

2019 OECD-FAO Roundtable on Responsible Agricultural Supply Chains

SUMMARY REPORT

29 October 2019 – Paris, France

The [OECD-FAO Roundtable on Responsible Agricultural Supply Chains](#), convened over 60 participants including policy makers, investors, businesses, standard setters, worker groups, civil society, researchers and international organisations to review the findings and final report of the 2018-2019 OECD-FAO Pilot on Responsible Agricultural Supply Chains. The roundtable also discussed opportunities and next steps to continue to support uptake and implementation of the due diligence recommendations of the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#) (OECD-FAO Guidance) as well as how the sector can further contribute to the Sustainable Development Goals (SDGs).

The OECD-FAO Pilot on Responsible Agricultural Supply Chains

In February 2018, the OECD and FAO launched a pilot to test the practical application of the OECD-FAO Guidance and provide an understanding of how companies and industry initiatives are implementing the recommendations set out in the OECD-FAO Guidance. Over 30 companies and industry initiatives participated in the pilot representing the full value chain, across a diversity of commodities, and operating in different parts of the world. The pilot used a combination of self-assessment surveys, telephone interviews and peer-group discussions to improve understanding of how participants are implementing due diligence, the tools and strategies used in global supply chain due diligence, as well as the gaps and challenges in due diligence understanding and implementation.

Participants found the pilot a useful peer-learning experience, which provided good benchmarking data, as well as useful learnings on due diligence tools and strategies. Participants also recognized that similar challenges in due diligence are faced by all companies along the supply chain. This raises opportunities to share information on risks and collaborate on mitigation strategies. For many participants, the pilot also helped raise the profile of the OECD-FAO Guidance and the role of due diligence in supply chains with their leadership teams. Please refer to the [Final Report](#) for more information.

Opening panel

Overview summary: The OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance) was developed under the direction of a multi-stakeholder Advisory Group (AG), with representatives from OECD and non-OECD governments, business, civil society and worker representatives. AG members also provided guidance on the 2018-2019 pilot. In this opening panel, the AG Chair and Vice Chairs highlighted the role of responsible business conduct and supply chain due diligence and shared their views on priorities for the next years.

Speakers:

- David Hegwood, Senior Food Security Advisor, United States Agency for International Development (USAID), Chair of the Advisory Group
- Mella Frewen, Director General, FoodDrinkEurope, Vice Chair of the Advisory Group
- Bernd Schanzenbächer, Founder and Managing Partner, EBG Capital, Vice Chair of the Advisory Group (dial-in)

- Marian Ingrams, Coordinator and Researcher, OECD Watch/Centre for Research on Multinational Corporations (SOMO), Vice Chair of the Advisory Group (dial-in)

Key takeaways:

- The agricultural sector faces a complex and diverse set of challenges. The sector needs to go beyond simply avoiding risks and to address root causes of risks, which typically require collaboration with a wide range of stakeholders
- There is a growing debate in Europe to extend non-financial reporting obligations to all companies, regardless of size. In addition, an increasing number of businesses are making commitments to meeting the SDGs. The OECD-FAO Guidance can help companies navigate the complexity of today's agricultural supply chains and meet these expectations
- Due diligence is an integral part of business operations and is a process to help companies implement risk management in their own operations and along global supply chains. The 5-step framework to identify, assess, prevent or mitigate and account for, potential or actual adverse impacts, helps companies demonstrate that they are proactively addressing risks and harms. This can create stronger brands, build trust with consumers and suppliers, save long-term costs, and spur innovation
- An increasing number of investors are taking environmental, social and governance (ESG) risks into their investment decisions. Investors are moving beyond evaluating if companies are setting RBC/ESG strategies and policies, to how companies are internalising these commitments. Due diligence can help companies demonstrate their actions towards responsible business in this regard
- Investors value public reporting, in accordance with internationally recognised frameworks for ease of data comparison and benchmarking, to drive change. Unlike financial reporting, there is currently no such framework for ESG reporting. Policy makers can play a leading role to establish such a framework
- Businesses are encouraged to engage with civil society organisations (CSOs) as partners to promote responsible business conduct. CSOs can advise companies on mitigating actions to address a wide range of sector risks and can support business in turning commitments into action
- The OECD and FAO should continue to convene stakeholders to promote the recommendations of the OECD-FAO Guidance and raise the profile of issues that need the support of a wide coalition of stakeholders

Key findings of the OECD-FAO Pilot on Responsible Agricultural Supply Chains

Overview summary: Panellists from business, civil society and government shared their views on the findings from the implementation pilot with companies. Business representatives highlighted remaining challenges in due diligence practices and the need for collaboration to address systemic issues. Civil society and policy makers discussed how they could support businesses in further promoting responsible supply chains in line with the OECD-FAO Guidance recommendations.

Moderator: Mella Frewen, Director General, FoodDrinkEurope, Vice Chair of the Advisory Group

Panellists:

- Amal El Malouani, Head of Financing Sustainable Development, Crédit Agricole du Maroc
- Katharine Teague, Head of Advocacy, AB Sugar
- Martin Märkle, Food and Agriculture Committee, Business at the OECD (BIAC)
- Jean-Christophe Debar, Director, Fondation FARM
- Ray Dhirani, Head of Sustainable Finance & Green Economy, World Wildlife Fund (WWF) UK
- Maylis Souque, Secretary General of the French National Contact Point (NCP), Treasury, Ministry of Economy and Finance
- Andrew Britton, Managing Director, Kumi Consulting Ltd.

Pilot project findings:

Many companies have a sophisticated approach to RBC, but the adoption of due diligence strategies is often a result of external pressure (laws, campaigns etc.)

- Overall, companies have taken steps to strengthen their approach to due diligence, but gaps remain in how companies translate policy commitments into actions
- Systemic challenges require closer collaboration with key stakeholders
- How the widespread reliance on industry certification schemes or third-party platforms may impact effective risk management, and alignment of these schemes to the OECD-FAO Guidance, is unclear
- Companies do not yet provide enough relevant information about due diligence in their public reporting (Step 5)

Pilot project proposed next steps:

For companies:

- Upstream companies should strengthen their approach to addressing issues on the ground such as land tenure, food security and nutrition, and benefit sharing
- Downstream companies could engage more closely with and support suppliers and business partners to ensure due diligence recommendations are effectively implemented
- Engagement with certification schemes and industry groups should include an evaluation of the alignment of such standards to the OECD-FAO Guidance recommendations
- More effort should be made to engage strategically with ‘control points’ in the supply chain such as traders, aggregators, processors of product, to drive greater visibility and improvements in due diligence and address risks prevalent in upstream supply chains

For policy makers:

- Support strategies to address systemic issues and scale-up implementation of due diligence, support inclusion of additional stakeholders, and in particular civil society, in follow-on activities
- Leverage the lessons from this pilot, OECD regional work supply chains in Asia and Latin America and the FAO’s work on responsible agricultural investment and value chains, to address shared challenges
- Support an alignment assessment of agricultural industry schemes against the OECD-FAO Guidance
- Support the collection, dissemination and reporting of quality and comparable data on supply chain risks and due diligence, to effectively inform decision-making by companies and investors
- Develop training and capacity building for CSOs and other stakeholders

For full information, please refer to the [Final Report](#). The report provides lessons learned from the pilot, including examples of good practices, and highlights challenges in addressing risks and impacts in company operations and business relationships, and recommendations to companies and policy makers on how to address these challenges. The PPT from the Roundtable session, attached with this summary note, provides high-level information.

Key takeaways:

- The pilot provided a safe and unique platform for companies to exchange good practices and discuss challenges in implementing due diligence in accordance to the OECD-FAO Guidance.
- The diversity of pilot participants (different parts of the value chain, active across multiple commodities, operating in shared and different parts of the world) was a source of rich learning for participants. One learning included the realisation that RBC risks are often common across the supply chain. The pilot helped create constructive conversations across sectors on common risks. Some companies are now exploring how to collaboratively address systemic challenges and risks in shared geographic regions.
- The pilot helped companies strengthen their existing due diligence processes including engagement with senior management. It facilitated collaboration across different departments/business units to build internal understanding and support for due diligence, in particular prioritising and addressing

risks. This helped companies better communicate with business partners on the importance of supply chain due diligence.

- The recommendations of the OECD-FAO Guidance could be part of minimum expectations of contracts. Contractual due diligence establishes conduct expectations for both producers and buyers, and could be expressed in simple actionable points. Companies and CSOs have an important role to play in providing capacity building to producers to improve contractual due diligence. In addition, investors could leverage their role to further promote RBC by incentivising clients with conditionality and preferable rates which can help level the playing field.
- Adherent governments play a pivotal role in due diligence uptake through legislation and promoting the OECD-FAO Guidance as well as setting up National Contact Points (NCP). Government engagement efforts should include smaller companies especially in the agricultural and food supply chains. Efforts should also be made to engage with a wide range of ministries. The Secretariat of the French NCP (tripartite body hosted at Ministry of Finance) has worked with stakeholders to organise seminars and dissemination of OECD-FAO supply chain due diligence notably with organic association. Collective approaches and policy coherence have also led to the approval of soft law instruments, such as the French National Strategy against Imported Deforestation which refers to OECD-FAO guidance for responsible agricultural supply chains and addresses key commodities.
- It is valuable that governments continue promoting supply chain due diligence internationally through the G7 and G20, and through government actions in development financing, including through regional development banks.
- Broader engagement with governments, civil society and other stakeholders is key to address systemic challenges and risks in supply chains. The OECD and FAO could help guide actions in coordination with other organisations and initiatives, with a focus to build on relative strengths and avoid duplication of actions.
- The duration of the pilot was too short to integrate learnings into company policies and practices and to monitor changes. Companies viewed the pilot as a good starting point, but follow-on activities supported by the OECD and FAO could help move the group from a community of interest to a community of practice.

Making an impact collectively

Overview summary: The OECD and FAO Secretariat presented options to improve uptake and impact in responsible supply chains over the next three years. The role of the OECD and FAO is to promote and clarify due diligence expectations in line with the OECD-FAO Guidance and to convene global stakeholders to foster convergence, avoid duplication of efforts and overcome barriers to implementation. Envisioning implementation at scale, the Secretariat outlined a roadmap with a focus on its strengths as a neutral convener and facilitator, on technical advice, research and outreach, and co-operation. Attendees selected one priority among the suggested activities via a real-time voting application, described why they chose it, and discussed possible collective approaches.

Chair: David Hegwood, Senior Food Security Advisor, USAID, Chair of the Advisory Group

Presentation:

- Shivani Kannabhiran, Policy Advisor, Responsible Business Conduct Centre, OECD
- Pascal Liu, Senior Economist, International Investment Team Leader, Trade and Markets Division, FAO

Priorities for 2020-2021: The Secretariat presented the theory of change for responsible agricultural supply chains for the next years, with a focus on scaling-up implementation and impact. Priority should be given to activities which can create a multiplier effect, and move significant numbers of businesses to implement

the OECD-FAO recommendations. Proposed activities should be carried out in collaboration with strategic stakeholders:

- Policy makers such as national regulatory authorities and standard-setting bodies, to promote uptake of the OECD-FAO recommendations into policies and laws. In addition, the recommendations on due diligence could be integrated into Free Trade Agreements and public procurement. Efforts should also be made to engage political bodies who shape the global agenda on sustainability, such as the UN, G7 and G20. The PECD’s National Contact Point network should also be better leveraged to promote the OECD-FAO Guidance systematically across adherent countries, and with businesses from these countries who operate globally;
- Industry actors who can help multiply the impact of responsible business practices and due diligence uptake, such as industry led standard-setting organisations and certification schemes. For example, the OECD and FAO could conduct an alignment assessment of existing certification programmes to the recommendations of the OECD-FAO Guidance. Likewise, efforts should be made to engage with groups of business operators who can influence uptake of the OECD-FAO recommendations, such as industry associations, unions, commodity exchanges, commodity traders, and investors in the agriculture sector.

During this final session, roundtable participants voted on a single priority action from the list below:

- **Alignment** assessment of certification schemes
- **CSO and worker support** in implementing RBC standards
- **Data** on uptake and impact of RBC standards
- **Engagement** with industry multipliers (e.g. commodity traders, standard-setting bodies and certification schemes, investors)
- **Integration** of OECD-FAO Guidance into national policies (e.g. policy coherence, level playing field)
- **Research** on due diligence barriers (e.g. cost of due diligence)
- **Tools and training** on due diligence for industry



A total of 41 votes were cast. Almost 40% participants (16 votes) indicated that the **Integration of OECD-FAO Guidance into national policies** was their top priority. This was followed by **Engagement with industry multipliers** (e.g. commodity traders, standard-setting bodies and certification schemes, investors) and **Alignment assessment of certification schemes**.

Key takeaways:

- It is important to increase awareness of responsible agricultural supply chains to non-OECD countries. Support from OECD member countries and the international fora, such as the G20, can be a vehicle to facilitate extension of knowledge and capacity development. This could help bring a clearer understanding of international expectations on responsible business and responsible investment.
- The OECD and FAO are expected to apply good practices and lessons learned from this pilot to ongoing programmes and to work more closely with relevant Committees to avoid duplication of efforts and create greater synergies. Given growing international expectations, there is no barrier to set up a programme jointly led by the OECD and FAO to further promote RBC in the agricultural sector. For example, EU law requires all relevant EU policies, including trade policy, to promote sustainable development, and modern EU trade agreements contain rules on trade and sustainable development.

- Interest in alignment assessment remains high. Using standard systems in due diligence process is not a silver bullet and can be improved, if aligned with internationally recognised frameworks like the OECD-FAO Guidance. Some of the industry initiatives in the pilot have already started a review of their standards to align with the OECD-FAO Guidance. CSOs also suggested to have a close look at where the benefits of meeting these standards are distributed, e.g. if farmers are awarded for their efforts.
- As industry multipliers can leverage their positive impact to advance legislation, engaging with them can help level the playing field. These multipliers may focus on different risks like investor concerns around operational risks, and consumer-facing company concerns around reputational risks – engagement should be reflected accordingly.
- A credible data collection to compare across different commodity chains is of great use for companies' bench marking, as well as for examining gaps in addressed risks to understand the root causes.
- Integrating more trade unions and small- and medium-sized enterprises (SMEs) into future activities was also encouraged.

Closing Remarks

Speakers

- David Hegwood, Senior Food Security Advisor, USAID, Chair of the Advisory Group
- Pascal Liu, Senior Economist, International Investment Team Leader, Trade and Markets Division, FAO
- Shivani Kannabhiran, Policy Advisor, Responsible Business Conduct Centre, OECD

Overview summary: The AG Chair briefly summarised the roundtable discussions and encouraged the OECD and FAO secretariat to keep up the momentum. The Secretariat thanked AG members, pilot participants and other stakeholders for their engagement and continued support.

Key takeaways:

- The participants highlighted the usefulness of the pilot project and requested OECD and FAO to continue promoting the recommendations of the OECD-FAO Guidance and other standards for responsible business conduct in the agricultural sector.
- Stakeholders reiterated the need for future activities to focus on meaningful implementation and real results, in collaboration with all stakeholders (in particular governments, civil society and workers).
- The OECD and FAO Secretariat will discuss the modalities of a global multi-stakeholder programme to support wide-scale uptake of the OECD-FAO Guidance and meaningful and measurable impact, drawing on the perspectives shared during this roundtable.
- All future activities and follow-up actions will require funding.

For further information, please read the [news release \(français\)](#) or visit <http://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm> and <http://www.fao.org/economic/est/issues/investment/guidance>.

[Brochure: How the OECD-FAO Guidance can help achieve the SDGs](#)