, including climate change.
- recognize that environmental due diligence will often involve taking into account multiple environmental, social and developmental priorities, including the imperatives of a just transition.
- highlight the importance of providing support to smalland medium-sized enterprises and smallholders.

The OECD-FAO Guidance helps business operating along agricultural supply chains, as well as investors in the sector, operationalise risk-based due diligence in line with the recommendations of the Guidelines.

hazardous substances

The updated Environment Chapter of the Guidelines sets out the expectation that business conduct due diligence to assess and address adverse impacts in relation to:



Key recommendations on environmental due diligence for agricultural supply chains

OECD-FAO Guidance due diligence steps	Select recommenda
Step 1 Establish strong enterprise management systems for responsible agricultural supply chains	 Establish and maintain a srisk-based due diligence, for a) climate change; b) biodivecosystems; d) deforestation including hazardous substation including hazardous substation including hazardous substation and adapt of the climate mitige introduce and implement provide the construction of the short, medium and the short, short, and the fair a components, and the fair a statistical stati
Step 2	Identify and assess advers products or services.
Identify, assess and prioritise risks in the supply chain	Prepare an appropriate en Assess and address social and due diligence activities
Step 3 Design and implement a strategy to respond to identified risks	Prioritise eliminating or re neutralization measures. Avoid activities, which und workers and ecosystems. Contribute to sustainable l
	afforestation, reforestation degradation. Be guided by the biodiversi Adopt, where feasible, bes Provide adequate educatio matters.
	Safeguard against disposs Verify the effectiveness of
Step 4 Verify supply chain due diligence	Monitor progress toward e Periodically review the con
Step 5 Report on supply chain due diligence	 Provide information on en Available to the public, w Adequate, measurable, v Engage with stakeholders, rights or legitimate tenure They may be affected by Where scarce or at-risk e

¹ This table does not provide an exhaustive list of relevant recommendations from the OECD Guidelines under each step of the due diligence process. Instead it identifies select recommendations under the environment chapter that maybe be particularly relevant for the agriculture sector

² The mitigation hierarchy recommends first seeking to avoid damage to biodiversity, reducing or minimising it where avoidance is not possible, and using offsets and restoration as a last resort for adverse impacts that cannot be avoided and providing for or co-operating in remediation when appropriate

Agricultural Supply Chains and the Environment: What do the OECD Guidelines for MNEs on RBC expect from Business?

ons under the OECD Guidelines¹

vstem of environmental management, including by carrying adverse environmental impacts, including, amongst others: ersity loss; c) degradation of land, marine and freshwater n; e) air, water and soil pollution; f) mismanagement of waste, nces.

ation and adaptation goals.

olicies, strategies and transition plans on climate change: ation.

internationally agreed global temperature goals.

est available scientific evidence.

and report on climate mitigation targets:

d long-term.

ope 1, 2, and, to the extent possible based on best available emissions.

tion of biological diversity, the sustainable use of their nd equitable sharing of the benefits.

ndards.

environmental impacts associated with business operations,

rironmental impact assessment.

impacts in the context of their environmental management

ducing sources of emissions over offsetting, compensation, or

ermine climate adaption for, and resilience of, communities,

and and forest management, including restoration, including reduction of land, marine and freshwater

ty mitigation hierarchy².

available technologies.

and training to workers in environmental, health and safety

ession of legitimate tenure right holders.

strategies.

nvironmental objectives and targets.

inued relevance of objectives, targets and strategies.

rironmental impacts, that is:

orkers, and other relevant stakeholders.

rifiable (where applicable) and timely.

including Indigenous Peoples and persons possessing special ights, where:

adverse environmental impacts.

nvironmental assets are at stake.





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The OECD Centre for Responsible Business Conduct

Additional resources



Read the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct For additional information on the OECD-FAO Guidance for Responsible Agricultural Supply Chains and accompanying resources for business, please visit: https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm

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