



Food and Agriculture Organization  
of the United Nations

**BULLETIN**  
**No.7**

# **RESPONSIBLE BUSINESS CONDUCT QUARTERLY**

**OCTOBER–DECEMBER 2023**

## ► HEADLINES

### **COFFEE AND COCOA SUPPLY CURRENTLY IN EUROPEAN UNION WAREHOUSES BEING DISCUSSED BY THE EUROPEAN UNION**

The Intercontinental Exchange (ICE), a global operator of soft commodity exchange together with the United Nation's International Trade Centre (ITC), recently highlighted that the European Union (EU) **Regulation on deforestation-free products** (EUDR) may lead to the destruction of coffee and cocoa currently stored in European Union warehouses. The EUDR, which came into effect in June, aims to ban imports of coffee and cocoa in the EU's single market that are associated with production in deforested areas. However, the ICE and ITC highlight that there is a potential risk for coffee and cocoa produced and stored in the EU during a transition period until December 2024, which may be deemed non-compliant. This could result in the current stock being sold outside the EU or destroyed. Any circumstance other than intended sale in the EU could have consequences for producers and may disrupt the larger coffee and cocoa commodity supply chains. The EU Member States are currently in discussions to find a solution for stored crops imported during the transition period.

**27 November 2023:** [www.ft.com](http://www.ft.com)

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### **GREENS/EUROPEAN FREE ALLIANCE (EFA) GROUP OF THE EUROPEAN PARLIAMENT PUBLISH A STUDY ON THE SPILLOVER EFFECTS OF EU SUPPLY CHAIN LEGISLATION OUTSIDE THE EUROPEAN UNION**

Following the introduction of several legislative proposals in the European Union concerning sustainability in supply chains, the Greens/European Free Alliance (EFA) group of the European Parliament published a study that introduces evidence concerning impacts of due diligence legislation in major export markets. Entitled "Spillover effects of EU supply chain legislation – perspectives from third countries," the study analyses the potential external impacts of various EU supply chain-related regulations, particularly the EU Directive on Corporate Sustainability Due Diligence (CSDD) which is in its final stage of EU triilogue negotiations. Case studies from Brazil, Chile, Kenya and Uganda are introduced, considering implications for various economic actors in the supply chain of major exported goods.

**24 November 2023:** [www.heidihautala.fi](http://www.heidihautala.fi)

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## ► HEADLINES

### CALIFORNIA INTRODUCES SUITE OF LEGISLATION REQUIRING COMPANIES TO ADDRESS CLIMATE RISKS IN SUPPLY CHAINS

On 7 October, Governor Gavin Newsom of California signed a new law called Assembly Bill 1305 (AB 1305), also known as the Voluntary Carbon Market Disclosures Act. The law requires certain companies to publicly disclose information about their greenhouse gas emissions and emissions-reduction programmes online. It aims to improve transparency by making disclosures mandatory for all entities operating in California that make claims of being net zero, carbon neutral, or having reduced emissions, including in supply chains (Scope 3). The law will come into effect on 1 January 2024 and applies to both domestic and international companies in California, regardless of their size or revenues. This is part of a series of recent legislative developments in California, including the Climate Corporate Data Accountability Act (SB 253), which requires companies earning over USD 1 billion in revenue to track and report their greenhouse gas emissions, and the upcoming SB 261, which will require companies with USD 500 million in annual revenues to disclose climate-related financial risks and actions taken to reduce and adapt to those risks by 1 January 2026.

#### Public registry text:

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202320240SB253](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253),  
[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202320240AB1305](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB1305) and  
<https://legiscan.com/CA/text/SB261/id/2833831>

20 November 2023: [mondaq.com](https://mondaq.com)

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### WORLD TRADE ORGANIZATION (WTO) PUBLISHES 2023 EDITION OF THE “GLOBAL VALUE CHAIN (GVC) DEVELOPMENT REPORT”

The WTO, Asian Development Bank (ADB), the Institute of Developing Economies of the Japan External Trade Organization (IDE-JETRO) and the Research Institute for Global Value Chains at the University of International Business and Economics (UIBE) Beijing published the report entitled “GVC Development Report 2023: Resilient and Sustainable GVCs in Turbulent Times” which introduces trends and issues concerning trade and global value chains. Highlights from the 2023 report introduce that GVCs continue to play a crucial role in globalization in spite of growing trade requirements and regulatory pressure. According to the research, a record 28 percent of global exports were made up of foreign inputs last year. In comparison to their pre-pandemic levels in 2018, the GVC participation rates of nearly all economies were higher in 2022 demonstrating sharp growth. Regarding sustainability, the study introduces a methodology for accounting for carbon emissions that tracks greenhouse gas emissions along GVCs, suggesting a sector-agnostic framework for assisting in the development of more ecologically friendly GVCs.

16 November 2023: [www.wto.org](https://www.wto.org)

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## ► HEADLINES

### **FAO, WORLD RESOURCES INSTITUTE (WRI) AND OTHERS IN THE FOREST DATA PARTNERSHIP RELEASE STUDY ON THE “TRACEABILITY AND TRANSPARENCY IN SUPPLY CHAINS FOR AGRICULTURAL AND FOREST COMMODITIES”**

A study published by the FAO, in collaboration with the World Resources Institute (WRI) and other partners, introduces the challenges and data gaps in deforestation and agricultural supply chains. The study emphasizes the need for traceability and transparency solutions to support initiatives like the European Union Regulation on deforestation-free products (EUDR). Its findings suggest that independent verification is crucial for credible traceability systems and that governments should introduce policies to facilitate traceability and transparency. Additionally, the study emphasizes the importance of considering the needs of smallholders for effective traceability and transparency efforts.

20 October 2023: [www.fao.org](http://www.fao.org)

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## ► SPOTLIGHT ON FAO’S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

### **FAO PRESENTATION ON DUE DILIGENCE, RESPONSIBLE SOURCING AND AGRICULTURAL SUPPLY CHAINS**

To help guide traders and other key market actors on trade and sustainability, the European Association of Trade in Cereals, Oilseeds, Rice, Pulses, Olive oil, Oils and Fats, Animal Feed and Agrosupply (COCERAL) organized a workshop on Environmental, Social and Governance (ESG) designed to build capacity on due diligence and sustainability reporting. The online workshop took place on 23 November, attended by over 70 participants and COCERAL members, including speakers from the European Commission and FAO. The workshop discussed the application of due diligence among enterprises in the agrifood sector, including the use of the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#). The exchange with participants included an introduction to the link between the European Union’s Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards, the Corporate Sustainability Due Diligence Directive (CSDD) and the EUDR. Further information concerning the event can be found on the [COCERAL website](#).

## ► SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

### FAO JOINS AMSTERDAM DECLARATION PARTNERSHIP (ADP) MEETING IN BRUSSELS, PRESENTS OECD-FAO BUSINESS HANDBOOK ON DEFORESTATION AND DUE DILIGENCE IN AGRICULTURAL SUPPLY CHAINS

On 21 November, FAO joined the multistakeholder meeting of the Amsterdam Declaration Partnership (ADP), a platform developed by several governments to launch discussions on commodity trade and deforestation in the soy, palm, beef, rubber and cocoa sectors. The ADP meeting was organized by the Belgian Government under the title “Towards holistic supply chain sustainability” aimed at advancing dialogue and partnerships concerning commodity markets and deforestation in agricultural trade and supply chains. FAO joined a panel session with other international partners including the European Commission and led a presentation on the *OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains* to over 250 participants that joined online and in person at the Royal Museum for Central Africa in Tervuren (Brussels). Further information on the event is found [here](#).

### COMMITTEE ON COMMODITY PROBLEMS (CCP) INTERSESSIONAL EVENT ENTITLED “TOWARDS MORE SUSTAINABLE AND RESILIENT AGRIFOOD SYSTEMS: THE IMPORTANCE OF RESPONSIBLE GLOBAL VALUE CHAINS”

At its 75th Session in July 2022, FAO's governing body for trade and markets, the Committee on Commodity Problems (CCP), encouraged the organization of topical events, under its auspices, with the purpose of discussing emerging issues affecting trade and possible policy and action options for countries. On 30 October, an event entitled “Towards more sustainable and resilient agrifood systems: The importance of responsible global value chains” was organized. The event was conducted in a hybrid mode, and was opened by the CCP Chairperson, the Ambassador and Permanent Representative of the Federal Republic of Nigeria to FAO. A technical presentation by the FAO Markets and Trade Division on the current trends in policy developments for responsible agrifood value chains and the available practical guidance tools generated by international organizations to help governments and producers set the scene. A discussion panel with the participation of experts identified by the CCP Members, including the Ambassador and Permanent Representative of Mexico to FAO and representatives of the Natural Resources Institute of Finland, the African Union, and the Council of Palm Oil Producing Countries allowed for experiences to be shared regarding the impacts of policies for RBC on agricultural producers and supply chain operators, highlighting key issues and constraints, benefits, lessons learnt and possible solutions. Information on the event can be found [here](#), a full event summary can be requested at [responsible-business-conduct@fao.org](mailto:responsible-business-conduct@fao.org).

## ► SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

### OECD-FAO EVENT ON “COMMODITY MARKETS, TRADE AND FORESTS: RESPONSIBLE BUSINESS CONDUCT IN AGRICULTURAL SUPPLY CHAINS” AND LAUNCH OF THE *OECD-FAO BUSINESS HANDBOOK ON DEFORESTATION AND DUE DILIGENCE IN AGRICULTURAL SUPPLY CHAINS*

On 16 November, FAO held an [event](#) on commodity markets, trade and forests in follow up to the official publication of the *OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains* in July 2023. The event welcomed speakers from the German and Ghanaian governments, along with companies such as Ferrero (Italy), Musim Mas (Indonesia), agri-tech firm Agrivi (Croatia) and leading civil society organizations, the World Resources Institute, in addition to speakers from FAO and the OECD. The event welcomed over 150 participants online and in person. The OECD-FAO Business Handbook is an initiative funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the German Agency for International Cooperation (GIZ). It aims to help companies incorporate deforestation and forest degradation considerations in their supply chain due diligence and responsible sourcing efforts. The handbook builds on the risk-based due diligence framework of the *OECD-FAO Guidance for Responsible Agricultural Supply Chains*. Brochure versions of the handbook are available in English, French, Spanish, Portuguese and Bahasa. Further information on FAO's work concerning deforestation and agricultural supply chains is found [here](#).



# ▶ SPOTLIGHT ON FAO'S RESPONSIBLE GLOBAL VALUE CHAINS PROGRAMME

## GERMAN AGENCY FOR INTERNATIONAL COOPERATION (GIZ) WEBINAR ON RESPONSIBLE SOURCING, DEFORESTATION AND AGRICULTURE SUPPLY CHAINS

FAO joined the GIZ to support presenting the [OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains](#) on 3 November in an online workshop organized for members of the GIZ network on agricultural supply chains. The event provided an introduction of the OECD-FAO Business Handbook in the context of commodity trade, sustainability standards and legislation. An interactive question and answer period included experts from the OECD and FAO's Forestry Division, allowing for engagement with the stakeholders from governments, civil society organizations and businesses.

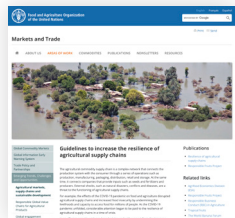
## ▶ PUBLICATIONS AND RESOURCES



### *Policy brief on avocado and pineapple supply chains, business and the Sustainable Development Goals*

The FAO Responsible Fruits project [published a policy brief](#) on the role that businesses in the global production and export of avocados and pineapples have in advancing the Sustainable Development Goals (SDGs). The brief explains how the adoption of responsible business conduct practices in commodity supply chains can support the achievement of the SDGs, mitigate business risks and bring positive impacts to the company and others. The brief also identifies individual SDGs of particular relevance to the avocado and pineapple industries.

# ► PUBLICATIONS AND RESOURCES



## FAO launches webpage on the resilience of agricultural supply chains and related work

FAO recently launched a [webpage on the resilience of agricultural supply chains](#) that features the “Guidelines to increase the resilience of agricultural supply chains” and other resources. The “Guidelines” are accessible via a link to the [publications page](#), which also includes background studies prepared to inform the “Guidelines”, as well as other related FAO work, such as [The State of Food and Agriculture 2021 – Making agrifood systems more resilient to shocks and stresses](#). The background studies focus on the supply chains of [fresh fruits and vegetables](#) globally, [cotton](#) in Burkina Faso, [cocoa](#) in Ghana, and [milk](#) in India. Different methodological approaches are used across the four studies, including simulations, stakeholder questionnaires and statistical analysis, to assess how the COVID-19 pandemic affected the supply chains and to derive recommendations to strengthen supply chain resilience.



## Supporting adaption to and mitigation of climate change in tropical fruit value chains

Working with researchers, technical experts and industry leaders, the FAO’s [Responsible Fruits Project](#) has developed two technical guides on adapting to climate change, one for avocado producers and exporters and one for pineapple producers and exporters. These guides will be published in January 2024. Technical briefs summarizing the guides’ information on climate risks and adaptation are available now for the [avocado](#) and [pineapple](#) sectors. Recently, the project has extended its technical focus to work with experts and industry in Costa Rica to develop and validate a methodology for measuring carbon and water footprints in the pineapple value chain. This methodology will be published in English, French and Spanish in early 2024.

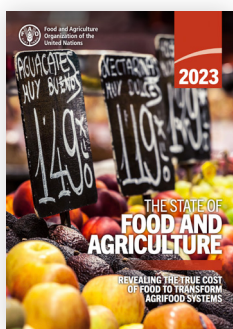


## ► PUBLICATIONS AND RESOURCES



### ***Policy brief on multistakeholder initiatives, sustainability and tropical fruit supply chains***

Building on lessons of leading the [World Banana Forum \(WBF\)](#) and the [Responsible Fruits Project](#), a policy brief was published introducing FAO's experience in driving development through multistakeholder engagement in facilitating sustainability in commodity supply chains. The policy brief presented ways in which different actors in commodity production and trade can cooperate to address sustainability resilience in tropical fruit value chains. The tropical fruit sector faces many risks, including pests and diseases becoming resistant to phytosanitary products, hazardous labour practices, deforestation, and vulnerability to external shocks, such as climate change and economic downturns. Often times, these risks are complex for individual actors to effectively address. The policy brief highlights how multistakeholder initiatives can contribute to sustainable development, resilience and improved business performance, through cooperation with different actors. The policy brief is found [here](#).



### ***FAO releases flagship report on the State of Food and Agriculture (SOFA), considers the true cost of food***

FAO released its annual flagship publication, SOFA, with its 2023 edition *The State of Food and Agriculture 2023 – Revealing the true cost of food to transform agrifood systems* focused on introducing the concept of hidden environmental, health and social costs and benefits of agrifood systems, proposing an approach – true cost accounting (TCA) – to assess them. SOFA findings reveal that unhealthy diets reflect among the highest hidden costs of food, with more than 70 percent of the hidden costs associated with foods to be found in ultra-processed foods, fats and sugars, leading to obesity and non communicable diseases, and causing labour productivity losses. The report highlights that such concerns are particularly evident in high-income economies. Other findings denote that one-fifth of the total costs of food are related to the environment, including greenhouse gas and nitrogen emissions, land use change and water use, among all countries affected. Low-income countries are introduced as having the highest impacts of hidden costs in agrifood systems, further exacerbated by additional costs associated with poverty and undernourishment. The report is found [here](#).

Required citation:

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

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