
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.

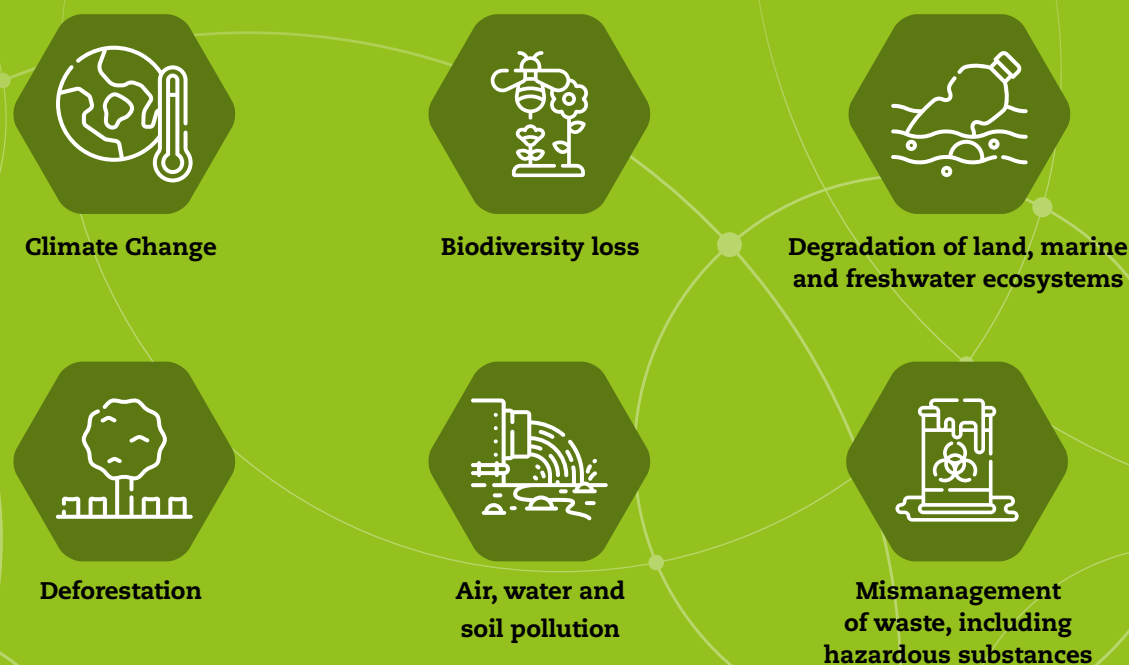
The Guidelines are recommendations from Governments to multinational enterprises on how to act responsibly and enhance their contribution to sustainable development. In 2023 the Guidelines were updated to better reflect current challenges and objectives, including with respect to the environment.

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 small- and 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.

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 recommendations under the OECD Guidelines ¹
Step 1 Establish strong enterprise management systems for responsible agricultural supply chains	<p>Establish and maintain a system of environmental management, including by carrying risk-based due diligence, for adverse environmental impacts, including, amongst others: a) climate change; b) biodiversity loss; c) degradation of land, marine and freshwater ecosystems; d) deforestation; e) air, water and soil pollution; f) mismanagement of waste, including hazardous substances.</p> <p>Contribute to climate mitigation and adaptation goals. Introduce and implement policies, strategies and transition plans on climate change:</p> <ul style="list-style-type: none"> • For mitigation and adaptation. • That are consistent with internationally agreed global temperature goals. • That are based on the latest available scientific evidence. <p>Adopt, implement, monitor and report on climate mitigation targets:</p> <ul style="list-style-type: none"> • For the short, medium and long-term. • That take into account scope 1, 2, and, to the extent possible based on best available information, scope 3 GHG emissions. <p>Contribute to the conservation of biological diversity, the sustainable use of their components, and the fair and equitable sharing of the benefits.</p> <p>Respect animal welfare standards.</p>
Step 2 Identify, assess and prioritise risks in the supply chain	<p>Identify and assess adverse environmental impacts associated with business operations, products or services.</p> <p>Prepare an appropriate environmental impact assessment.</p> <p>Assess and address social impacts in the context of their environmental management and due diligence activities.</p>
Step 3 Design and implement a strategy to respond to identified risks	<p>Prioritise eliminating or reducing sources of emissions over offsetting, compensation, or neutralization measures.</p> <p>Avoid activities, which undermine climate adaption for, and resilience of, communities, workers and ecosystems.</p> <p>Contribute to sustainable land and forest management, including restoration, afforestation, reforestation including reduction of land, marine and freshwater degradation.</p> <p>Be guided by the biodiversity mitigation hierarchy².</p> <p>Adopt, where feasible, best available technologies.</p> <p>Provide adequate education and training to workers in environmental, health and safety matters.</p> <p>Safeguard against dispossession of legitimate tenure right holders.</p>
Step 4 Verify supply chain due diligence	<p>Verify the effectiveness of strategies.</p> <p>Monitor progress toward environmental objectives and targets.</p> <p>Periodically review the continued relevance of objectives, targets and strategies.</p>
Step 5 Report on supply chain due diligence	<p>Provide information on environmental impacts, that is:</p> <ul style="list-style-type: none"> • Available to the public, workers, and other relevant stakeholders. • Adequate, measurable, verifiable (where applicable) and timely. <p>Engage with stakeholders, including Indigenous Peoples and persons possessing special rights or legitimate tenure rights, where:</p> <ul style="list-style-type: none"> • They may be affected by adverse environmental impacts. • Where scarce or at-risk environmental assets are at stake.

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 may 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.



Supported by the



Ministry of Agriculture, Nature and
Food Quality of the Netherlands

For more information, please contact:

Sophia GNYCH | rbc@oecd.org

Policy Analyst, Responsible Agriculture Supply Chains
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>

Disclaimers

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Member countries of the OECD.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <https://www.oecd.org/termsandconditions>