



## OFFICE OF THE GOVERNOR

OCT 05 2021

To the Members of the California State Assembly:

I am returning Assembly Bill 416 without my signature.

This bill would require the Department of General Services to issue a Deforestation-Free Code of Conduct covering contracts involving "forest-risk commodities," including wood, paper, rubber, palm oil, beef, and soy. It would require state contractors that provide products to the state that include forest-risk commodities to have a No Deforestation, No Peat, No Exploitation (NDPE) policy and to make detailed certifications to the origin of each product. These contractors would be required to publicly disclose their supply chains back to the farm or forest where the commodity was grown or harvested.

Deforestation is a major contributor to the climate crisis that California and the world is facing right now. I share the author's commitment to preventing tropical deforestation. Unfortunately, this bill's extensive requirements would create a significant burden on California businesses – particularly small businesses – that are looking to participate in state contracts.

For example, under this bill, every time the state purchases a product that contains soy, the vendor providing that product would need to disclose the exact location where the soybeans were grown, who the farmer was, and where the soybeans were processed. Most small business suppliers do not have access to that information, and with nearly all the U.S. soybean supply coming from domestic producers, this requirement would place a significant burden on



businesses without impacting the stated goal of preventing tropical deforestation.

For these reasons I cannot sign this bill; however, I remain committed to working with the author to advance our shared environmental goals and will consider future legislation that better targets those supply chains that directly impact tropical deforestation.

Sincerely,



Gavin Newsom