SHINING A SPOTLIGHT

A critical assessment of food and beverage companies' delivery of sustainability commitments

OXFAM

HAVE COMPANIES TAKEN MEANINGFUL STEPS TO IMPLEMENT COMMITMENTS THEY MADE IN RESPONSE TO OXFAM'S BEHIND THE BRANDS CAMPAIGN?

We shine a spotlight on their progress and find that while companies have taken action at the global level, progress stalls in translating those approaches to countries and through supply chains. There are positive examples and innovations happening in key sourcing countries. Particularly promising are implementation efforts that are locally owned and involve engagement between multinational and national companies, civil society, labour unions and governments. But key blockages must be addressed – including by providing the right incentives, disclosing suppliers and supporting suppliers to take up the agenda – to create change at scale.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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Etchi Avla, age 43, poses for a portrait as a manual labourer she hires opens cocoa pods on her cocoa farm in Botende, Côte d'Ivoire. © Peter DiCampo/Oxfam America

EXECUTIVE SUMMARY

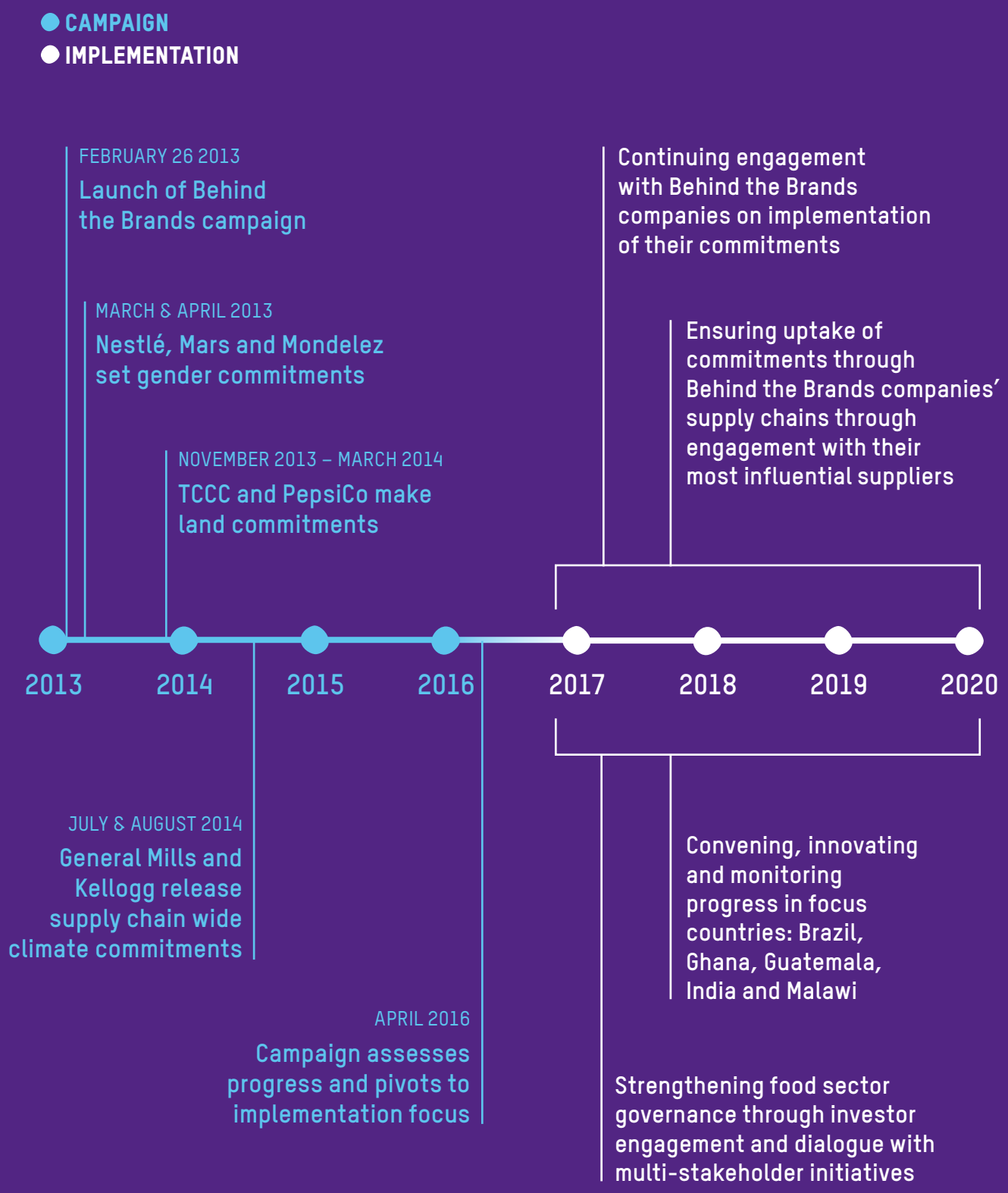
The coronavirus pandemic is exacerbating inequality and has further exposed vulnerabilities in the food system. In 2020, more than 270 million people experienced acute hunger, a staggering increase of 82% from before the pandemic.[1] Farmers and workers capture a fraction of the value of what they produce, yet food and beverage companies' revenues continue to skyrocket. While the food system is complex and its problems multifaceted, the world's largest food, beverage and agribusiness companies, as well as their suppliers and customers, have enormous influence over how that value is distributed and the power to elevate critical issues.

THE CORONAVIRUS PANDEMIC IS EXACERBATING INEQUALITY AND HAS FURTHER EXPOSED VULNERABILITIES IN THE FOOD SYSTEM.

Eight years ago, motivated by food price spikes and these long-standing challenges, Oxfam set out to change how the world's largest food and beverage companies do business. Between February 2013 and April 2016, the Behind the Brands campaign called on the world's 10 biggest food and beverage companies to adopt stronger social and environmental sourcing policies and spurred significant commitments on women's empowerment, land rights and climate change.[2] Mars, Mondelez and Nestlé committed to tackling gender inequality in their cocoa supply chains. The Coca-Cola Company (TCCC), PepsiCo and others declared zero tolerance for land grabs across all their supply chains. General Mills and the Kellogg Company pledged to fight climate change, setting science-based targets for reducing greenhouse gas emissions and eliminating deforestation in their sourcing.

Figure 1

KEY MILESTONES IN THE BEHIND THE BRANDS JOURNEY



Companies made landmark commitments, but have they taken action to make them a reality? For the past five years, we have advised and monitored companies and agribusinesses on the implementation of their commitments in Brazil, Ghana, Guatemala, India and Malawi specifically – recognizing that commitments are only a first step.

To shine a spotlight on companies' progress, Oxfam commissioned four external evaluations (two on women's economic empowerment, and one each on land rights and climate change) and updated our 2019 agribusiness scorecard. On women's economic empowerment, companies have produced gender assessments and action plans of variable quality that leave persistent gaps in addressing gender equality in supply chains. On land rights, companies have made significant progress in adopting and utilizing available frameworks and guidance at the global and headquarters level, but implementation is uneven within specific supply chains and geographies, as the task becomes increasingly complex. On climate change, companies have made progress on delivering targets in line with a 2°C global warming scenario by addressing agricultural emissions, and have also improved data and disclosure. But not all companies have kept pace with a 1.5°C global warming scenario, and serious action on deforestation remains elusive.

Implementation of commitments requires policy and practice change from suppliers, especially large-scale agribusinesses. As traders and processors of key commodities, agribusinesses command a huge global footprint and many dominate market share, yet several have policies that lag behind those of their peers and customers in the food and beverage sector. Oxfam first assessed seven agribusinesses' policies in 2019, using an adapted version of the Behind the Brands scorecard.[3] In our 2020 assessment, we have seen some small improvements in scores, particularly in the 'small-scale producers' and 'transparency and accountability' themes. However, the divide between the top performers and those at the bottom is widening.

GREATER TRANSPARENCY IN GLOBAL SUPPLY CHAINS PAVES THE WAY FOR NEW BUSINESS MODELS THAT EMPOWER SMALL-SCALE PRODUCERS AND WORKERS.

Implementation requires stamina from companies. Overall, we have found that while companies have taken important steps at the global level, progress stalls in translating those approaches to countries and through supply chains. There are positive examples and innovations happening in key sourcing countries. Particularly promising are implementation efforts that are locally owned and involve engagement between multinational and national companies, civil society, labour unions and governments. But key blockages must be addressed – including by providing the right incentives, disclosing suppliers, supporting suppliers to take up the agenda and advocating for more regulation – to create change at scale.

Transparency remains a core challenge. Companies largely treat transparency as a reporting requirement, rather than an opportunity to drive innovation and improvements and become more resilient through sharing and learning with peers and stakeholders. Greater transparency in global supply chains paves the way for new business models that empower small-scale producers and workers. It enables stakeholders to tailor context-specific and locally relevant solutions that respond and adapt to complex local realities. Without transparency, companies cannot hope to meet their human rights due diligence obligations.

Expectations that companies will meet these obligations continue to increase, driven by consumers, civil society organizations, investors, employees, governments and inter-governmental bodies. On human rights performance, the gap between the goals we need to meet and actual practice remains very large. As a result, a number of countries, particularly in the European Union, are crafting new laws to require human rights due diligence across companies operating in Europe. Specific regulations for supply chain human rights issues are already legally binding in California (US), the UK, France and Australia.

Eight years on from the start of Oxfam's campaign to fix the broken global food system, some of the ingredients of progress are there, but transformative action by big corporations and governments remains to be seen. A more resilient global food system requires urgent, systemic change. This change demands a move away from current business models, which are founded on short-term profit maximization, towards more holistic ones which internalize social and environmental performance and good governance. During the next decade – already dubbed the 'decade of delivery' by the United Nations – we must make progress on the systemic drivers of this inequality to protect the only planet we have and to ensure that small-scale farmers and workers get their fair share of the value they create. The global pandemic brings an opportunity for industry to recognize workers' and farmers' true value, and has shown that doing so would minimize food supply chain disruptions and strengthen business continuity.[4]

A MORE RESILIENT GLOBAL FOOD SYSTEM REQUIRES URGENT, SYSTEMIC CHANGE.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THREE THEMES IN FOCUS: WOMEN, LAND AND CLIMATE

As we look to secure a just recovery from the pandemic, food supply chains that are inclusive, equitable and sustainable can help lift millions of food producers out of poverty and fuel struggling economies. About 475 million farming households worldwide produce on plots of two hectares or less.[5] Increasing the economic opportunity, market power, productivity and self-reliance of these small-scale farmers is critical to reducing inequality in the global food system. Importantly, it can also drive a more sustainable food system.

Oxfam's Behind the Brands campaign (February 2013 – April 2016) specifically focused on three themes – women's economic empowerment, land rights and the reduction of agricultural emissions' contribution to climate change – which were identified as integral to achieving more socially responsible supply chains and as areas where company awareness was limited. While we saw significant commitments from some of the world's biggest food and beverage companies in these three areas, signalling both political will and practical intent, commitments to change are only a first step. Oxfam wants to know: have companies delivered on their commitments? We commissioned four external evaluations (two on women's economic empowerment, and one each on land rights and climate change) to shine a spotlight on companies' progress.[6]

WHILE WE SAW SIGNIFICANT COMMITMENTS FROM SOME OF THE WORLD'S BIGGEST FOOD AND BEVERAGE COMPANIES, COMMITMENTS TO CHANGE ARE ONLY A FIRST STEP.

Our topline findings are as follows. On women's economic empowerment, companies have produced gender assessments and action plans of variable quality that leave persistent gaps in addressing gender equality in supply chains. On land rights, companies have made significant progress in adopting and utilizing available frameworks and guidance at global and headquarters level, but implementation is uneven within specific supply chains and geographies, as the task becomes increasingly complex. On climate change, companies have made progress on delivering targets in line with a 2°C global warming scenario, by addressing agricultural emissions, and have also improved data and disclosure. But not all companies have kept pace with a 1.5°C global warming scenario, and serious action on deforestation remains elusive. Further details on companies' policies and the status of their implementation are outlined below.

WOMEN'S ECONOMIC EMPOWERMENT

Following the campaign, Mars, Mondelez and Nestlé publicly recognized that female cocoa farmers and women in cocoa communities are often invisible and excluded from household and farm decision-making opportunities. Women do much of the work in cocoa, as in many other commodities, yet see little of its value. All three companies committed to conduct and publish impact assessments to understand and show how women in their cocoa supply chains are faring, and then to put in place specific action plans to address the issues raised by the assessments.

Oxfam commissioned an independent evaluation to assess the completion and quality of the companies' gender assessments and the resulting action plans.[7] All three companies have published gender assessments; the evaluation finds that Mars' is the strongest and Mondelez's is the weakest. The gender assessments that fall short fail to give voice to cocoa-growing communities by engaging in and fully documenting participatory methods, and leave critical issues – like discriminatory employment practices affecting women workers – unaddressed. Gaps in the provision of gender-disaggregated data and publicly available information remain. Two of the three companies have developed action plans; however, in their sequencing and content the action plans bear little relationship to the challenges raised in the gender assessments, which undermines their intended purpose. Despite its commitment, Mars has yet to publish an action plan; it expects to do so in 2021.

WOMEN DO MUCH OF THE WORK IN COCOA, AS IN MANY OTHER COMMODITIES, YET SEE LITTLE OF ITS VALUE.

Table 1: Published gender assessments and action plans[8]

REPORT	NESTLÉ	MONDELEZ	MARS
Ghana		August 2019	December 2020
Ghana	January 2015	October 2018	
Côte d'Ivoire	July 2015	August 2019	December 2020
Côte d'Ivoire	January 2015	October 2018	
Indonesia			December 2020
Indonesia		October 2018	

Gender assessments Action plans

The companies have made significant efforts on gender equality since the commitments were made, but not all of that work has been publicly documented. More effort is needed to tackle the inequities and discrimination experienced by women cocoa farmers, both waged and unwaged. These shortcomings represent significant implementation failures since Oxfam's last evaluation in 2014.[9]

In addition to looking at companies' gender assessments and action plans in the cocoa sector, Oxfam commissioned an independent evaluation to assess company progress on implementation of the UN Women's Empowerment Principles (WEPs).[10] The WEPs, designed by the United Nations Development Fund for Women (UNIFEM) and the UN Global Compact to showcase best practice on women's rights and gender equality in private sector operations, are significant to Oxfam because of their reach and potential to track impact. Moreover, in the context of the pandemic there is extensive evidence that women are experiencing increased inequalities and gender-based violence, which will have lasting impacts on women in relevant supply chains across the globe.[11] Implementation of the WEPs provides one pathway to address this.

IN THE CONTEXT OF THE PANDEMIC THERE IS EXTENSIVE EVIDENCE THAT WOMEN ARE EXPERIENCING INCREASED INEQUALITIES AND GENDER-BASED VIOLENCE, WHICH WILL HAVE LASTING IMPACTS ON WOMEN IN RELEVANT SUPPLY CHAINS ACROSS THE GLOBE.

Over the course of the campaign or shortly afterwards, all companies except Associated British Foods signed up to the WEPs. The evaluation finds that most companies have taken initial steps to foster gender equality and women's economic inclusion. These include having codes of conduct, overall long-term strategies with measurable indicators, parental leave practices, supplier codes, and social investment programmes that address the empowerment of women, girls or entrepreneurs. However, the interventions that require significant effort or investment are often limited to headquarters or to some branches or national subsidiaries. They do not necessarily extend to all branches, country offices and through the supply chain (to factory workers, suppliers, farmers, etc.), where gender inequalities may be more pronounced. Moreover, some companies signed up to the WEPs without understanding the long-term commitment needed to implement each principle or recognizing the need to invest resources in data collection processes for monitoring, raising awareness among staff and building the capacity of partners along their supply chains.

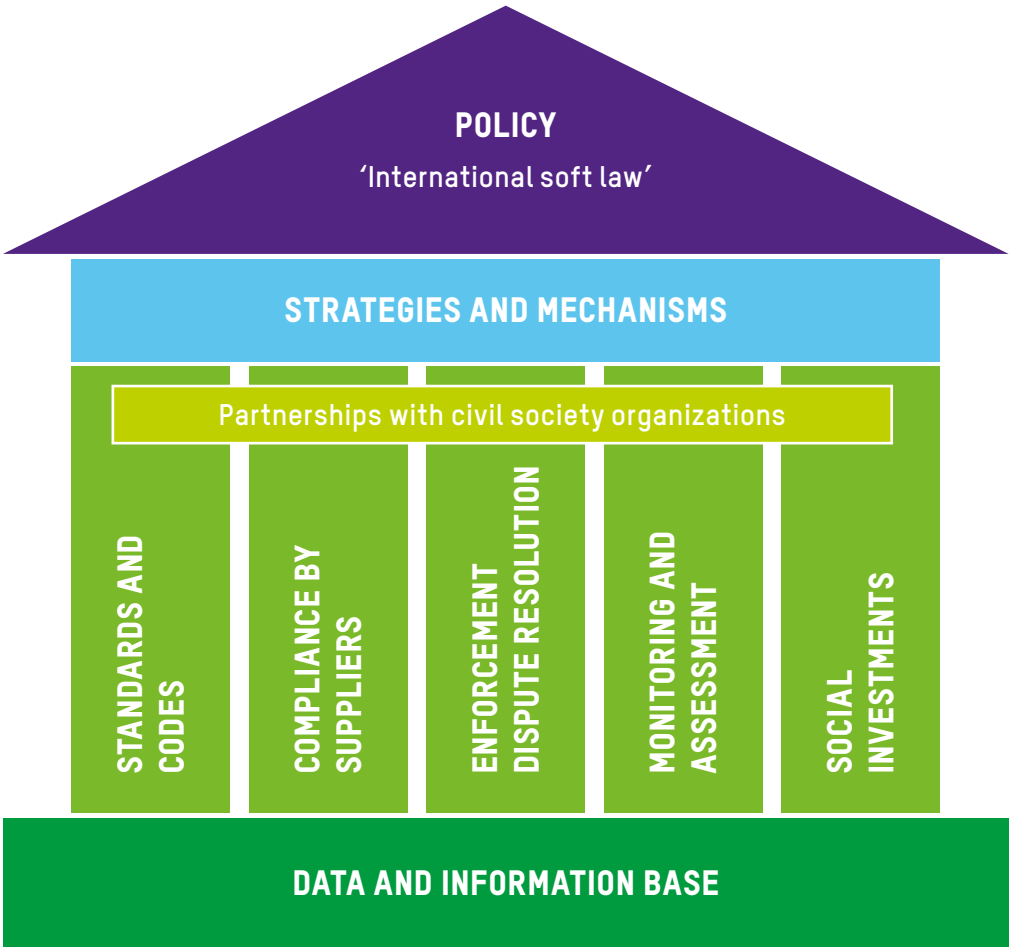
LAND RIGHTS

For many years Oxfam has joined allies around the world to raise the alarm on how a rush for land has been driving communities and smallholder farmers off their land and increasing hunger and human rights violations globally.[12] In 2013, very few companies had land rights on their agendas. Following the Behind the Brands campaign, The Coca-Cola Company, PepsiCo, Nestlé, Unilever and Associated British Food's subsidiary Illovo Sugar publicly recognized that communities are at high risk of being dispossessed of their land to make way for the production of sugar, palm and other ingredients. They all pledged to respect women's, communities' and smallholder farmers' land rights across their sourcing, and adopted provisions on free, prior and informed consent (FPIC). Most also committed to engage suppliers on land investment models, help remediate land conflicts and encourage governments to improve land governance.

An independent evaluation assessing implementation of these commitments shows that all companies have integrated provisions on land rights into their supplier requirements and guidance documents; there is also evidence of training programmes and support mechanisms to encourage suppliers to become compliant.[13] These governance structures have established a foundation for implementation, as depicted in the figure below. However, the evaluation finds that compliance with these codes, provisions and

standards is still largely based on voluntary commitments. This makes enforcement difficult. The result is low uptake of land commitments among the companies' suppliers, and mixed evidence of implementation progress across different locations.

Figure 2: Understanding company land governance frameworks[14]



A detailed analysis of companies' land policies and emerging practice is available in the independent evaluation.[15] Of particular concern is that the companies do not have sight of where new, risky land acquisitions are occurring in their supply chains until it becomes an issue of compliance. Knowing where their suppliers are acquiring land – before an investment occurs – would enable companies to prioritize enforcement of their FPIC and other policies in the places where communities are most at risk. It would also help them to reduce the incidence of long-running land conflicts linked to their supply chains, which are notoriously difficult to resolve. Two actions are being taken by companies that mediate against risky land acquisitions: developing partnerships with land rights NGOs, such as Landesa and Earthworm, for implementation support; and publicly disclosing information about their supply chains, which enables other stakeholders to monitor land rights violations and bring these to the companies' attention. Human and environmental rights NGOs acknowledge the value of company involvement in pressuring suppliers to change their land use practices.

OF PARTICULAR CONCERN IS THAT THE COMPANIES DO NOT HAVE SIGHT OF WHERE NEW, RISKY LAND ACQUISITIONS ARE OCCURRING IN THEIR SUPPLY CHAINS UNTIL IT BECOMES AN ISSUE OF COMPLIANCE.

Dang Thi Hong, 44, married mother of three sons, farms rice on eight sao of land (a sao is about 3,000sqm). She raises rice, pigs and chickens in Bao Cuong commune, Dinh Hoa district in the mountains north of Thai Nguyen city, Vietnam.
© Savann Ouerm/Oxfam America

CLIMATE CHANGE

The Behind the Brands campaign underscored how none of the major food and beverage companies were addressing greenhouse gas emissions from agriculture and land use change in their value chains, even though this was the most significant component of their carbon footprint.[16] As a result of the campaign, General Mills and Kellogg became the first food and beverage companies to set science-based emissions reduction targets that included 'Scope 3' agricultural emissions.[17] Since then, nine of the ten Behind the Brands companies have adopted science-based targets, responding to the growing urgency of the climate crisis and recognizing the importance of aligning their business to the Paris Agreement.[18] Most of them also committed to ending deforestation and exploitation in their supply chains by 2020.

An independent evaluation of progress by the companies finds that all nine companies with science-based targets now cover Scope 3 emissions – including those arising from land use change and deforestation – in their targets and reporting. All the companies also disclose emissions data across different agricultural commodities in their supply chains.[19]

However, about half of the companies' science-based emissions reduction targets remain aligned with a 2°C global warming scenario, which we now know is insufficient; only Mars, Unilever, General Mills and Nestlé align their targets to a 1.5°C limit. Although all companies except Mondelez have some

HALF OF THE COMPANIES' SCIENCE-BASED EMISSIONS REDUCTION TARGETS REMAIN ALIGNED WITH A 2°C GLOBAL WARMING SCENARIO, WHICH WE NOW KNOW IS INSUFFICIENT.

kind of due diligence system to ensure supplier compliance with a zero-deforestation commitment, none have a monitoring system in place for all commodities; outside of palm and timber, such systems are largely absent. Engagement with suppliers also remains a key weakness. Only Nestlé, Mondelez and the Kellogg Company provide financial incentives to suppliers who reduce emissions or comply with certain standards.

Table 2: Companies' science-based emissions reduction targets[20]

COMPANY	TARGET INTENSITY	TARGET DATE(S)
Mars	Aligned with 1.5°C scenario	2025 and 2050
Unilever	Aligned with 1.5°C scenario	2030
Mondelez	Aligned with a well below 2°C scenario	2025
The Coca-Cola Company	Aligned with 2°C scenario	2030
Danone	Aligned with 2°C scenario	2030
General Mills	Aligned with 1.5°C scenario	2030
The Kellogg Company	Aligned with 2°C scenario	2020, 2030 and 2050
Nestlé	Aligned with 1.5°C scenario	2030 and 2050
PepsiCo	Aligned with 2°C scenario	2030

In sum, we have found that while companies have taken important steps at the global level to make good on their commitments on women, land and climate, progress stalls in translating those approaches to countries and through supply chains. Common to the three themes is an implementation gap among suppliers. Food and beverage companies sit toward the end of massive value chains: to implement their own sustainability commitments, they must review their purchasing practices and work with and through their suppliers, all the way to the farm gate.

AGRIBUSINESS SCORECARD AND FINDINGS

As buyers and processors of agricultural goods, the agribusiness sector links directly to the people who produce the world's food. These intermediaries hold a market position and concentration that gives them significant influence over how commodities are bought and produced.

Figure 3: The high market concentration in food supply chains[21]

IN A WORLD WITH 7 BILLION FOOD CONSUMERS AND 1.5 BILLION FOOD PRODUCERS, NO MORE THAN 500 COMPANIES CONTROL 70% OF FOOD CHOICE.

Oxfam understood that the pledges by Behind the Brands companies would only be truly effective if global agribusinesses followed suit. Following the campaign, in 2019 Oxfam published its first assessment of seven agribusinesses – Archer Daniels Midland (ADM), Barry Callebaut, Bunge, Cargill, Louis Dreyfus Company, Olam International and Wilmar International Limited.[22] These agribusinesses were chosen because of their ties to food and beverage companies, their significance to trade in sugar, cocoa and palm oil, as well as their importance in lower-income country 'hot spots' for social and environmental challenges.

OXFAM UNDERSTOOD THAT THE PLEDGES BY BEHIND THE BRANDS COMPANIES WOULD ONLY BE TRULY EFFECTIVE IF GLOBAL AGRIBUSINESSES FOLLOWED SUIT.

N'Dri Chantal Konan, age 70, separates the pulp from cocoa in Allahteresekro, Côte d'Ivoire. © Peter DiCampo/Oxfam America

The 2019 assessment examined the same themes as the campaign (women, land and climate), in addition to small-scale producers and transparency and accountability. It used a scorecard to analyse how agribusinesses manage human rights risks and impacts across their supply chains, as well as how the sector is helping to improve producers' ability to earn a living income.

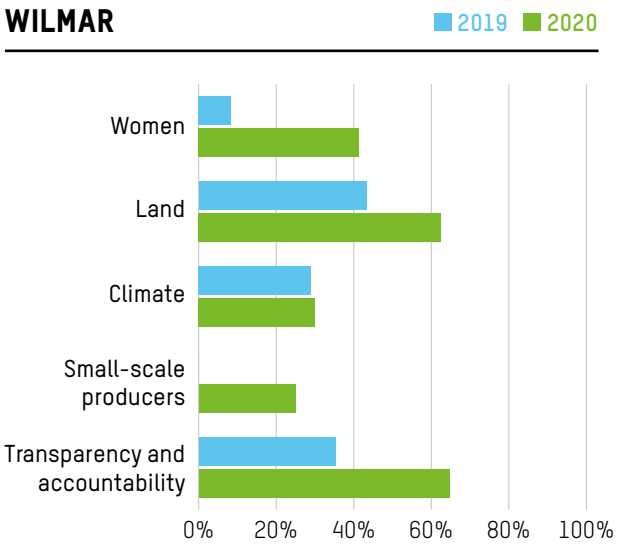
Initial scores showed that agribusiness suppliers lagged far behind their customers, the global brands. More than 90% of the agribusinesses' scores came out at below 50%, with the lowest scores seen on the themes of transparency and accountability, and small-scale producers. On the land theme, only four of the seven agribusinesses scored for integrating the principle of FPIC into their supplier codes, requirements or guidance to respect the rights of indigenous peoples. On the climate theme, only two agribusinesses had adopted science-based targets to reduce greenhouse gas emissions across their value chains.

Following the report, Oxfam continued to engage all seven agribusinesses to instigate a 'race to the top' on areas where the sector falls short. In 2020, Oxfam again assessed the seven agribusinesses using the scorecard, to gauge progress and highlight shortcomings.[23] A comparison of each company's score by year and theme is shown below.

MORE THAN 90% OF THE AGRIBUSINESSES' SCORES CAME OUT AT BELOW 50%, WITH THE LOWEST SCORES SEEN ON THE THEMES OF TRANSPARENCY AND ACCOUNTABILITY, AND SMALL-SCALE PRODUCERS.

Figure 4: Oxfam agribusiness scorecard results (2019 and 2020)

WILMAR



Across each theme and company, the 2020 scores show slight improvements compared to the 2019 assessment. The small-scale producer theme shows the biggest increase, followed by transparency and accountability. Some notable policy commitments since 2019 include:

- Olam has signed up to the UN Women's Empowerment Principles – the only major agribusiness to do so.
- Barry Callebaut, Cargill and Olam have all adopted emissions reduction targets that cover Scope 1, 2, and 3 emissions, although only Barry Callebaut and Olam base these on the stricter 1.5°C global warming scenario.
- Four out of the seven agribusinesses support low carbon and regenerative agricultural approaches.[24]
- All seven agribusinesses have made explicit commitments to support small-scale producers in their supply chains to increase their resilience and income.
- All seven agribusinesses now disclose the names and locations (site level) of suppliers along the value chain of at least one of their highest-risk commodities, including recent commitments by Barry Callebaut, Cargill and Olam to disclose their cocoa suppliers.

ALL SEVEN AGRIBUSINESSES HAVE MADE EXPLICIT COMMITMENTS TO SUPPORT SMALL-SCALE PRODUCERS IN THEIR SUPPLY CHAINS TO INCREASE THEIR RESILIENCE AND INCOME.

Despite the overall increases and some notable policy commitments, the scores remain low, with only Olam exceeding a 50% average across the five scorecard themes. The women, land and climate themes all saw the lowest average increases, indicating that pressure from customers has not moved the sector enough. And the divide between the top performers and those at the bottom is widening. Overall, the agribusiness sector continues to show a need for deeper policy commitments and implementation on key issues.

As shown in the tables below, there are distinct areas where suppliers continue to fall short of Behind the Brands company commitments, based on their scores in the 2020 agribusiness scorecard:

Tables 3-6: Comparison of companies' and agribusinesses' policies on women, land and climate

WOMEN	UN WEPs SIGNATORY	COMPANY-WIDE GENDER ACTION PLAN[25]	COLLECTION OF GENDER-DISAGGREGATED DATA[26]
Behind the Brands companies			
MARS	✓	✓	✓
MONDELEZ	✓	✓	✓
NESTLÉ	✓	✓	✓
Agribusinesses			
BARRY CALLEBAUT	✗	✗	✗
CARGILL	✗	✗	✗
OLAM	✓	✓	✓

LAND	FPIC POLICY COMMITMENT[27]	ENSURES ACCESS TO REMEDIATION[28]	COMPANY-WIDE LAND ACTION PLAN[29]
Behind the Brands companies			
COCA-COLA	✓	✓	✓
ILLOVO	✓	✓	✓
NESTLÉ	✓	✓	✓
PEPSICO	✓	✓	✓
UNILEVER	✓	✓	✓
Agribusinesses			
ADM	✗	✗	✗
BARRY CALLEBAUT	✓	✗	✗
BUNGE	✗	✗	✗
CARGILL	✓	✗	✗
LOUIS DREYFUS	✗	✗	✗
OLAM	✓	✓	✗
WILMAR	✓	✓	✗

CLIMATE

	SCOPE 3 EMISSIONS REPORTING	1.5°C SCIENCE-BASED TARGETS
Behind the Brands companies		
GENERAL MILLS	✓	✓
KELLOGG	✓	✗
Agribusinesses		
ADM	✓	✗
BARRY CALLEBAUT	✓	✓
BUNGE	✓	✗
CARGILL	✓	✗
LOUIS DREYFUS	✗	✗
OLAM	✓	✓
WILMAR	✗	✗

Given these gaps, Oxfam sees a clear need for the agribusiness sector to improve – and for the Behind the Brands companies to push them to do so. Without robust policies starting at the supplier level, commitments and actions from food and beverage companies risk losing credibility when it comes to delivering impact for the most vulnerable people in their supply chains.

Sade Rafiu, a female cocoa farmer and a local cocoa dealer, checks dried cocoa beans waiting to be sold in her store house in the village of Oke Agbede Isale near the Osun state town of Ilesa, Westen Nigeria. © George Osodi/Panos

LEARNING FROM IMPLEMENTATION

Implementation of commitments requires working with and through the agribusinesses, but also innovative approaches tailored to country contexts. For the past five years, Oxfam has worked with nearly 100 partners to advise and monitor food and beverage companies and agribusinesses on implementation of their commitments in Brazil, Ghana, Guatemala, India and Malawi.[30] We co-developed new models for implementation with companies, and pressed them when their practices fell short of their commitments. Across the countries, Oxfam saw promising efforts by companies, which demonstrated that implementation models that are locally owned and involve engagement between stakeholders can lead to systemic change. We also saw that companies still need to address key blockages – including providing the right incentives, disclosing suppliers and supporting suppliers to take up the agenda – to ensure that their commitments lead to impact for people.

WE CO-DEVELOPED NEW MODELS FOR IMPLEMENTATION WITH COMPANIES, AND PRESSED THEM WHEN THEIR PRACTICES FELL SHORT OF THEIR COMMITMENTS.

A man takes a sample of beans from numerous sacks of cocoa to make sure they are the appropriate size and volume at the COOPEBIA, Cooperative Entente de Le Bia, in Sankro, Côte d'Ivoire.
© Peter DiCampo/Oxfam America

Here are six reflections arising from Oxfam's efforts advising and monitoring companies on implementation of their commitments.

1 **Engagement between different value chain actors – including multinational companies, national-level companies, national and local civil society organizations, community leaders, labour unions and governments – creates space for developing innovative solutions.** Such engagement is particularly important in countries where civic space is constrained or where relationships between companies and civil society have historically been strained. Here, stakeholders will need to overcome a lack of trust before joint action is possible. It is important for communities, farmers and workers to have voice and decision-making power, and for them to help set the agenda.

AN ALTERNATIVE INVESTMENT MODEL

Malawi's Large-Scale Land-Based Investment Platform – chaired by the Malawi Confederation of Chambers of Commerce and Industry – provides a new space for the government, the private sector, traditional authorities and civil society to discuss land investments. It aims to advance more responsible and inclusive investment models, in part by focusing the conversation in Malawi on communities' rights and involvement in private sector investments. The steering committee comprises representatives from civil society and the private sector. The Coca-Cola Company and its supplier Illovo Sugar Africa have both participated in the platform.

As one example of its work, the platform partnered with Landesa to produce a case study on the Phata Cooperative[31] and hosted a learning event to promote the findings. The Phata Cooperative is an alternative investment model to a large-scale commercial estate. Smallholder farmers aggregated their small family landholdings into large blocks, governed by the cooperative, to grow and sell sugar cane to Illovo Sugar Africa. The case study documents how the farmers have retained land rights and contributed to their own economic and development success. The learning event attracted considerable press coverage in Malawi, generating headlines like 'Group for community participation in investments'. One participant from a company noted that Phata Cooperative provided a 'best practice example for us to follow'. This experience further demonstrates the broader impact that multinational companies can have in sourcing countries. Together with national companies, governments and civil society, they can help create space to advance a better model.

As the Traditional Authority Laston Njema of Southern Region of Malawi, Mulanje District-Limbuli, explains: 'The platform has come at the right time, as it aims to promote democracy and inclusion. Development should be one that reflects the will of the people in a community, which is what this platform is promoting. It is unlike in the past, where developments were imposed on people. The platform needs to be strengthened so that it can continue advocating for participatory processes when developments come to an area.'

2 **Lack of transparency continues to be a roadblock to greater progress.** Experience across countries shows that it is not possible to build connections and dialogue between value chain actors without adequate information about which companies source from which suppliers, and where. Especially for frontline workers, farmers, affected communities and rights holders, it is essential to have insight into who the value chain actors are, and what opportunities for engagement and redress exist up and down the value chain. Greater transparency on supply chains by countries and regions also helps supply chain actors – including governments, civil society, unions and companies themselves – to know where the risk to people is high, and thus where to focus their efforts.

> **'Transparency can be a catalyst to drive changes in supply chains but it can only be realized if there is closer collaboration and more trust between companies, farmers and workers, and civil society. Through our AtSource platform, Olam is continuing to develop greater transparency in our supply chains and to work closely with customers and stakeholders to focus on actions that deliver tangible, lasting impact.'**
>
> Dr Christopher Stewart, Global Head of Corporate Responsibility and Sustainability, Olam International Ltd.

Recent research in Brazil[32] on labour rights issues in fruit supply chains confirms that civil society and trade union groups can be the 'eyes and ears' on workers' rights. Companies should view civil society and unions as a valuable source of up-to-the-minute information about risk in their supply chains, which would enable them to better manage risk to people, the environment and the company. But opaque supply chains hamper engagement among stakeholder groups, leaving human rights violations unaddressed. This finding is consistent with Oxfam's experience and its research on human rights in supply chains in sugar cane production in India.[33]

SUPPLY CHAIN DISCLOSURE – A MIXED PICTURE

Many food and beverage companies and agribusinesses disclose their tier-one palm oil suppliers. Nestlé goes further. It discloses its suppliers – and other supply chain data – for 15 priority commodities. According to the company, this covers 95% of its sourcing of raw materials each year.[34] Unilever also discloses its tea, cocoa, soy, and paper and board suppliers.[35] Other food, beverage and agribusiness companies don't disclose suppliers of other commodities at the same level as for palm oil, even for high-risk commodities such as sugar. In 2013, The Coca-Cola Company committed to publish the names of all of its direct cane sugar suppliers.[36] Nearly a decade later, it has yet to fulfil this commitment.

3

Local ownership of companies' sustainability efforts promises better results. When companies locate staff and resources where the work is needed most, their implementation efforts are more locally rooted and more relevant. Illovo Sugar Africa created the position of 'Land Champion' in each of the six countries where it operates. Land Champions tailor implementation of the company's land commitments to the local context. They strive to strengthen the company's relationships with civil society and communities, and have taken steps such as establishing grievance mechanisms and boundary retracement.[37] We also see benefits when the global company staff responsible for engaging on particular thematic issues are based in sourcing countries or regions, as seen with The Coca-Cola Company deploying global human rights leads in countries or regions such as Brazil or Southern Africa.

> **'Our work touches lives in every corner of the globe and our daily operations are complex and multifaceted. For The Coca-Cola Company, creating a diverse and inclusive local workforce, on the ground locally in the countries in which we operate, is an important business priority that fosters greater connection to the communities we serve.'**
>
> Michael Goltzman, Global Vice President, Public Policy and Sustainability, The Coca-Cola Company

4

Greater integration of and incentives for sustainability are needed across global management systems. Staff responsible for sourcing and procurement within companies play a significant role in ensuring that companies deliver on sustainability policies in countries where they source raw materials. Yet in most cases, companies' procurement teams are divorced from their sustainability teams. The result is a mismatch in goals, with procurement teams focusing on price, quantity and stability of supply. A promising practice is to merge functions, so that staff responsible for procurement are also responsible for sustainability. Mars' chief procurement officer is also the company's chief sustainability officer. He has played a role in elevating key sustainability issues, such as farmer income, and integrating them into the company's goals.[38] Unilever's global vice president of integrated social sustainability is part of the supply chain function, and the company's new corporate strategy aims to integrate sustainability into all parts of the business.[39] Greater functional integration will lead to sustainability being more fully embedded in the core of the company's business. Companies must take care to ensure that integration happens on an equal footing, mitigating the risk of sustainability being subsumed under procurement.

> **'The only way business can become truly sustainable is by changing what, how and where we buy. Procurement must be at the heart of sustainability strategy and action. That's why Mars has united our sustainability and procurement functions to advance the radical changes that are needed in our sourcing plans.'**
>
> Barry Parkin, Chief Procurement and Sustainability Officer, Mars

> **'Businesses thrive when they serve all their stakeholders: consumers, employees, suppliers, partners, and those who make up the extended value chain. By fully integrating our business and sustainable living objectives into one, unified strategy – the Compass – we aim to demonstrate that being a purpose-led, future-fit business drives superior performance. Accountability and responsibility for the delivery of our sustainability commitments spans across the business, as we will only be successful if every Unilever employee, and those connected to us, joins us in this journey.'**
>
> Rebecca Marmot, Chief Sustainability Officer, Unilever

Furthermore, procurement and management systems lack incentives and key performance indicators (KPIs) on sustainability. Suppliers and companies' procurement staff alike need to be held accountable to – and rewarded for delivering on – the companies' sustainability commitments. Tools to hold suppliers accountable could include time-bound improvement plans, accompanied by triggers for suspension. Incentives could include longer-term contracts, higher payments or covering the costs of transformation.

5

Supplier engagement is foundational to implementation in countries, and is best done pre-competitively.[40] To implement their sustainability commitments, food and beverage companies need to ensure that their suppliers – the agribusinesses, as discussed previously, but also smaller suppliers and nationally or regionally owned companies – have the right policies and practices in place to advance women's economic empowerment, respect human rights and land rights, and mitigate agricultural emissions. Since they share many of the same suppliers, there are opportunities for companies to engage pre-competitively on improving suppliers' sustainability performance.

When problems arise in supply chains or with specific suppliers, the best results often emerge when multiple big buyers work together to address issues and resolve challenges. Food and beverage companies' collective leverage can incentivize faster, longer-lasting, systemic change. They can bring their suppliers to the table, and also engage other stakeholders – governments, civil society, unions – on solutions.

Contrast this approach with disengagement. When problematic suppliers are dropped by a single customer, they are likely to continue sourcing for others – but with less visibility and less pressure to improve their practices. The result is affected communities losing access to remedy. To be sure, for pre-competitive engagement to be effective, food and beverage companies need to be willing to suspend ties or walk away from suppliers. But companies should only take that step when they have exhausted all potential sources of joint leverage.

THE CASE FOR BUYER ENGAGEMENT

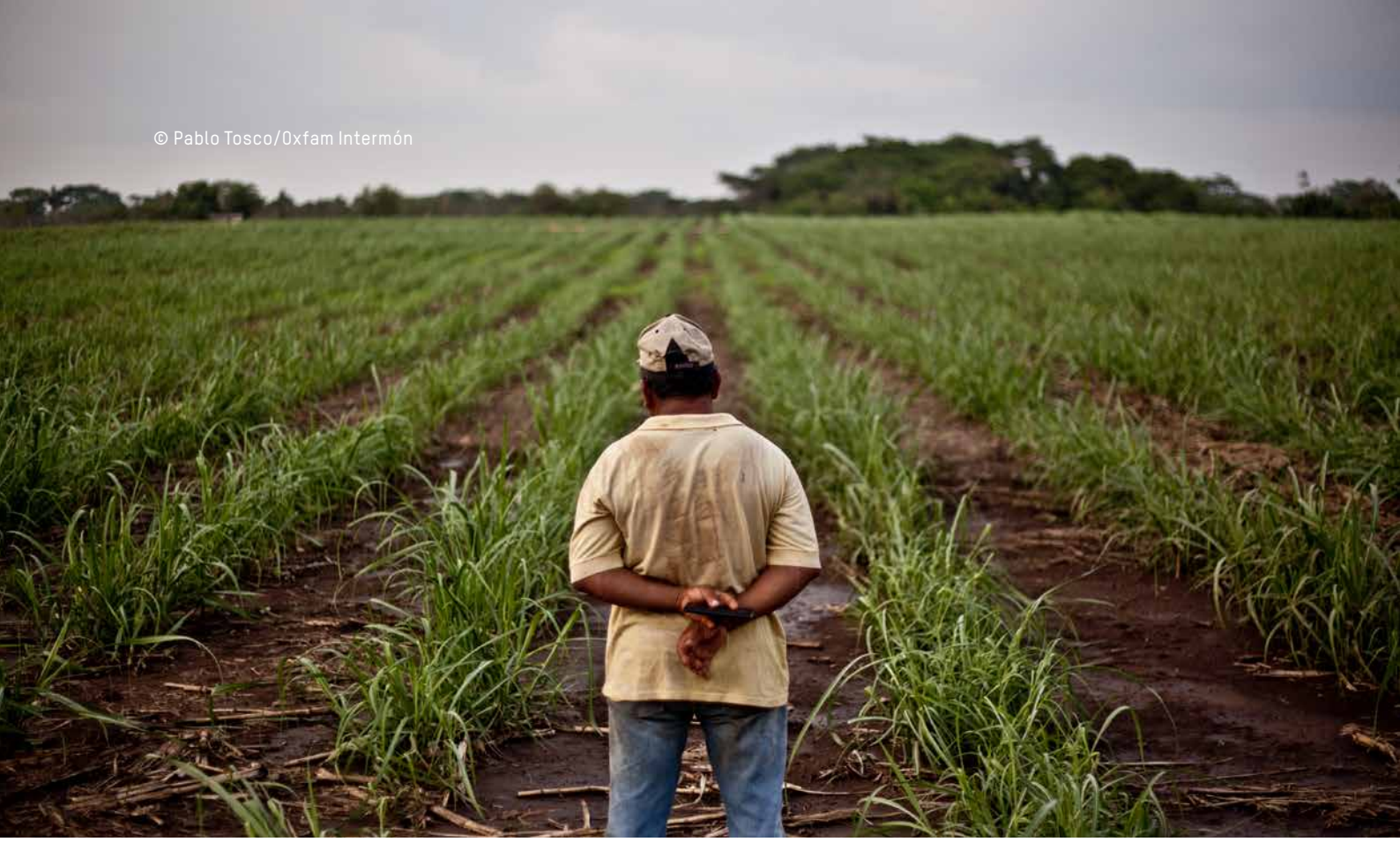
In 2015, Guatemala's Pasión River became dangerously contaminated, allegedly due to a toxic effluent spill by Reforestadora de Palmas de El Petén SA (REPSA), a Guatemalan palm oil company. In the wake of attacks against local workers and activists, several NGOs pushed buyers, including Cargill, Wilmar and Nestlé – three companies with supply chain relationships to REPSA – to get REPSA to improve its policies and practices.[41] All three global companies have strong sustainability policies that cover their entire value chains. As buyers, they have the leverage, and the responsibility, to ensure that their suppliers are living up to their high expectations.

These companies required REPSA to strengthen its policies both in response to the spill and to ensure its compliance with their own No Deforestation, Peat and Exploitation (NDPE) policies for palm oil. While REPSA made certain improvements, progress wasn't sufficient or straightforward. Cargill, Wilmar and Nestlé thus suspended or stopped sourcing,[42] pending REPSA making improvements such as adopting and implementing a more responsible palm oil policy, proactively engaging local civil society and developing a grievance mechanism. Oxfam also played a role in this process, engaging with REPSA in Guatemala on how to improve, as well as with global buyers to demand accountability.

While REPSA, like the broader palm oil sector in Guatemala, has a long way to go, this approach has yielded results. In addition to changing its policies and how it engages with civil society, REPSA has also improved its awareness of workers' rights and gender justice, and committed to greater transparency. In a recent assessment by Oxfam of the policies of palm oil companies in Sayaxché, Guatemala, REPSA's policies were considerably stronger than those of its peers in the region.[43] As a result of REPSA's progress, commercial engagements resumed: Nestlé ended its suspension of REPSA in October 2020 and Cargill did so in January 2021.

This case demonstrates the importance of buyers using their leverage to continue to engage with suppliers even when suppliers fall short, and using those failures as a pathway to push for reform. This approach is consistent with the UN Guiding Principles on Business and Human Rights, which state that, 'If [a] business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it.'[44] It is also important that buyers have credible and transparent processes to address instances of non-compliance in their supply chains through their sourcing strategies.

THIS CASE DEMONSTRATES THE IMPORTANCE OF BUYERS USING THEIR LEVERAGE TO CONTINUE TO ENGAGE WITH SUPPLIERS EVEN WHEN SUPPLIERS FALL SHORT, AND USING THOSE FAILURES AS A PATHWAY TO PUSH FOR REFORM.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6 **Gender, land, climate and other sustainability issues are interlinked: companies need to take a rights-based approach to address the underlying systemic dynamics.** Recent research shows that secure land rights lead to less deforestation,[45] and so protecting forests requires protecting the rights of indigenous peoples and local communities. Likewise, advancing women's economic empowerment in value chains often requires addressing inequities in access to land, legal recognition (as farmers) and ensuring a living income, which depends on smallholders having adequate resources to manage the risks of growing food crops. Common to these examples is the interrelated nature of sustainability issues. Rather than choosing a sustainability issue and designing an intervention to address it, companies should look at systems holistically. They must prioritize the issues that affected communities and workers find most salient, while seeking to address the root causes of the challenges.

THE NEED FOR SYSTEMIC CHANGE

India is one of the largest producers and consumers of sugar, and the sector is rife with social and environmental challenges. These include low wages, bondage-like conditions for contract workers, women farmers having limited decision-making power, limited awareness among farmers of trade unions, ineffective grievance mechanisms, and water contamination from sugar mills and distilleries. Oxfam documents these and other challenges in its report, *Human Cost of Sugar: A farm-to-mill assessment of sugar supply chain in Uttar Pradesh*.[46] Oxfam highlights how it is an entire system that needs to change, as companies tackling the issues piecemeal won't address the root causes or interrelated nature of the problems. Since publishing the study, Oxfam has hosted dialogues with companies and civil society about the findings and approaches to address them, together and holistically.

THE ROLE OF COMMODITY ROUNDTABLES AND MULTI-STAKEHOLDER INITIATIVES

Governments have a duty to protect people from rights abuses. However, where governments fail or are unable to tackle abuses, which is often the case in long global supply chains like cocoa, sugar cane or palm oil, companies often look to formal multi-stakeholder initiatives (MSIs) as a way to drive sustainability across their commodity supply chains.

A recent report by MSI Integrity calls into question the efficacy of MSIs in delivering a human rights agenda, concluding that, 'MSIs are not effective tools for holding corporations accountable for abuses, protecting rights holders against human rights violations, or providing survivors and victims with access to remedy.'[47] While MSIs are never an adequate substitute for binding legislation, they can play a role in promoting more responsible practice by companies. MSIs have the attention of a relatively large number of companies: they can push sustainability widely across commodity value chains. According to MSI Integrity, MSIs can also deliver learning, foster experimentation and help build trust among stakeholders, but there is a need for the role of MSIs to be 'more accurately articulated and understood'.[48]

GOVERNMENTS HAVE A DUTY TO PROTECT PEOPLE FROM RIGHTS ABUSES.

Among issues like cost sharing, transparency and verification, Oxfam contends that to be legitimate and effective, MSIs must seek out the voice and participation of the most materially affected stakeholders. These stakeholders should inform which issues MSIs prioritize and how they implement their standards. Organizations like Oxfam can help. Over the course of the past year, Oxfam has supported rural unions in Brazil, enabling farmers to participate in public consultations by the Rainforest Alliance and Bonsucro. For the first time, these farmers were able to input into the design of the certifications which directly impact their lives and livelihoods.

RISING EXPECTATIONS

Companies will need to apply these lessons with greater attention and urgency, as expectations for their improved human rights performance continue to rise – driven by consumers, employees, investors, civil society organizations, governments and inter-governmental bodies. Even companies themselves are calling for a 'great reset'.[49] It is not enough to focus on harm avoidance while delivering on shareholder expectations; instead, companies must contribute positively to broad-based development and deliver value to a wider range of stakeholders.

Research shows that consumers are changing their spending habits as demand for ethical and sustainable products grows. According to a Consumer Goods Forum and Futerra survey, 70% of shoppers are more interested in product transparency than in choosing their 'favourite' brand, and there is mounting evidence that companies with strong environmental, social and governance (ESG) credentials outperform their competitors.[50] Employees are increasingly motivated to work for responsible companies, and internal environmental and social activism is a growing trend. Employees have become a 'new corporate conscience' and, together with investors, wield considerable power, given the threat that they may take their talents or dollars elsewhere.[51]

RESEARCH SHOWS THAT CONSUMERS ARE CHANGING THEIR SPENDING HABITS AS DEMAND FOR ETHICAL AND SUSTAINABLE PRODUCTS GROWS.

Investors also recognize the high financial risks attached to poor environmental and social performance. US institutional investors, including public pension funds in California, Connecticut, Illinois, New York and Rhode Island, and asset managers such as BlackRock[52] and State Street,[53] are pushing companies to minimize the negative environmental and social impacts of their supply chain operations across sectors. Although these asset managers still have a long way to go, average support for ESG resolutions filed at annual meetings is trending upwards.[54]

While ESG has been governed through a raft of voluntary (inter)national standards and guidelines, the tide is turning toward mandatory reporting standards, regulation and enforcement.[55] A number of countries, particularly in the European Union, are crafting new laws to require human rights due diligence (HRDD) across companies operating in Europe. Specific regulations for supply chain human rights issues are already legally binding in California in the US, the UK, France and Australia. Major food and beverage companies, including Nestlé and PepsiCo, are joining calls for mandatory HRDD legislation and urging competitors to do the same.[56] However, many companies have worked against measures that would require legal liability and give teeth to such legislation. A proposal in Switzerland to make multinational companies headquartered in the country liable for human rights violations and environmental damage committed by their subsidiaries abroad failed in a referendum in November 2020. The proposal was promoted by a coalition of over 130 civil society organizations but faced strong opposition from the business sector and the Swiss government.[57]

The coronavirus pandemic should be a wake-up call for company leaders to double down on efforts to address inequality, biodiversity loss and worker vulnerability. A key question is the extent to which companies will continue to focus on these issues, given increasing financial pressures and an economic downturn. In the face of disruption and uncertainty, companies in the food, beverage and agribusiness sectors will need to be increasingly agile and resilient. Companies that take steps now to become fit for the future will have an advantage over others who leave it until later. Industry organizations and sectoral platforms can leverage this urgency to create space for leading companies to raise the bar in industry-wide efforts. Investors and shareholders can also seize this opportunity for transformational change by better integrating ESG metrics and driving capital into more sustainable business strategies.

A KEY QUESTION IS THE EXTENT TO WHICH COMPANIES WILL CONTINUE TO FOCUS ON THESE ISSUES, GIVEN INCREASING FINANCIAL PRESSURES AND AN ECONOMIC DOWNTURN.

REALIZING A LIVING WAGE FOR WORKERS

Research for Oxfam – undertaken by the Bureau for the Appraisal of Social Impacts for Citizen Information (BASIC) – analysed the value chains of 12 raw agricultural products around the world.[58] The products come from a range of producing countries spanning the Asian, African and Latin American continents, and include examples of both small- and large-scale production. In none of these examples are the average earnings of small-scale farmers or workers enough for a decent standard of living, sufficient to realize their basic human rights. In some cases, they fall well short.

Failure to pay a living wage/income has begun to cost companies their workforce. As entire sectors of agricultural production become financially unsustainable, workers look to other industries which pay more. Payment of a living wage would enhance supply chain resilience, enabling companies to better withstand disruptions like those caused by the coronavirus pandemic and climate change. There are several commonly cited challenges to adoption of a living wage, including the business case needed to convince functions across the company and its leadership to go above the legal minimum wage or minimum price, and that government action is needed to bring minimum and living wages into line. Another challenge is that calculation of a living wage depends on jurisdiction, but while this may be true, there are now several resources that can assist companies with calculation.[59]

Sustainalytics has coordinated an investor statement, signed by 35 institutional investors, on the importance of companies integrating living wages and living income practices into their supply chain management.[60] This shows that payment of a living wage is a growing expectation among investors.

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KEY TRENDS IN THE GLOBAL FOOD SYSTEM

Looking forward, there are some key trends which we believe will have the greatest impact on the workers, women and small-scale farmers who create much of the value in global supply chains.

1. **The consequences of the pandemic are exacerbating inequalities.** Its economic impact threatens to shrink the global economy by 2.5% in 2020 alone[61] and has resulted in job losses, downward pressure on salaries and the prices producers receive for their goods, and in many cases deteriorating working conditions due to pressure to cut costs.

2. **The risks of complex and opaque supply chains are increasingly evident**, strengthening calls for greater transparency and localization, and highlighting the need for shorter or less complex supply chains to better manage risks beyond the first tier.

3. **The nature of work is changing**. Automation and the use of high-end technology risks job losses for workers, widening inequality and wage gaps, and the exclusion of smaller local producers from value chains.

4. **New tracking technologies** offer opportunities for greater traceability, transparency and more decentralized sourcing, but also pose the risk of market exclusion for smallholders if the rise of new technologies isn't accompanied by greater access.

5. **Climate change** will further affect what type of food can be grown where, widening divides in agricultural supply chains and leaving low-income producers and workers who cannot adapt even more vulnerable.

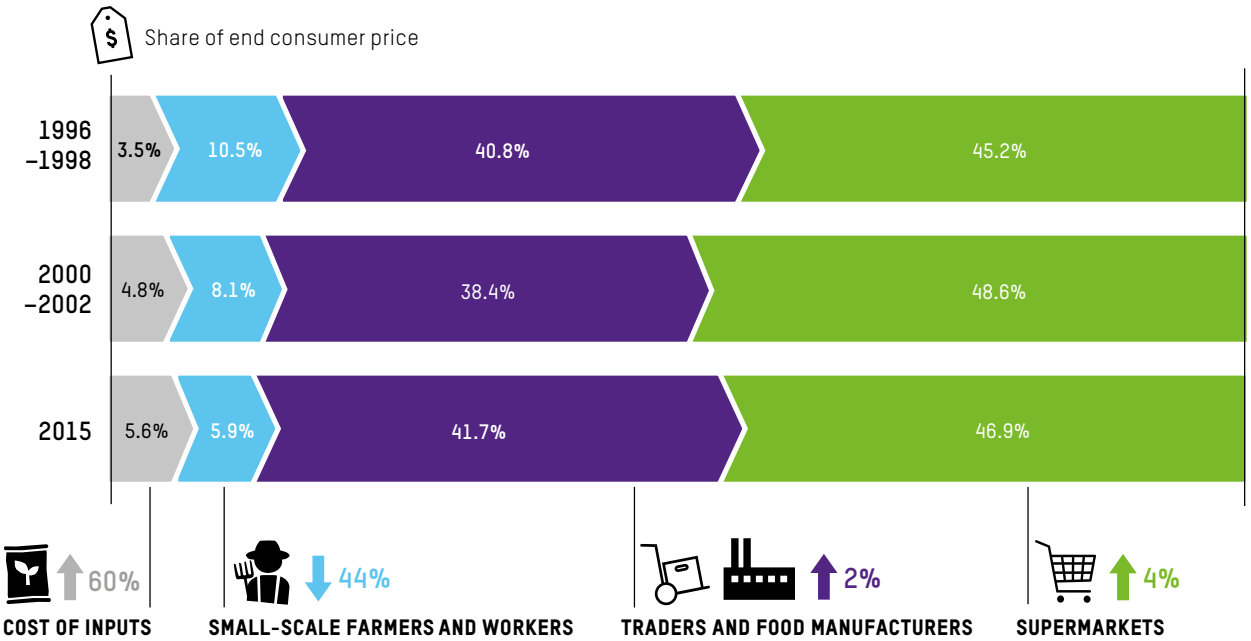
6. **Declining biodiversity affects ecosystem services** including clean water, fresh air, pollination, nutrient cycling, climate regulation, flood defences and more, threatening the fundamentals of the food system.

7. **Competing land use** from both 'mainstream' and 'sustainability-linked' uses, such as renewable energy projects or nature-based solutions, puts pressure on the rights of smallholders and communities.

THE DECADE AHEAD

During the Behind the Brands campaign and through their work on implementation, companies made progress on several fundamental issues touching the lives of people in the food system. But we did not see sufficient change in the entrenched issues that continue to drive inequality in supply chains. In the decade ahead – already dubbed the 'decade of delivery' by the United Nations – companies must make progress on the systemic drivers of this inequality, including climate change, to ensure that small-scale farmers, workers and communities maintain access to their resources and receive their fair share of the value they create.

Figure 5: Farmers' and workers' plummeting share of value



Weighted average of basket of the following products: avocados (Peru), bananas (Ecuador), canned tuna (Thailand), cocoa (Côte d'Ivoire), coffee (Colombia), orange juice (Brazil), rice (Thailand), shrimp (Vietnam), tea (India), tomatoes (Morocco)

The events of the past year have only underscored the urgent need to tackle the global inequality crisis, from COVID-19 to climate disasters, to protests to end systemic racism and promote racial justice. While companies are becoming more aware of inequality and their contributions to it – and have continued to make commitments around human rights and sustainability – the food system is becoming increasingly concentrated. We have seen that farmers' share of the end consumer price of a typical food basket has decreased by 44% since 1998, while input suppliers, traders, food manufacturers and supermarkets have all increased their share.[62] The rights and livelihoods of the 2.5 billion people engaged in smallholder agriculture globally are at risk as more land is concentrated in the hands of the business

elite, allowing them to capture the benefits from it.[63] This global inequality crisis has seen the power and financial reward of big business and other owners of capital increase at the expense of ordinary people, including those who grow and process our food. As highlighted in the figure below, market concentration in the agrifood sector has reached new extremes in all areas of the food supply chain.

Figure 6: Rising concentration in food supply chains

i Bayer-Monsanto, Dupont-Dow, and Chem-China Syngenta. Source: Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. **ii** S.J Lowder, J. Skoet, T. Roney. (2017). The Number, Size and Distribution of Farms, Smallholder Farms and Family Farms Worldwide. World Development, 87, 16–29. UN Food and Agriculture Organisation. (2008). The State of Food and Agriculture 2008. Rome: FAO. **iii** Archer Daniels Midland (ADM), Bunge, Cargill and Louis Dreyfus Co. Source: Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. Op. cit. **iv** Friends of the Earth Europe, Heinrich Boll Foundation and Rosa Luxemburg Foundation. (2017). Agrifood Atlas: Facts and Figures about the Corporations that Control what we Eat. **v** Ibid.

Inequality will continue to define the next decade. The most recent Edelman Global Trust survey identified inequality as the primary issue capturing the public imagination.[64] Three major topics on the agenda for the corporate sector in the decade ahead are climate change, biodiversity and inequality.[65] Companies are more advanced in preparing for a step change on climate change and biodiversity. Yet despite the urgency, there is little real action on the issue of inequality.[66]

Through the implementation phase covered in this report, Oxfam has worked with companies to develop models to implement global commitments, including efforts to drive progress deep into practice in the Global South. In so doing, we have tested several initiatives that serve to advance an inequality agenda. From these efforts, a vision for more equitable and resilient supply chains is emerging. In particular, this vision requires moving away from current business models, which are founded on short-term profit maximization, towards more holistic business models which value and internalize social and environmental performance and a greater voice for stakeholders in governance. It also means holding to account those who have the most power in the system.

FROM THESE EFFORTS, A VISION FOR MORE EQUITABLE AND RESILIENT SUPPLY CHAINS IS EMERGING.

Foundational to this vision is that small-scale farmers, workers and their communities have greater influence over food value chains: that their rights are respected, they retain their land and resources, they receive a fair share of value, and they are more resilient to shocks caused by climate change, pandemics or other forces. In this new system, income rather than productivity is the benchmark for farmer-oriented support. There is greater equality and equity between men and women and for marginalized groups in food value chains, including in opportunities, in respect for rights, in pay, and in influence in political space. Companies champion system-oriented strategies to achieve scalable and sustainable change for entire communities, instead of predominantly undertaking resource-intensive interventions targeted at specific groups of farmers. Governments around the world enforce laws and provide regulation to protect the rights of communities.

Now is the time for the food sector to move from the gradual adoption of good practices toward faster, more fundamental transformation. As long as shareholder primacy takes precedence over social value, we will be stuck with partial solutions. Short-term profits and disproportionate shareholder returns are irreconcilable with investing in economically resilient supply chains or achieving true social and environmental sustainability.

NOW IS THE TIME FOR THE FOOD SECTOR TO MOVE FROM THE GRADUAL ADOPTION OF GOOD PRACTICES TOWARD FASTER, MORE FUNDAMENTAL TRANSFORMATION.

Real progress requires both industry-wide collaboration and individual leadership by companies. Leadership entails adopting systemic approaches to advancing equality in value chains, to working across intersectional issues, and to collaborating with all stakeholders to demonstrate that another way of doing business is possible. Realizing climate ambition requires not just investments in direct operations but also shifts in food and land-use systems to address the multiple and interlinked challenges of climate change, food security, farmer livelihoods and land rights. Companies that address these interlinked challenges and their underlying causes will be ahead of the curve in meeting the growing demand for stronger social and human rights performance. Governments and investors also need to take action to create a level playing field and strengthen human rights performance. The global pandemic brings an opportunity for industry to recognize workers', women's and farmers' true value and reshape the global food system. More is at risk, and yet more is possible than ever before.

RECOMMENDATIONS FOR THE WAY FORWARD

We outline how stakeholders – companies, investors and governments – can contribute to a more equitable and resilient global food system.

COMPANIES

A new way of doing business:

- Redefine corporate purpose (at the board level) to include a company's stakeholders, including workers, consumers and affected communities, in addition to its shareholders.
- Require non-financial objectives for companies' strategy based on ESG criteria (i.e. the wellbeing of people, communities and the environment) and embed this in supplier management; monitor and publicly report on progress in suppliers' performance; integrate policies into the KPIs of buyers, recognizing trade-offs and prioritizing positive environmental and social performance.
- Exercise preferential sourcing from suppliers that safeguard the environment, guarantee a living wage/income and that give greater voice, power and value to workers, women and farmers through the ownership and governance structure of their business.
- Make a commitment to eliminate commercial and trading practices that place undue levels of risk and pressure on suppliers to cut costs. This should include setting appropriate pricing based on sustainable production costs, and providing long-term, predictable and transparent contracts and payment terms for suppliers.
- Implement commercial and trading practices that promote new business models, such as worker cooperatives, benefit companies and social enterprises, that protect and restore the environment, strengthen communities' and women's rights, and share value with employees or workers in the supply chain. Track results using gender-disaggregated data.
- Ensure full transparency and traceability across supply chain tiers and extend supplier disclosure to the farm level.

Human rights and transparency:

- Adopt a comprehensive and transparent human rights due diligence (HRDD) approach that engages rights holders meaningfully and applies a gender analysis throughout.
- Embed human rights responsibilities in corporate governance and the company's purpose, and ensure that respect for human rights is measured and managed, with regular progress reports issued by companies.

- Create or participate in effective and operational-level grievance mechanisms for employees, workers and affected communities across supply chains and address barriers to access; ensure that suppliers do the same, and track progress.
- Align government advocacy – including through lobbying and trade associations – to responsibilities under the UN Guiding Principles on Business and Human Rights (and development and implementation of National Action Plans) and ambitions for Sustainable Development Goals.
- Advocate for and engage with governments and peers to take necessary action to address land inequality and to ensure that smallholders secure their land titles.

Climate justice:

- Accelerate the implementation of science-based emissions reduction targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels, prioritizing action in operations and in agricultural supply chains, with clear interim milestones and disclosure.
- Eliminate deforestation and exploitation from supply chains.
- Address climate risk supply chains by developing strategies that build the resilience of small-scale farmers and communities and drive value chains that give greater voice, power and value to workers and farmers.
- Advocate for public policies that incentivize stronger climate action and support agricultural and land use models such as agroecology and landscape approaches.

INVESTORS

- Elevate assessment of social risks and impacts to levels similar to those afforded to environmental and governance risks.
- Align ESG policies with mainstream investment processes and risk management frameworks.
- Become ESG stewards, actively engaging companies on ESG risk management and impact.
- Signal the importance of commitment to gender equity and human rights across all companies in your investment portfolios.
- Encourage companies to replace a shareholder primacy model with a stakeholder value one.
- Ensure that environmental and social impacts (direct and indirect) are a priority for board-level oversight, and factor into assessment of management performance.
- Use economic power to encourage the adoption of robust, national-level regulations that advance better corporate conduct on environmental and social issues across value chains.

GOVERNMENTS

Protect human rights vis-à-vis the private sector:

- Require that companies disclose human rights risks, support mandatory human rights due diligence across their supply chains and ensure legal accountability.
- Require that companies pay living wages to workers and living income to smallholders, provide safe and healthy working conditions, and support collective bargaining rights and engagement with independent trade unions.
- Support and implement the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGTs) and encourage companies to pursue business that secures land titles for small-scale producers.
- Require paid leave and ensure that women have equal opportunities for advancement, and support women workers to raise their voices safely and effectively in company operations and supply chains.
- Support the adoption of the United Nations Treaty on Business and Human Rights, in addition to ensuring that the UNGPs are being implemented nationally, for example through strong National Action Plans. This UN treaty should set binding standards on states, including recognizing that corporations have legal responsibilities with respect to human and labour rights and ensuring that these are observed in practice, with provisions for sanctions and access to grievance and remedy for affected parties.

- Incentivize companies to democratize their ownership through mechanisms like profit sharing and employee-owned ownership plans, and build the solidarity economy by incentivizing the creation and expansion of cooperatives and other types of stakeholder-oriented enterprises.
- Embed climate action at the heart of coronavirus recovery plans and accelerate the transition to a zero-carbon economy in a just and inclusive manner. This should include a robust roadmap for building a fairer and more sustainable food system that incentivizes sustainable agricultural and land-management strategies that centre food security and land rights (forest protection, soil health, agroforestry, pastureland management) and strengthens the resilience of small-scale farmers.
- Require companies to measure and report their greenhouse gas emissions and make climate-related financial disclosure mandatory across the economy in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
- Hold companies legally accountable for their climate and environmental impacts, and the accompanying social and human rights violations.
- Complement voluntary commitments on zero deforestation with demand-side regulations that prohibit the import of commodities linked to deforestation or the violation of FPIC.

NOTES

1 https://www.wfpusa.org/news-release/wfp-to-assist-most-hungry-people-ever-due-to-coronavirus/ This figure is an estimate as final figures for 2020 were not yet available at time of publication.

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4 Oxfam. (2020). From Risk to Resilience: A good practice guide for food retailers addressing human rights in their supply chains, p.5. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621029/dp-from-risk-to-resilience-210720-en.pdf;jsessionid=EBD07D554B1D762CB-DA9893FD9623047?sequence=1

5 Food and Agriculture Organization of the United Nations. (2015). The Economic Lives of Smallholder Farmers: An analysis based on household data from nine countries. http://www.fao.org/3/a-i5251e.pdf

6 As part of Oxfam's own commitment to encouraging transparency, the findings in the external evaluations – and in this paper as a whole – are based only on publicly available information. To the extent possible, we encourage companies to use shared tools and systems to improve data quality, accessibility and availability.

7 Please see downloadable material at the same link as this paper.

8 Ibid.

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10 Please see downloadable material at the same link as this paper.

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16 Oxfam. (2014). Standing on the Sidelines: Why food and beverage companies must do more to tackle climate change, p.14. https://www.oxfamamerica.org/explore/research-publications/standing-on-the-sidelines/

17 'Greenhouse gas emissions are categorized into three groups or "Scopes" by the most widely-used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.' From Carbon Trust: https://www.carbontrust.com/resources/briefing-what-are-scope-3-emissions

18 As Associated British Foods does not have a science-based target, it was not included in the rest of the analysis for the independent evaluation of climate commitments.

19 Please see downloadable material at the same link as this paper.

20 Ibid. The data is current as of December 31, 2020 and updated commitments can be found at https://sciencebasedtargets.org/companies-taking-action#table.

21 See graphic on pg. 5 of Oxfam's 2013 report Behind the Brands: Food Justice and the 'Big 10' Food and Beverage Companies. https://www.behindthebrands.org/images/media/Download-files/bp166-behind-brands-260213-en.pdf.

22 Oxfam. (2019). Companies Spoke. Did Their Suppliers Listen? Tracking Behind the Brands sustainability commitments through the supply chain with the "agribusiness scorecard". https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620626/bp-agribusiness-scorecard-040319-en.pdf

23 The 2020 scorecard included select updates to the overall methodology to better reflect current global priorities and take into account varying business models between each company in the sector. Please see downloadable material at the same link as this paper.

24 Low carbon and regenerative agriculture refers to farming practices that help reduce/remove carbon while supporting soil health and restoring biodiversity and ecosystem health (e.g. practices such as crop diversification or agroforestry).

25 Based on indicator W0M13 in the scorecard.

26 Based on indicator W0M2 and W0M3. For companies to have a tick here, they must meet criteria for both indicators.

27 Based on indicators LA8 and LA9. For companies to have a tick here, they must meet criteria for both indicators.

28 Based on indicator LA12.

29 Based on indicator LA13.

30 These are countries where: 1) Behind the Brands companies were beginning to implement their commitments, and 2) Oxfam teams were prioritizing private sector engagement and influencing in their efforts.

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33 Oxfam India. (2018). Human Cost of Sugar: A farm-to-mill assessment of sugar supply chain in Uttar Pradesh. https://www.oxfamindia.org/sites/default/files/2018-11/HUMAN%20COST%20OF%20SUGAR-A%20FARM%20TO%20MILLS%20ASSESSSMENT%20OF%20THE%20SUGAR%20VALUE%20CHAIN%20IN%20U.P.%202_0.pdf

34 Nestlé: https://www.nestle.com/supply-chain-disclosure

35 Unilever: https://www.unilever.com/Images/unilever-global-tea-supply-chain_tcm244-539655_en.pdf; https://www.unilever.com/Images/global-cocoa-direct-suppliers-march-2020_tcm244-547985_en.pdf; https://www.unilever.com/Images/2018-soybean-oil-suppliers_tcm244-538279_en.pdf; https://www.unilever.com/Images/2018-paper-and-board-suppliers_tcm244-538282_en.pdf

36 KnowTheChain: Questions regarding forced labour risks in your company's sugar cane supply chain. https://media.business-humanrights.org/media/documents/files/2017-05-11_KnowTheChain_sugar_outreach_-_Coca_Cola.pdf

37 Landesa. (2019, July 12). One Company's Journey to Better Respect Land: Illovo Sugar Africa. https://www.landesa.org/one-companys-journey-to-better-respect-land-illovo-sugar-africa/

38 For instance, see Livelihoods Fund, An interview with Barry Parkin, Mars Chief Procurement & Sustainability Officer: https://livelihoods.eu/barry-parkin-interview-farmer-income-lab/. Also see 'Are we brave enough to fix the broken food system?', an op-ed by Oxfam's Fatema Z. Sumar and Mars' Barry Parkin on the importance of fixing agricultural supply chains to tackle climate change, safeguard human rights, and alleviate poverty. Available at: https://www.businessgreen.com/opinion/4019487/brave-fix-broken-food

39 Unilever. (2020, May 12). The Unilever Compass: Our next game-changer for business. https://www.unilever.com/news/news-and-features/Feature-article/2020/the-unilever-compass-our-next-game-changer-for-business.html

40 Even where companies have created the space for pre-competitive engagement, removed from competitive pressure with peers there are risks around violating governments' anti-trust and competition policy.

41 A range of actors contributed to REPSA's progress. Some civil society organizations pushed buyers to cut ties with REPSA, and this external pressure was important to draw attention to the 'ecocide' in Guatemala and its implications for human rights defenders. Oxfam took on a complementary role and sought to hold dialogue directly with REPSA and its buyers, pushing them to change their practices while protecting the interests of local communities, including employment.

42 Wilmar stopped buying from REPSA in December 2017 but has continued to engage the company. Nestlé suspended sourcing in 2018. Cargill suspended sourcing in 2017. See: https://www.wilmar-international.com/sustainability/grievance-procedure#wilmar-grievance-list (search for 'REPSA'), https://www.nestle.com/ask-nestle/environment/answers/palm-oil-sourcing and https://www.cargill.com/sustainability/palm-oil/managing-grievances (under Grupo Hame).

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55 International governance and normative standards are also growing in number, such as the Sustainable Development Goals (SDGs), Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGTs) in the Context of National Food Security, the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Women's Empowerment Principles (WEPs), United Nations Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines on multinational enterprises, and the SDG 2030 agenda.

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OXFAM is an international confederation of 20 organizations networked together in more than 67 countries, as part of a global movement for change, to build a future free from the injustice of poverty. Please write to any of the agencies for further information, or visit www.oxfam.org

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