

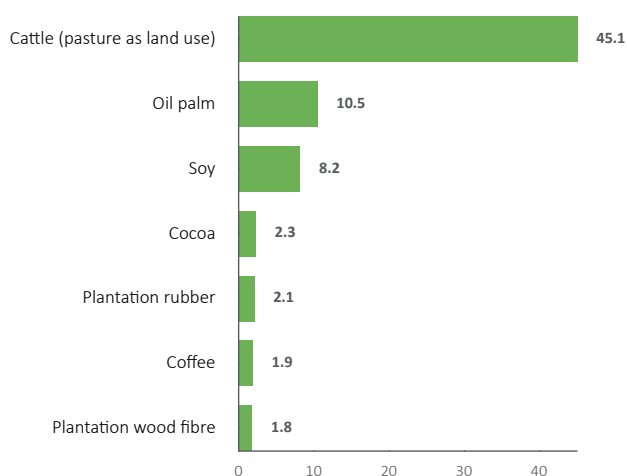


OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains

The challenge

Agricultural expansion is the most significant driver of global deforestation. While numbers vary according to methodologies, multiple publications confirm that commercial agriculture is by far the largest driver of deforestation, with a significant and growing share of the commodities produced on recently deforested lands feeding international trade.¹ As the demand for agricultural products grows, agriculture often expands into forests and other valuable ecosystems. These dynamics can have dangerous consequences for climate, biodiversity, agriculture, livelihoods and socio-economic development.

Total forest replacement by analysed commodities (2001-2015, million hectares)



Source: Global Forest Review, World Resources Institute, 2021.

Companies increasingly recognise that business decisions have a significant impact on people and the environment. The important role of company decision-making is being recognised through regulation for mandatory supply chain due diligence by business in key sectors. While many companies in the agricultural sector have committed to eradicating deforestation from their supply chains, in practice, businesses struggle to understand how specific risks such as deforestation and forest degradation can manifest through their supply chains and how to address these impacts. This is reflected in insufficient public disclosures of corporate policies related to deforestation. There is a knowledge gap in **how to embed deforestation and forest degradation considerations into global supply chains.**

A business handbook to reduce deforestation and degradation in agricultural supply chains

To guide companies from commitment to action, the Organisation for Economic Co-operation and Development (OECD) and Food and Agriculture Organization of the United Nations (FAO) have developed the **OECD-FAO Business Handbook on Deforestation and Due Diligence in Agricultural Supply Chains**. The handbook will build on the

¹ Pendrill, F., Persson, U.M., Godar, J., Kastner, T., Moran, D., Schmidt, S. & Wood, R. 2019. *Agricultural and forestry trade drives large share of tropical deforestation emissions*. *Global Environmental Change*, 56: 1–10. Updated 2020.

Hoang, N.T., Kanemoto, K. 2021. *Mapping the deforestation footprint of nations reveals growing threat to tropical forests*. *Nat Ecol Evol*. <https://doi.org/10.1038/s41559-021-01417-z>

Curtis PG, Slay CM, Harris NL, Tyukavina A, Hansen MC. *Classifying drivers of global forest loss*. *Science*. 2018 Sep 14;361(6407):1108-1111. doi: 10.1126/science.aau3445. PMID: 30213911.



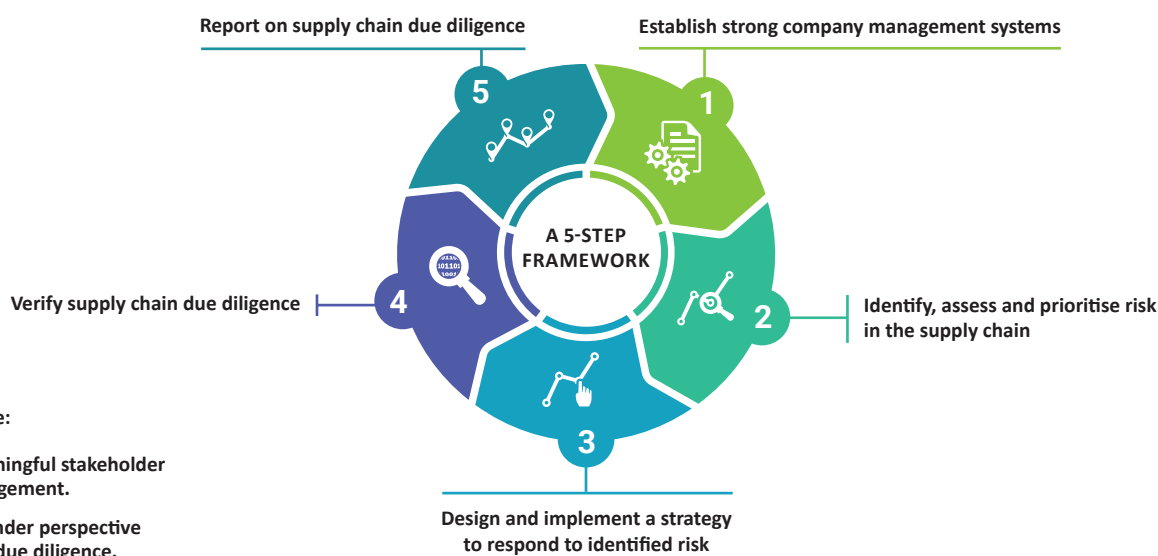
due diligence recommendations of the *OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance)*, applied to a focus on deforestation and forest degradation. The OECD-FAO Business Handbook on Deforestation:

- **Outlines how business can implement the five-step framework on due diligence** to address the specificities of deforestation and forest degradation in agricultural supply chains.
- **Recommends actions businesses can take when implementing the OECD-FAO Guidance** and draw on best practice including tools and data available to support business.
- **Introduces practical issues that companies face**, considering development and deforestation challenges, cooperation with stakeholders, other companies and policy makers.
- **Helps companies advance their sustainability efforts and meet legislation concerning deforestation and responsible sourcing.** Given the growing trend in mandatory risk-based due diligence and regulation on deforestation and forest degradation, the business handbook aids companies in navigating legislative requirements, including those aligned to the OECD-FAO definition of due diligence.
- **Supports small and medium enterprises** in producer and as well as consumer countries advance with responsible sourcing, including strengthening cooperation with suppliers, clients and business partners in the supply chain.

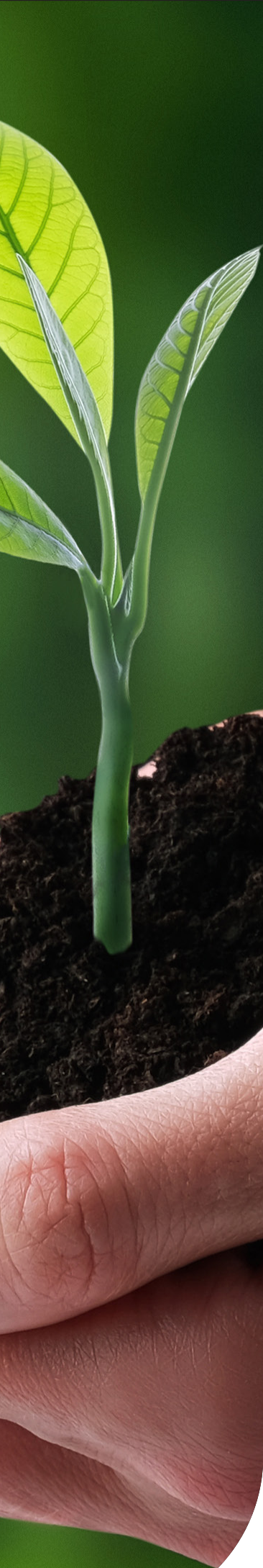
Handbook development

The business handbook introduces the relationship between production, transformation, trade and deforestation, with a focus on what risk-based due diligence means in practice and how it can address deforestation and forest degradation risks.

In order to reflect the perspective and reality of different stakeholders, the OECD and FAO led a multi-stakeholder working group (MS-WG) of experts to guide the drafting of the handbook. The process included a series of meetings with the MS-WG, as well as a public consultation launched to collect feedback on the handbook.



Source: OECD-FAO Guidance for Responsible Agricultural Supply Chains- Helping achieve the Sustainable Development Goals.



CONTACTS

Ms. Shivani Kannabhiran

Sector Lead, Responsible Agricultural Supply Chains
Centre for Responsible Business Conduct
Directorate for Financial and Enterprise Affairs
shivani.kannabhiran@oecd.org
rbc@oecd.org

Ms. Sophia Gnych

Environmental Lead
OECD Centre for Responsible Business Conduct
Directorate for Financial and Enterprise Affairs
sophia.gnych@oecd.org

Organisation for Economic Co-operation and Development (OECD)

Paris, France

Mr. Tomislav Ivančić

Global Advisor, Responsible Sourcing and Agricultural Supply Chains
Markets and Trade Division
tomislav.ivancic@fao.org
responsible-business-conduct@fao.org

Ms. Caroline Merle

Deforestation Expert
Forestry Division
caroline.merle@fao.org

Food and Agriculture Organization of the United Nations (FAO)

Rome, Italy

MORE INFORMATION

<https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm>

<https://www.fao.org/responsible-business-conduct-in-agriculture>

<https://www.fao.org/markets-and-trade/areas-of-work/emerging-trends-challenges-and-opportunities/oecd-fao-guidance-for-responsible-agricultural-supply-chains/agricultural-supply-chains-and-deforestation/en/>



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