



# **COMPANIES SPOKE. DID THEIR SUPPLIERS LISTEN?**

Tracking Behind the Brands sustainability commitments through the supply chain with the “agribusiness scorecard”

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Between 2013 and 2016, Oxfam's Behind the Brands campaign sought to drive more sustainable sourcing policies and practices among the 10 biggest food and beverage companies globally (the "Big 10"). Oxfam is now focused on how the Big 10 are implementing their commitments, including how they are engaging their suppliers, such as global agribusinesses, on sustainability issues. Agribusinesses are powerful supply chain actors. They are key links in the supply chain between the Big 10 companies, including The Coca-Cola Company, Nestlé, PepsiCo, and Unilever, and the people who produce the world's food.

For this report, Oxfam has assessed seven global agribusinesses against foundational indicators of its original Behind the Brands campaign scorecard. The original Behind the Brands scorecard and the new agribusiness scorecard both measure the strength of companies' sustainability policies. Oxfam wanted to know: Do agribusinesses' sustainability policies and implementation plans meet standards set by leading Big 10 companies and for best practice? Are the agribusinesses prepared to manage their operations in a way that brings about improved impacts for women, small-scale food producers, and on land and climate?

This report introduces the agribusiness scorecard and presents the results. It calls on agribusinesses to strengthen their sustainability policies and implementation plans. The report also makes the case that the Big 10 must focus on the policies and practices of agribusinesses in order to meet their responsibilities and implement their own supply chain commitments.

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For further information on the issues raised in this paper please email [advocacy@oxfaminternational.org](mailto:advocacy@oxfaminternational.org)

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# EXECUTIVE SUMMARY

***This report presents the new “agribusiness scorecard,” which measures the strength of seven agribusinesses’ sustainability and responsible sourcing policies.***

Today’s food system is not working for everyone. Millions of women and small-scale food producers lack secure rights to the land they depend on, leaving them vulnerable to deforestation and land grabs by governments and private sector investors for expanding agricultural commodity production. Greenhouse gas emissions and climate change further impact small-scale food producers, with droughts, flooding, and volatile weather patterns making it even harder for them to grow the food we all rely on. Women producers often lack access to formal jobs, markets, land, and credit.<sup>1</sup> Such market and policy failures often contribute to gender inequity.

Agribusinesses are powerful actors within the global food system; they are also key links between consumer-facing food and beverage giants such as The Coca-Cola Company, Nestlé, PepsiCo, and Unilever, and the people who produce the world’s food. Agribusinesses’ market position and concentration gives them significant power over how commodities are bought and produced, and thus enormous influence over the lives of millions of small-scale food producers.<sup>2</sup> And they are massive. The seven agribusinesses Oxfam assessed with the new agribusiness scorecard—Archer Daniels Midland (ADM), Barry Callebaut, Bunge, Cargill, Louis Dreyfus Company, Olam International, and Wilmar International—together generate over \$290bn in revenue each year.<sup>3</sup> Olam alone has 4.7 million farmers in its supply chain and operates in more than 65 countries.<sup>4</sup>

Despite their power, agribusinesses have historically operated under the radar of public scrutiny, with the exception of their palm oil practices, primarily in Indonesia.<sup>5</sup> Many lack the sustainability and responsible sourcing commitments necessary to effectively manage social and human rights risks and impacts. The companies they sell their commodities to, however, place a high value on what consumers think about their brands. And consumers increasingly want to know whether their favorite snacks and beverages are free of deforestation and exploitive sourcing practices.<sup>6</sup>

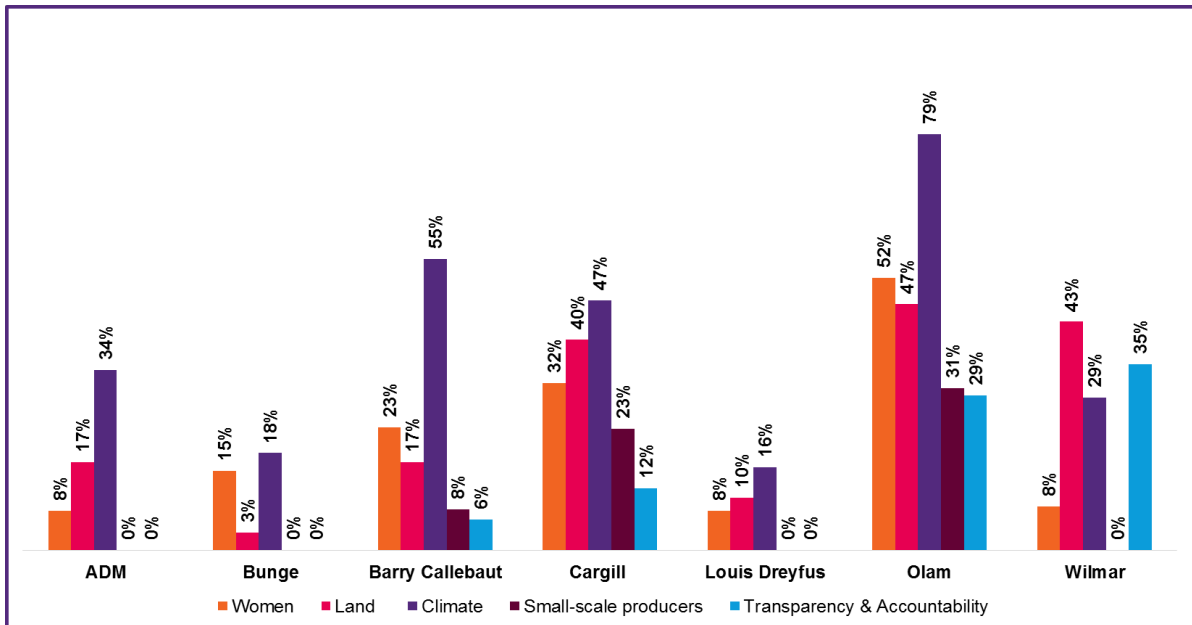
In 2013, bolstered by hundreds of thousands of actions by concerned consumers and with the support of investors representing \$1.4 trillion in assets under management,<sup>7</sup> Oxfam began challenging 10 influential food and beverage giants (the “Big 10”) to improve their social and environmental performance through its Behind the Brands campaign. Many of the Big 10 led their industry by adopting policies on women, land, and climate over the course of the campaign. Mars, Mondelez, and Nestlé committed to tackling gender inequality. The Coca-Cola Company, PepsiCo, and others declared zero tolerance for land grabs. General Mills and the Kellogg Company pledged to fight climate change, setting science-based targets for reducing greenhouse gas emissions and eliminating deforestation from their supply chains.<sup>8</sup>

Because the food and beverage giants sit toward the end of massive supply chains, to implement their commitments, meet consumer demand for sustainable and ethical sourcing, and ultimately do right by farmers and communities, these companies must ensure that their suppliers—global agribusinesses included—change their practices. Independently, agribusinesses have an internationally recognized responsibility to respect human rights,<sup>9</sup> and an opportunity to conduct business in ways that help create a more sustainable food system by supporting women and small-scale producers and addressing land conversion, deforestation, and associated emissions.

Initial steps to practice change at scale include stronger social and environmental sustainability policies and rigorous plans to implement them. This report thus focuses on the following questions: Do agribusinesses’ sustainability policies and implementation plans meet standards

set by leading Big 10 companies and for best practice? Are agribusinesses prepared to manage their operations in a way that brings about improved impacts for women, small-scale food producers, and on land and climate? The verdict: There is major room for improvement. The figure below shows the results from the new agribusiness scorecard.

#### Agribusiness scorecard results as percentages across the five scorecard themes



The low scores across the five themes point to significant gaps in agribusinesses' policy commitments and implementation plans. More than 90% of the agribusinesses' scores across the themes are below 50%. The agribusinesses have a responsibility and an opportunity to improve. The Big 10 have a responsibility to respect human rights throughout their supply chains, and thus a role to play in ensuring better practice by the agribusinesses that they source from.

The initial scores for the Big 10 in 2013 were also low—yet they improved over time as many of the companies engaged in a race to the top with respect to social and environmental sustainability policies. The agribusinesses can also improve. Oxfam provides recommendations in Section 4 for both the agribusinesses and the Big 10, and will deepen its engagement with both sets of companies on the scorecard findings and recommendations. These are part of Oxfam's broader efforts to advise and monitor the Big 10 on implementation of their campaign commitments. They are also an important step on the journey to a more sustainable and equitable food system.

# 1 INTRODUCTION

For decades, people have sought assurance that the food in their basket is safe and nutritious. Now, people increasingly want to know whether the farmers who produce this food were paid a fair price, and that their food was produced free of deforestation, land grabs, and exploitive sourcing practices. A close look at the global food system reveals that we are not there yet. Inequality is on the rise across the global economy and in the global food system. Millions of people producing the world's food work long, hard hours in extreme conditions for little reward. Farmers' share of the end consumer price for food has actually decreased by 13% since 1995; supermarkets have captured the major increased share. But the share has also increased slightly for another, little-known but powerful segment of the supply chain: global agribusinesses that specialize in the production, processing, and trade of agricultural commodities.<sup>10</sup> In addition, in a world where concentration is high at each link in the global food supply chain, global agribusinesses stand out.

Within this context, small-scale food producers have seen their bargaining power eroded or suppressed; food production has driven land grabs, land conversion and deforestation; and women farmers are often excluded or provide "hidden" labor. Global agribusinesses are not the sole cause of or contributor to these challenges; in fact, the opacity of their business models makes it difficult to attribute their role precisely.

What we can tell is whether global agribusinesses have policies in place and are prepared to manage and address these challenges. Oxfam wanted to better understand the role that this opaque yet powerful segment of the global food supply chain must play in forging a more sustainable, equitable food system. While a previous Oxfam publication, *Cereal Secrets*,<sup>11</sup> provided an analysis of the sector, through this report Oxfam seeks to understand whether agribusinesses have adopted the sustainability policies necessary to contribute to a global food system that benefits and does not harm people and the environment. To this end, this report presents the new "agribusiness scorecard," which Oxfam used to measure the strength of seven agribusinesses' sustainability and responsible sourcing policies and implementation plans across five themes.

Oxfam's entry point to this topic is the link between agribusinesses and the 10 food and beverage giants from the Behind the Brands campaign.<sup>12</sup>

## AGRIBUSINESSES AT A GLANCE

Global agribusinesses are powerful actors within our global food system. These businesses specialize in the trade and processing of agricultural commodities. They have control over how commodities are bought and produced, and thus significant influence over the lives of millions of small-scale food producers.<sup>13</sup> How they conduct business can determine whether food is produced in a way that empowers women and small-scale food producers, or whether it relies on exploitive labor and land grabs or drives deforestation.

Agribusinesses are powerful in part due to their size, reach, and concentration of the market. The seven agribusinesses featured in the scorecard—Archer Daniels Midland (ADM), Barry Callebaut, Bunge, Cargill, Louis Dreyfus Company, Olam International, and Wilmar International together generate over \$290bn in revenue each year.<sup>14</sup> Olam alone has 4.7 million farmers in its supply chain, most of whom are smallholders,<sup>15</sup> and the company operates in more than 65 countries.<sup>16</sup> ADM procures agricultural commodities from 500 locations and has "270 food and feed ingredient manufacturing facilities."<sup>17</sup> A small number of agribusinesses dominate the trade of certain commodities. Wilmar has been cited as supplying 40% of the world's palm oil, for instance.<sup>18</sup> At the sub-national level, agribusinesses are also often dominant market players.

Their power also stems from their role and middle position in agricultural supply chains. Agribusinesses are sometimes owners and users of land, directly involved in commodity production, and other times buyers of commodities produced by small-scale food producers or third-party mills or plantations.<sup>19</sup> The same company plays different roles in supply chains of different commodities. Barry Callebaut, for instance, directly sources cocoa from small-scale producers and buys sugar and other commodities from third-party suppliers.<sup>20</sup> Where they have direct sourcing relationships, agribusinesses' policies have a direct impact on the lives of millions of small-scale food producers. Where they source from third parties, their policies and supplier codes inform how their suppliers conduct business, which in turn affects millions more people.

Agribusinesses also sell and distribute commodities and products to both other middle actors and food and beverage companies. Regardless of the precise role they play, their position in the middle affords them better access to information than other supply chain actors. Historically, their business model has relied on a lack of transparency along the supply chain and in their business transactions.<sup>21</sup>

### **Box 1: Moving toward a more equitable food system**

Global agribusinesses' business models look different in different contexts, depending on the company, the commodity, and the country. In some places, they contribute to a fairer distribution of value and power. In other places, they have further entrenched poverty and inequality. This is especially alarming in a context of growing inequality, where the wealth of the world's billionaires increased \$900bn in the last year, while extreme poverty increased in sub-Saharan Africa.<sup>22</sup>

There are opportunities for global agribusinesses to foster and promote innovative business models that produce more equitable outcomes for small-scale food producers and communities.<sup>23</sup> Oxfam's 2018 report *Fair Value: Case studies of business structures for a more equitable distribution of value in food supply chains* highlights examples of such models, including:

- Sainsbury's Dairy Development Group, UK, where "farmers have full membership within the group and have equal votes in decision-making on milk price."
- Apicultural Lilian, Honduras, which involves a "sourcing strategy focused on establishing a direct link with honey producers," and also "distributes 10% of its profits to supplier network."
- Phata Sugarcane Outgrowers Cooperative, Malawi, which pools "land to provide the necessary production volumes and infrastructure to meet a long-term supply contract," and which is governed by a board consisting "of farmer representatives and independent directors."<sup>24</sup>

Through these and other examples, the report begins to identify key structural aspects of more equitable models, arguing that, "alternative models do not need to be niche."

In addition, short supply chains offer a complementary alternative to the agribusiness model. Short supply chains are defined by fewer supply chain intermediaries, and instead involve the direct sale and purchase of products. The model aims to allow producers to receive a greater share of the final value of their goods and, often, for producers to develop direct relationships with consumers.<sup>25</sup> Short supply chains can also help small-scale food producers to diversify production and obtain more stable incomes, and help communities "retain value added in their territories, create jobs... and become an important vector for growth and attraction in their territories."<sup>26</sup>

# AGRIBUSINESSES AND OXFAM'S BEHIND THE BRANDS CAMPAIGN

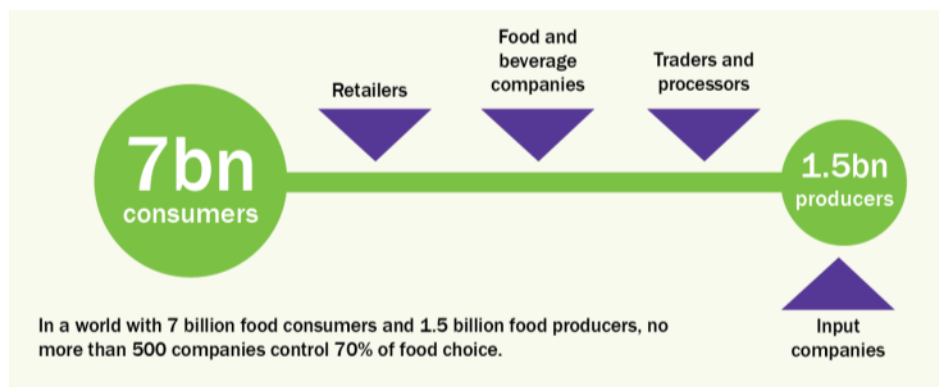
The global food system is enormous and complex, but we know that the world's largest food and beverage companies have influence and set the agenda. Oxfam launched the Behind the Brands campaign in 2013 to challenge 10 of the largest food and beverage companies (referred to as the "Big 10" in this report) to improve their economic, social, and environmental performance.<sup>27</sup> Central to the campaign was the Behind the Brands scorecard (see Section 2).

The campaign sparked hundreds of thousands of actions by concerned consumers and drew the support of investors representing \$1.4 trillion in assets under management.<sup>28</sup> It also encouraged well-known companies to make unprecedented commitments: Mars, Mondelez, and Nestlé committed to tackling gender inequality. The Coca-Cola Company, PepsiCo, and others declared zero tolerance for land grabs. General Mills and the Kellogg Company pledged to fight climate change, setting science-based greenhouse gas (GHG) reduction targets and eliminating deforestation from their supply chains. Oxfam detailed the progress that companies made from 2013 to 2016 in a 2016 report, *The Journey to Sustainable Food: A three-year update on the Behind the Brands campaign*.<sup>29</sup>

Oxfam is now focused on ensuring that policy changes by Big 10 companies lead to positive impact for people on the ground. The Big 10 sit toward the end of massive value chains. To translate their policies into impact for people, and to ensure that the commodities they source do not derive from exploitation, land grabs, deforestation, harmful GHG emissions, or human suffering, the Big 10 must now ensure that their suppliers—including the world's most influential agribusinesses—alter their practices.

Agribusinesses play roles from production to trading and processing, and are key supply chain links between manufacturers, food and beverage companies, and 1.5 billion small-scale food producers.

**Figure 1: The high market concentration in food supply chains**



Source: Oxfam 2013<sup>30</sup>

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Beyond buyers' demands on agribusinesses to adhere to strong sourcing standards, the United Nations Guiding Principles on Business and Human Rights (UNGPs) make clear that agribusinesses have an internationally recognized responsibility to respect human rights.<sup>31</sup> Agribusinesses also have an opportunity to apply innovative models that can help foster a more sustainable, equitable food system.

Initial steps to practice change at scale include stronger policies and plans to implement them.

**Assessing whether agribusinesses have strong enough sustainability policies and implementation plans to ensure they meet both their customers' expectations and their**

**responsibilities to the farmers and communities at the start of their supply chains is the focus of this scorecard and report.**

The report next introduces the agribusiness scorecard, and then presents the five themes of and key findings from the scorecard assessment. The report concludes with recommendations for the agribusinesses to strengthen policies and implementation plans, and for the Big 10 to better implement their own commitments and responsibilities to respect human rights by focusing on the role of the agribusinesses.

## 2 THE AGRIBUSINESS SCORECARD

The agribusiness scorecard measures the strength of seven agribusinesses' sustainability and responsible sourcing policies. Oxfam developed the agribusiness scorecard by tailoring the original Behind the Brands scorecard for the sector, taking into account the multiple roles that agribusinesses play in supply chains, including producer, manufacturer, and distributor. Oxfam then assessed seven agribusinesses against the indicators.

### ADAPTING THE BEHIND THE BRANDS SCORECARD FOR AGRIBUSINESSES

The Behind the Brands campaign company scorecard was composed of indicators in seven themes that are fundamental to a more sustainable food system: women, land, climate, water, workers, smallholder farmers, and transparency. The indicators measure companies' awareness and knowledge of key issues within each theme, assess the strength of their policy commitments, and look into whether they require the same of their suppliers.

Oxfam evaluated 10 companies against the scorecard regularly from 2013 to 2016: Associated British Foods, The Coca-Cola Company, Danone, General Mills, Kellogg's, Mars, Mondelez, Nestlé, PepsiCo, and Unilever. A company scored for an indicator only if there was a publicly available document with the specified information or commitment.<sup>32</sup> Many of the Big 10 increased their scores between 2013 and 2016 by strengthening their public policy commitments, particularly regarding women, land, and climate.<sup>33</sup>

**Figure 2: Results from Oxfam's final Behind the Brands scorecard in April 2016. Scores are out of 10 possible points.**



Source: Oxfam *Behind the Brands*, 2016

Companies Spoke. Did their Suppliers Listen?

Like the Behind the Brands scorecard, the agribusiness scorecard looks for companies to demonstrate awareness and knowledge on each theme, to make strong commitments, and to require the same of their suppliers. Oxfam also included indicators related to examples of good practice, advocacy, and implementation plans. This is important to ensure that policies lead to impact.

Oxfam made the following changes to the original Behind the Brands scorecard and indicators to assess agribusinesses:

- Updating the indicators to ensure that they reflected the current best practices, as corporate sustainability and business and human rights are rapidly evolving fields.
- Adapting the indicators to ensure relevance for agribusinesses and the roles they play in global value chains.<sup>34</sup>
- Reducing the number of indicators in order to focus on the most important elements of each theme, based in part on the Big 10 companies' own commitments and lessons Oxfam has learned while advising and monitoring the Big 10 on implementation of their commitments.
- Increasing the number of indicators focused on action and implementation of commitments, recognizing that a policy commitment is only a first step.
- Selecting the following subset of themes to focus on: 1) women; 2) land; 3) climate; 4) small-scale producers; and 5) transparency and accountability.<sup>35</sup>

## SELECTING THE SEVEN AGRIBUSINESSES

Oxfam selected Archer Daniels Midland (ADM), Barry Callebaut, Bunge, Cargill, Louis Dreyfus Company, Olam International, and Wilmar International for the assessment because of their dominance in agricultural supply chains, and because they are among the Big 10 companies' most influential suppliers. When Oxfam initiated research for this project in 2017, these seven agribusinesses comprised six of the seven largest agribusinesses by segment revenue (in 2015/16), and the largest in palm, sugar, and cocoa (key ingredients in the Big 10 companies' products) by volume (in 2015/16).<sup>36</sup>

**Figure 3: The seven agribusinesses**



Source: Companies' logos

Because the selected agribusinesses produce, process, and trade high volumes of commodities that are key ingredients for the Big 10 companies' products, there are many sourcing links between them. Oxfam has incomplete information about supply chain connections between the Big 10 and the seven agribusinesses, however, due to opacity in supply chains and constantly changing business relationships.

That said, in recent years several of the Big 10 have publicly disclosed some of these links. For example:

- ADM has supply chain connections to Associated British Foods, The Coca-Cola Company, General Mills, Kellogg's, Mondelez, Nestlé, PepsiCo, and Unilever.<sup>37</sup>
- Barry Callebaut has supply chain connections to General Mills, Mars, Mondelez, Nestlé, and Unilever.<sup>38</sup>
- Bunge has supply chain connections to The Coca-Cola Company, General Mills, Kellogg's, Mondelez, Nestlé, PepsiCo, and Unilever.<sup>39</sup>
- Cargill has supply chain connections to Associated British Foods, The Coca-Cola Company, General Mills, Kellogg's, Mars, Nestlé, PepsiCo, and Unilever.<sup>40</sup>
- Louis Dreyfus has supply chain connections to Nestlé, PepsiCo, and Unilever.<sup>41</sup>
- Olam International has supply chain connections to General Mills, Kellogg's, and Nestlé.<sup>42</sup>
- Wilmar International has supply chain connections to General Mills, Kellogg's, Mars, Mondelez, Nestlé, PepsiCo, and Unilever.<sup>43</sup>

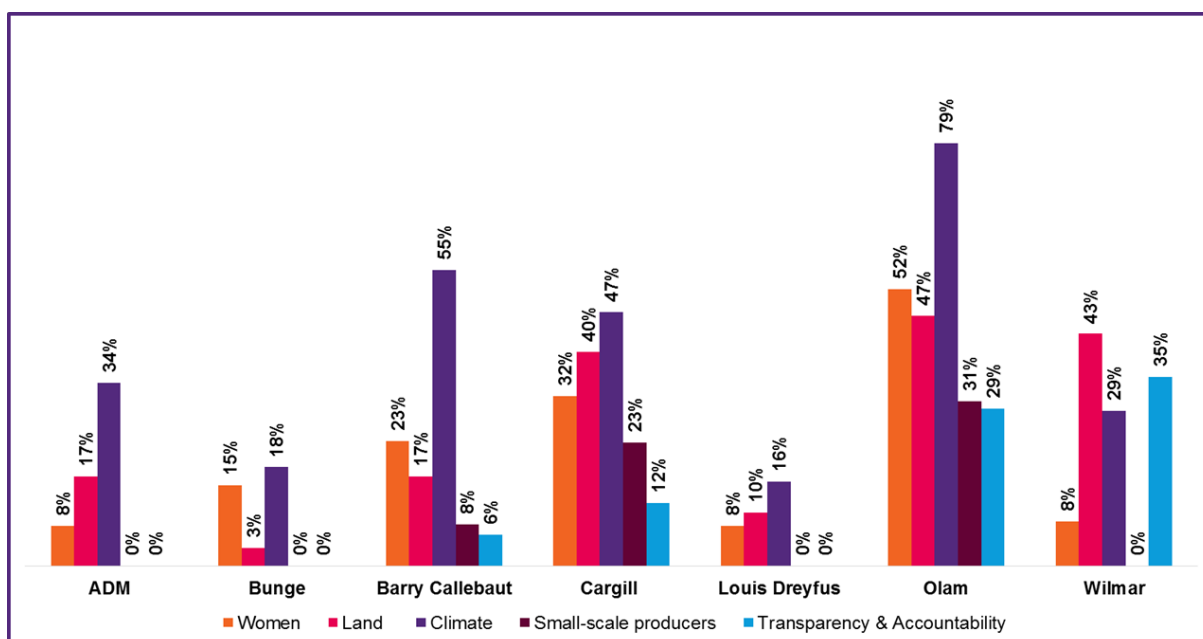
There is a long distance between the Big 10 companies and the small-scale food producers at the start of the supply chain, and supply chains remain too opaque to comprehensively link producers to traders and processors to brands. Agribusinesses must take up their responsibility in the middle of the value chain and become drivers of transparency and accountability, including by disclosing their largest buyers of commodities such as palm oil, cocoa, and sugar, which are known to have high social and environmental impacts. The Big 10 likewise should disclose more of their suppliers, as many have done for their palm oil sourcing.<sup>44</sup> Only if both groups of companies take up their responsibilities will consumers know how and where their food is produced, and with what impacts. In addition, greater transparency in supply chains can foster better engagement among companies, NGOs, communities, and governments that can help companies at all tiers of the supply chain to implement their commitments more effectively.

### 3 THE THEMES AND KEY FINDINGS

The key questions for the scorecard are: Are the global agribusinesses that dominate the trade and processing of agricultural commodities prepared to manage their operations in ways that bring about improved impacts for women, small-scale food producers, and on land and climate? Do these powerful companies have policies in place to address social and human rights risks and impacts, which meet expectations set by leading Big 10 companies and for best practice?

This section presents findings across the five key themes: women, land, climate, small-scale producers, and transparency and accountability. It provides information on each theme, including background on why agribusinesses are important to the theme, an overview of the indicators, and key findings from the scorecard assessment. Oxfam also highlights leading Big 10 companies' policies on women, land, and climate, the three themes that Oxfam focused on during the Behind the Brands campaign, and analyzes gaps between these policies and the policies and implementation plans of the agribusinesses with which they have supply chain relationships. Closing these gaps is a necessary step for the Big 10 and the agribusinesses alike to implement the responsibility to respect human rights, address human suffering, and improve social and environmental impacts on the women and men producing food around the world.

**Figure 4: Agribusiness scores as percentages across the five scorecard themes**



### LOOKING ACROSS THE THEMES

Scores were low across the board, though there was differentiation across themes and type of indicator.

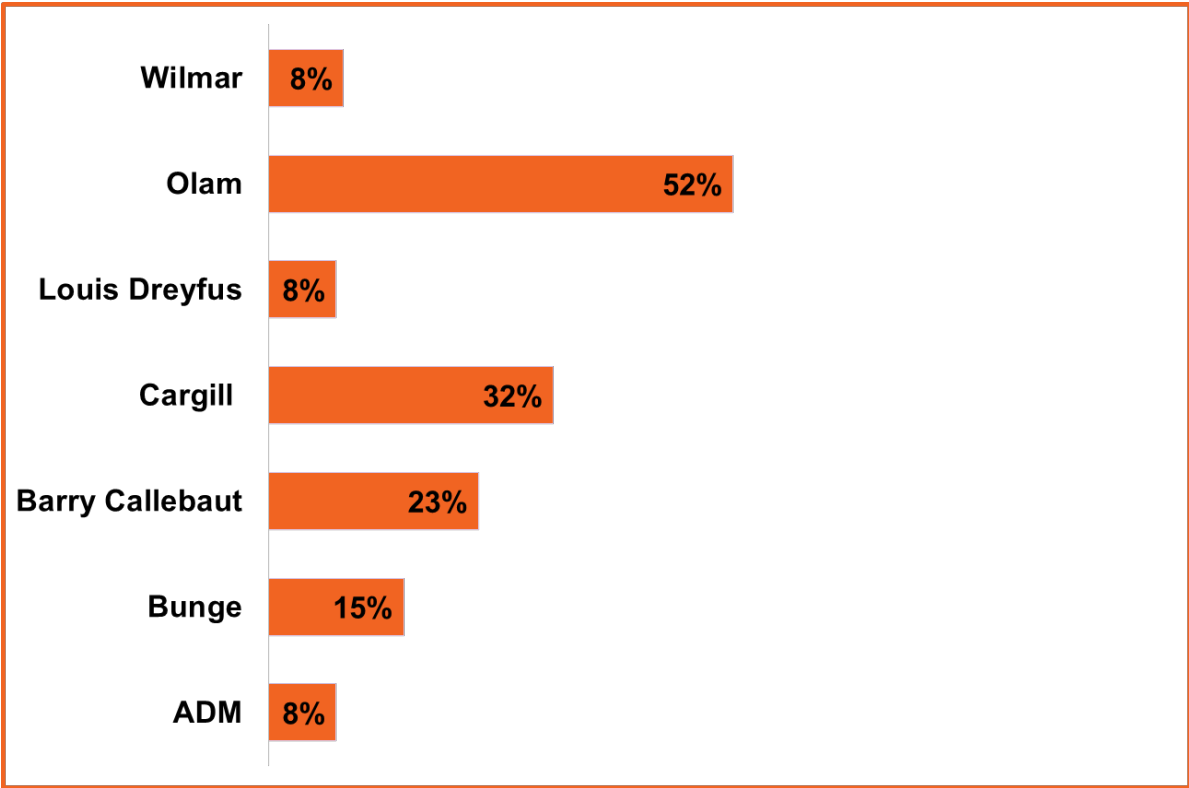
On average, the global agribusinesses scored lowest on small-scale producers. The second-lowest scoring theme was transparency and accountability, underscoring agribusinesses' position as a bottleneck in the flow of sustainability information. Average scores on women fell in the middle. The highest scoring theme on average was climate, followed by land, perhaps reflecting the attention the international community has given to addressing climate change and in particular land conversion and deforestation in supply chains, notably around palm oil and cocoa. Climate in particular benefits from existing guidelines for reporting through tools like the

Carbon Disclosure Project (CDP). There is still a major implementation gap, however, as is evident in companies' scores and also detailed in recent reports like Greenpeace's *Final Countdown*.<sup>45</sup>

When looking at how companies scored on the different types of indicators, the agribusinesses tended to score better on awareness indicators than on knowledge and disclosure-related indicators. Where they have policies and commitments in place, few have developed time-bound, publicly available implementation plans. Most have not published supplier codes of conduct or similar, detailed information on supplier requirements or how they interact with, train, or support their third-party suppliers on the issues of women, land, climate, small-scale producers, and transparency and accountability.

## THEME 1: WOMEN

Figure 5: Agribusinesses' scores on the women theme as percentages



### The issue

Women play a critical role in agriculture in developing countries, making up on average more than 40% of the agricultural labor force, and in some regions close to 70%.<sup>46</sup> Despite this role and women's potential in advancing agricultural growth and productivity, they face complex hurdles that limit their inclusion. Ultimately, women are the ones who suffer the greatest threat of poverty, injustice, and hunger. When women do not have equal access to finance and decision-making, there are ripple effects on entire households. Their children, for example, may have limited access to education or health services.<sup>47</sup>

Equal rights and equal opportunities are all too often untenable for many women working in agriculture. Fewer than 20% of agricultural land holdings in developing countries are controlled by women,<sup>48</sup> highlighting the gap between women's contribution to agriculture and women's control over the assets they need for productive farming. Women have significantly less access to extension services and technical support such as training, funds, fertilizers, and other

resources, negatively affecting the yield women achieve in comparison to men.<sup>49</sup> It is common for women to be undercompensated for their work since they are less visible in most supply chains and their role in the industry is not well understood. And women are furthest from earning a living income. Furthermore, women have a disproportionate responsibility for unpaid care work, such as childcare, caring for elders, laundry, and cooking. This influences women's role in the economy and their higher representation in the informal sector.

Tackling women's economic empowerment can have benefits for businesses. There is evidence that investing in women small-scale producers can contribute to higher quality products, increased productivity, and a more secure supply base.<sup>50</sup>

## The indicators

The women theme evaluates the knowledge and action of agribusinesses with respect to gender equality. The indicators examine the level of awareness these companies have of the challenges faced by female workers and producers in the supply chain, and how robust their policies are to tackle discrimination and promote a more inclusive business model that works for women and men equally. The indicators also look at whether the agribusinesses have time-bound plans to implement existing policies.

## Key findings

Throughout Oxfam's research on the issue of women's economic empowerment in the food sector, company scores on this theme have been low, reflecting an overall lack of corporate policies to improve impacts for women farmers and food workers. Agribusinesses' low scores on women are consistent with Oxfam's findings across the sector.

Olam recently signed up to the United Nations' Women's Empowerment Principles, an important step that a company can make to recognize and address the challenges faced by women workers in its supply chain.<sup>51</sup> At the time that Olam became a signatory, the deadline for scorecard materials had already passed and therefore this action is not reflected in this scorecard report. However, Oxfam wants to highlight this significant move and commend Olam for taking the initiative.

Among the companies in this scorecard study, Olam received the highest score because it recognizes many of the barriers female producers face, tracks and discloses gender-disaggregated data for three high-risk commodity supply chains, and because of its action plan for implementation of its commitments related to women. ADM, Louis Dreyfus, and Wilmar achieved lower scores, reflecting an opportunity for them to strengthen their policies related to this theme. For companies to receive higher scores, they must go further in their recognition of the root causes of gender inequality and integrate long-term interventions that promote women's economic empowerment throughout their supply chains.

**Box 2: What did leading Big 10 companies commit to on women?<sup>52</sup> Are their suppliers following suit?**

At the launch of the Behind the Brands campaign in 2013, Mondelez, Nestlé, and Mars had few policy commitments in place to address gender inequities,<sup>53</sup> and none of these big cocoa companies had a systemic process to identify, prevent, mitigate, and account for adverse impacts on the basic rights of women. Within months of the campaign launch, all three companies had agreed to address gender inequality and set a course for action.

Their commitments were as follows:

- Conduct and publish impact assessments on women in their cocoa supply chains in order to understand and show how women are faring. All three companies committed to conducting a gender impact assessment in Cote d'Ivoire, the top cocoa-producing country, by 2014. By 2020, the companies will each conduct and publish impact assessments in two more key sourcing countries. Impact assessments will be conducted by third-party organizations.
- Put in place a specific action plan within a year's time that will address issues raised by the assessments and lead to the improvement of poor conditions. Oxfam expects that these action plans will make a sustainable livelihood more achievable for women farmers and workers, along with stronger corporate policies and practices that encourage women's empowerment throughout the companies' cocoa supply chains.
- Sign up to the UN Women's Empowerment Principles. The principles demonstrate the companies' commitment at the CEO level to the empowerment of women across their entire operations by, among other things, being willing to measure and publicly report on gender equity.
- Engage with other powerful actors in the cocoa industry to develop sector-wide programs that address gender inequality. Mars, Mondelez, and Nestlé will work with industry sector organizations such as the World Cocoa Foundation.

***Are their suppliers following suit?***

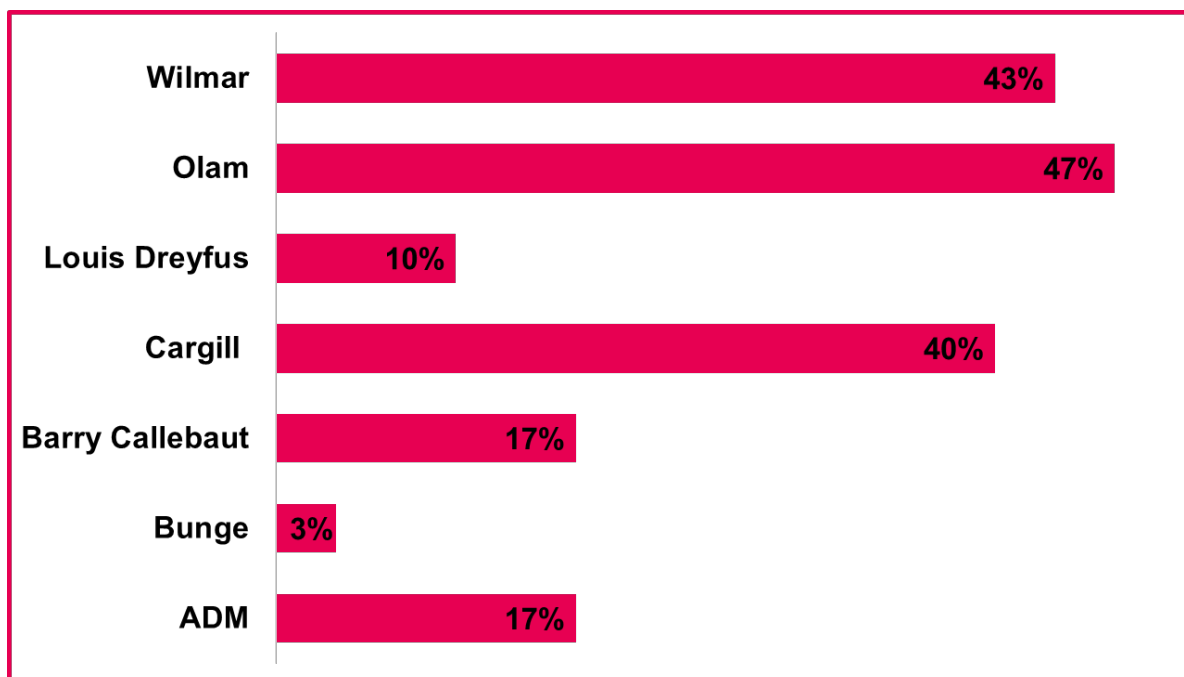
Taken together, Mars, Mondelez, and Nestlé have supply chain relationships with all seven of the agribusinesses. These three Big 10 companies committed to addressing gender inequality, but not all of the agribusinesses that they source from are following suit.

Only Olam has a time-bound action plan to report on impacts on female farmers in its supply chain. If other companies have funded in-depth analyses of the barriers faced by women farmers, they were not available in the public domain. In addition, only Barry Callebaut, Cargill, and Olam have initiatives that go beyond projects limited in scale; they have committed to providing gender-sensitive assistance and professional development to women smallholders and producers across their supply chains.

Mars, Mondelez, and Nestlé should encourage their suppliers to have greater awareness of the barriers faced by women, make strong and transparent commitments to gender equality, and develop plans to implement them in order to ensure they fulfill their own commitments.

## THEME 2: LAND

Figure 6: Agribusinesses' scores on the land theme as percentages



### The issue

Millions of people who depend on their land to provide food, their livelihoods, water, and for the expression of their identities and culture lack secure land rights.<sup>54</sup> This is especially true for women. Entire communities are at high risk of being dispossessed of their land to make way for new agricultural production, including for commodities that are produced, refined, or traded by agribusinesses. In one study analyzing the overlap between agricultural concession areas and the presence of populations across several countries, the authors found that there were already people present in 93–99% of the land areas targeted for investment.<sup>55</sup> This means that there is virtually no vacant arable land. Even when agribusinesses or their suppliers have a government's permission to develop or operate on a land concession, agribusinesses are highly likely to infringe on people's basic rights if they do not have communities' informed consent to proceed.

Failing to respect rights and communities' consent not only harms people—it can also be costly for companies. Land conflict has been found to cost companies up to 29 times the expected operating costs of a project, and in some cases to cause them to abandon projects altogether.<sup>56</sup>

### The indicators

The land theme examines the extent to which global agribusinesses understand land tenure risk in their supply chains, how they and their suppliers engage communities when looking to acquire land (regardless of whether they seek to lease or buy the land), and whether they seek alternative business models—such as farmer-owned cooperatives<sup>57</sup>—to avoid the transfer of land rights. The theme also looks at how agribusinesses resolve land-related disputes in their supply chains where an investment they are linked to has already caused harm to communities. Finally, it contains indicators related to engaging peers and governments on strengthening land tenure and implementation of land commitments.

## Key findings

All seven of the agribusinesses are at least aware of and starting to pay attention to land rights. Encouraging highlights from the scorecard are detailed below.

ADM, Cargill, Louis Dreyfus, Olam, and Wilmar recognize the complexity of land tenure rights, such as informal, traditional, and customary rights. Barry Callebaut, Cargill, Olam, and Wilmar have made commitments around free, prior, and informed consent (FPIC) that apply across their commodity sourcing.<sup>58</sup> Wilmar has also engaged a selection of its own suppliers on the standard, a promising step for putting its FPIC commitments into practice. On the advocacy indicators, Olam participated in the development of The Interlaken Group's *Guide for Companies on Respecting Land and Forest Rights*, an example of engaging in a collective effort to help strengthen the recognition of communities' land rights.<sup>59</sup> Both Olam and Cargill joined an Interlaken Group meeting on land rights in Cameroon.

However, there are fundamental gaps in how agribusinesses are approaching land issues, even among the lead-scoring companies Olam, Wilmar, and Cargill. No company has systematically, across its sourcing and production of multiple commodities, identified countries where land tenure risk is particularly high. No company is requesting that its suppliers and key business partners pursue alternative business models that avoid the transfer of land rights. And no company has developed a concrete action plan to mitigate risks and address impacts across all of its high-risk commodity production and sourcing.<sup>60</sup> This puts small-scale food producers and communities at risk of losing the land they depend on for their home, livelihoods, and their way of life, and results in overall low scores among the agribusinesses.

### **Box 3: What did leading Big 10 companies commit to on *land*?<sup>61</sup> Are their suppliers following suit?**

In 2013, land was one of the lowest-scoring themes of the Behind the Brands scorecard. Since then, The Coca-Cola Company, PepsiCo, Nestlé, Unilever, and Associated British Food's subsidiary Illovo Sugar Africa have all made comprehensive land rights commitments, as follows:<sup>62</sup>

- Integrating the principle of free, prior, and informed consent (FPIC) into their supplier codes, requirements, or guidance to ensure that communities are consulted and give informed consent when the land they use is sold or leased, everywhere in their supply chains.
- In the case of The Coca-Cola Company, PepsiCo, Nestlé, and Illovo Sugar Africa, to ensure remediation of land rights violations.
- Supporting and adhering to The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGTs) and other international standards on land rights.
- "Knowing and showing" risks related to land rights and land conflicts in their supply chains, including, in the case of The Coca-Cola Company, PepsiCo, Nestlé, and Illovo Sugar Africa, publishing assessments of land-related risks and impacts.
- Advocating for governments and others in the food industry to tackle land grabbing and to support responsible agricultural investment.
- In the case of Nestlé, identifying opportunities for women and men to gain access to land, "whilst respecting existing customary claims and uses."<sup>63</sup>

#### ***Are their suppliers following suit?***

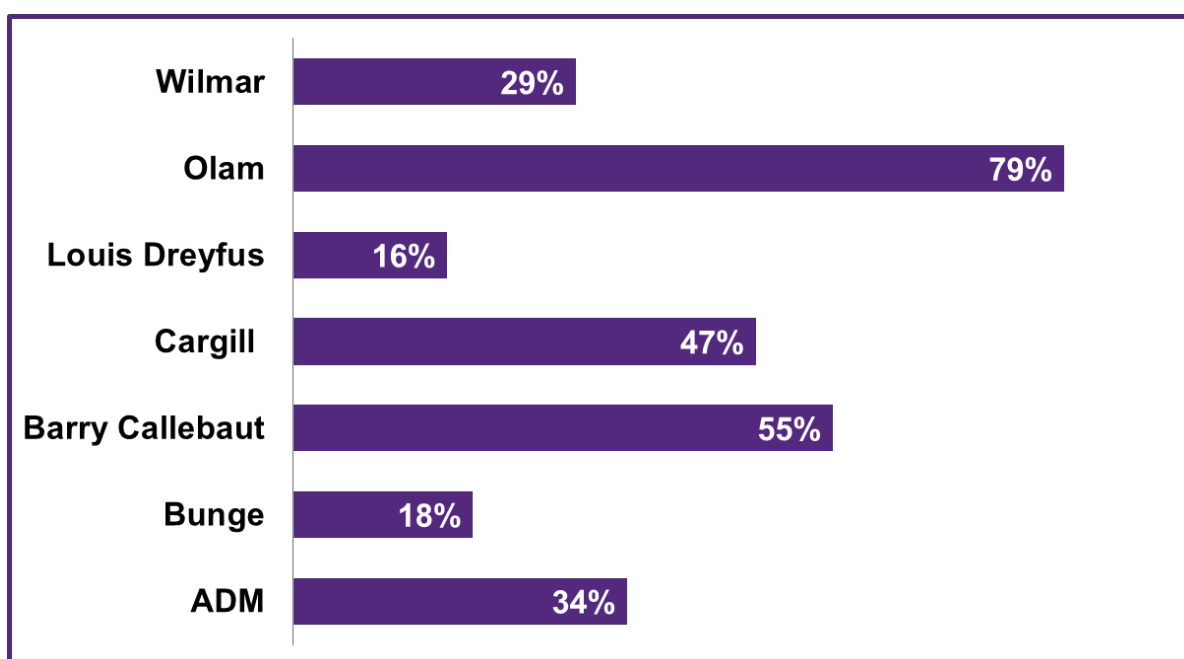
Taken together, The Coca-Cola Company, PepsiCo, Nestlé, and Unilever have supply chain relationships with all seven of the agribusinesses. There is a disconnect between what these Big 10 companies committed to and what the agribusinesses they source from have committed to on land rights.

Regarding land acquisition processes, only Barry Callebaut, Cargill, Olam, and Wilmar have made commitments around FPIC that apply across their commodity sourcing. None have committed to refraining from causing or contributing to involuntary resettlement or being an immediate beneficiary of expropriation by a host government when acquiring land. Regarding addressing existing land-related conflicts, only Olam and Wilmar have committed to providing for or cooperating in remediation of adverse impacts related to land tenure across their supply chains. Very few are engaging their own suppliers on these issues.

These findings indicate that The Coca-Cola Company, PepsiCo, Nestlé, and Unilever cannot have certainty that their suppliers are acquiring land in ways that ensure respect for land rights, or that communities whose land rights have been adversely affected by their supply chains have received access to remedy. The Big 10 need to do more to ensure that their suppliers are following their policy guidance on land rights.

## THEME 3: CLIMATE

**Figure 7: Agribusinesses' scores on the climate theme as percentages**



### The issue

Climate change is already impacting the way we produce food. From production to post-consumption, the food system is responsible for a giant emissions footprint and reliant on millions of small-scale farmers and agricultural workers in the regions that are most vulnerable to climate change. The food and beverage sector must be at the forefront in tackling climate change and helping to build the resilience of small-scale farmers. The global food system accounts for about 25% of the world's total GHG emissions.<sup>64</sup> A significant proportion of these emissions come from forest clearance and land use change that occur as a result of agricultural expansion as well as from crops and livestock. The changing climate is already starting to disrupt farming due to volatile weather, and poor and vulnerable communities are disproportionately impacted by droughts, floods, and extreme weather induced by climate change. Climate change also impacts the bottom lines of the food and beverage companies by disrupting supply chains.<sup>65</sup> Transformation in the food, agriculture, and land-use sector is vital to meeting the goals of the Paris Agreement and ensuring the wellbeing of people and the planet.

#### **Box 4: Big 10 companies' and agribusinesses' No Deforestation, No Peat, No Exploitation (NDPE) commitments**

One of the biggest sources of food sector emissions is that associated with deforestation in agricultural commodity supply chains. Commodity production is the largest driver of deforestation globally.<sup>66</sup> Many of the Big 10 have commitments around deforestation-free supply chains; many of the global agribusinesses have also adopted these commitments.<sup>67</sup>

Following strong engagement on the part of Greenpeace, Wilmar International, the world's largest global palm oil trader, published a detailed action plan to map and monitor all of its suppliers. If implemented, the plan will represent a major step toward eliminating deforestation from its supply chain.<sup>68</sup> Because Wilmar represents a significant portion of the global trade in palm oil, the commitment has the potential to transform palm oil production.<sup>69</sup>

Oxfam's priority is to ensure that companies implement their sustainability commitments in a credible way. The agribusiness scorecard results indicate that few agribusinesses are following through on their commitments by developing robust action and disclosure plans to monitor producers in their own supply chains.

Oxfam calls on global agribusinesses to put in place robust action plans to eliminate deforestation across all of their high-risk commodity supply chains. To meet their own commitments on deforestation, the Big 10 need to push their suppliers on increasing transparency and traceability and independent verification of their supply chains associated with deforestation.

## **The indicators**

The indicators focus on the extent to which agribusinesses are measuring and disclosing their climate footprint and enable assessment of whether the agribusinesses are putting in place GHG reduction targets that are aligned with the level of effort needed to keep temperatures below 1.5°C—the threshold set by the Paris Agreement. In addition, the indicators look at whether the agribusinesses are putting in place robust policies to eliminate deforestation across their supply chains and investing strategically in supporting the resilience of small-scale producers. As with other themes, the assessment of companies' climate policies also focuses on the extent to which they engage their own suppliers on achieving their policy commitments.

## **Key findings**

Climate was the highest-scoring theme, but on average companies' scores are still modest. The comparatively high scoring for this theme reflects the growing momentum in the private sector to address climate change. The existence of disclosure protocols for reporting on emissions, such as CDP, and initiatives such as the Consumer Goods Forum, an industry association comprising 450 of the biggest consumer-facing brands, have spurred increased ambition on climate by these companies. It is encouraging that nearly all of the agribusinesses Oxfam assessed have a target for emissions reductions and report on progress toward their commitments.

That said, the analysis indicates that there is a gap between awareness and action. For instance, few companies had time-bound plans to achieve zero net deforestation across all high-risk commodities. Similarly, few companies scored on having a comprehensive strategy for assessing climate risks and investing in resilience across their supply chains. While there was recognition of the importance of Scope 3 emissions,<sup>70</sup> few companies were disclosing or reducing Scope 3 emissions.

Of the companies in the scorecard, Olam ranked the highest, followed by Barry Callebaut and Cargill. Bunge and Louis Dreyfus scored the lowest. Olam's approach was the most comprehensive, in part because it not only provides guidance and support to suppliers on climate issues but it also recognizes the need to reduce emissions from food loss and waste, and to support small-scale producers to adapt to climate change. Both Olam and Barry Callebaut have made commitments to reducing emissions that are based on science-based assessments that limit long-term temperature change to 2°C, and cover Scope 1, 2 and 3 emissions.<sup>71</sup> None of the agribusinesses assessed had a policy to measure and reduce emissions from food waste and loss.

**Box 5: What did leading Big 10 companies commit to on *climate*?<sup>72</sup> Are their suppliers following suit?**

Several of the Big 10 companies have instituted climate change policies since Oxfam first assessed them against its scorecard in 2013. Most notably, Kellogg's and General Mills adopted groundbreaking, science-based targets to reduce GHG emissions across their value chains, including in their agricultural supply chains:

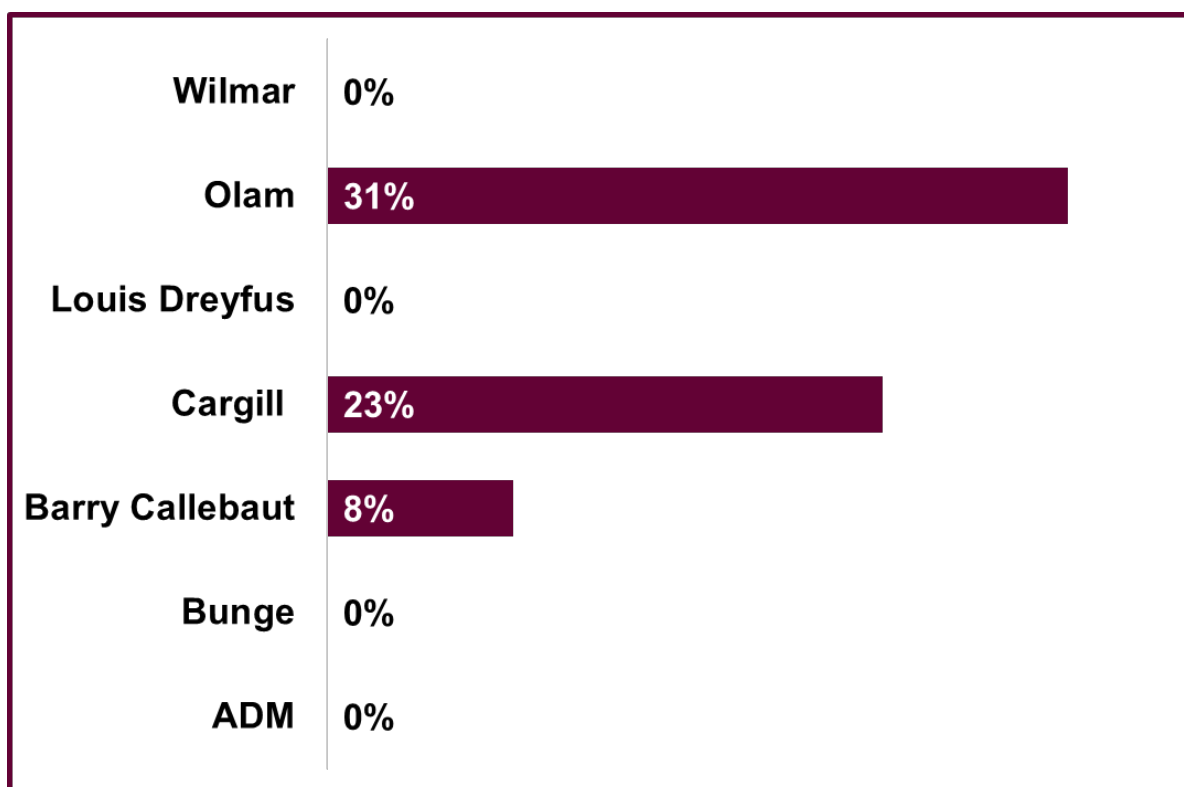
- Kellogg's committed to a climate change adaptation strategy that incorporates the needs of smallholders in the company's supply chain, and to delivering a 65% absolute reduction in Scope 1 and 2 emissions and a 50% reduction in Scope 3 emissions. It also committed to supporting "Climate Smart Agriculture"—including climate resilience and adaptation for farmers, improved productivity on existing land, and GHG mitigation through sustainable agricultural practices.<sup>73</sup>
- General Mills committed to a 28% absolute reduction in greenhouse gas emissions out to Scope 3 by 2025 and to sustainable emissions levels in line with scientific consensus by 2050. It also committed to engaging with other stakeholders to advance sustainable agriculture tools and practices and to ongoing reporting and reviewing progress toward sustainable sourcing and climate adaptation efforts within key ingredient supply chains.<sup>74</sup>
- Mars, PepsiCo, Nestlé, and Unilever also made progress. Following the example of General Mills and Kellogg's, these companies have set or committed to setting science-based GHG reduction targets. For example, Mars' climate change targets are to reduce total GHG emissions from its full value chain by 27% by 2025, and by 67% by 2050, from 2015 levels.<sup>75</sup>

***Are their suppliers following suit?***

Between them, there are known supply chain relationships between Kellogg's or General Mills and ADM, Barry Callebaut, Bunge, Cargill, Olam, and Wilmar. Barring Olam and Barry Callebaut, none of these agribusinesses have established science-based emission reduction targets. Only a handful of the agribusinesses companies are even disclosing their upstream Scope 3 emissions associated with agricultural production. The only way that the Big 10 can meet their own Scope 3 GHG reduction targets is if their suppliers measure, disclose, and reduce their own upstream emissions.

## THEME 4: SMALL-SCALE PRODUCERS

Figure 8: Agribusinesses' scores on the small-scale producers theme as percentages



### The issue

The vast majority of farms in the world are small-scale, and farming is critical to the livelihoods of hundreds of millions of the world's poorest people. The growth of global food supply chains over the past 20 years has provided new markets and opportunities for economic empowerment for some, but—as recent research by Oxfam highlights<sup>76</sup>—many people producing for global supply chains are reaching a tipping point in which the very viability of their livelihood is threatened. As the research shows, there has been a long-term decline in export prices for several food commodities which, coupled with often rising costs of production, means small-scale farmers struggle to make enough profit to support a decent standard of living for themselves and their families. Farmers' share of the end consumer price of food is also shrinking: it is down more than 13% since 1995.<sup>77</sup>

### The indicators

Indicators under the small-scale producers theme assess the extent to which agribusinesses have put in place measures to ensure that farmers' rights to a decent standard of living are respected. Critical in this regard is ensuring that purchasing practices do not undermine the viability of small-scale agriculture (for example, by paying producers below their costs of production or offering only short-term contracts). Also important is supporting small-scale producers in commodity supply chains to build their resilience and increase their income and assets. Engaging suppliers on these issues is a key focus of this theme.

## Key findings

On average, this was the lowest-scoring theme for the assessed agribusinesses. The highest-scoring company, Olam, scored just over 30%. Four companies scored 0%. Many of the agribusinesses have yet to recognize several foundational issues facing small-scale producers. Nor are they measuring and disclosing the share of value going to small-scale producers across their agricultural commodity supply chains. None of the companies Oxfam assessed have committed to improving the ability of small-scale producers across all of their supply chains to earn a living income.

On an encouraging note, several of the agribusinesses can point to positive examples of efforts to begin to address issues around share of value, resilience, and living income with small-scale food producers with whom they have direct sourcing relationships. Olam, for instance, has a commitment to support small-scale producers of crops including coffee and cocoa to build their resilience and increase their income and assets. In Olam's Livelihoods Charter, the company explains that it maintains a presence on the ground throughout the crop season so that farmers see the company as a "reliable partner," and also pays premiums for high-quality crops.<sup>78</sup> Barry Callebaut committed to lifting 500,000 cocoa farmers out of poverty by 2025. The company is working to empower farmers to earn a better income, and has also committed to engaging with government on key sustainability issues around the replanting of cocoa farms.<sup>79</sup>

Oxfam recognizes the importance of these efforts. These examples alone, however, do not enable the companies to score for many of the indicators. Oxfam set a higher bar. It is looking for the agribusinesses to go deeper and request that their third-party suppliers across their high-risk commodity supply chains also work to ensure that small-scale food producers receive a fair deal. As a first step, agribusinesses must require their suppliers to make strong commitments around small-scale producer resilience, income, and assets, and develop plans to ensure that they do.

### **Box 6: The road ahead for the Big 10 and agribusinesses on small-scale food producers**

The Big 10 on the whole have yet to make comprehensive and systemic commitments to improving small-scale producers' economic resilience. Entry points for a more holistic and ambitious approach to supporting small-scale farmers include addressing:

- Farmers' exposure to risk (e.g. inputs, price, climate, land), which can represent a key deterrent for farmers to invest in their farms.
- Farmers' lack of market power (e.g. access, bargaining, upgrading), which translates into an inability to benefit from new market opportunities.
- Structural barriers that reproduce imbalances in risk and market power (e.g. supply chain design, commodity sector coordination, public policy agenda), and thus disadvantage small-scale farmers.

Most important is to commit to a living income for small-scale farmers and workers, and to eliminate unfair trade practices in the supply chain. The companies, and their suppliers, have significant work ahead. Encouragingly, Oxfam is starting to see examples of emerging good practice. Mars' Farmer Income Lab is one such example.

### ***The Mars Farmer Income Lab***

As an advisor to Mars' Farmer Income Lab, a "collaborative think-do-tank" set up to meaningfully improve farmer income, Oxfam will provide strategic guidance to Mars and other Lab partners as they seek to generate insights, connect solutions, and accelerate action across global supply chains. Elements of the initiative that Oxfam finds particularly promising are: (1) the ambitious goal of all farmers in Mars' extended supply chains earning sufficient income to maintain a decent standard of living; (2) the rigorous effort to understand the problem and identify the most impactful efforts to improve farmer income; and (3) that the lab will function as an incubator for ideas that can be put into action through sustainable sourcing strategies, which could extend even beyond Mars' supply chain.<sup>80</sup> Oxfam will continue to contribute to efforts like the Mars Farmer Income Lab with the potential to drive meaningful change in this area. Women's economic empowerment will be a key issue that Oxfam advises on for the Lab.

### ***Working with local partners to address challenges facing small-scale food producers***

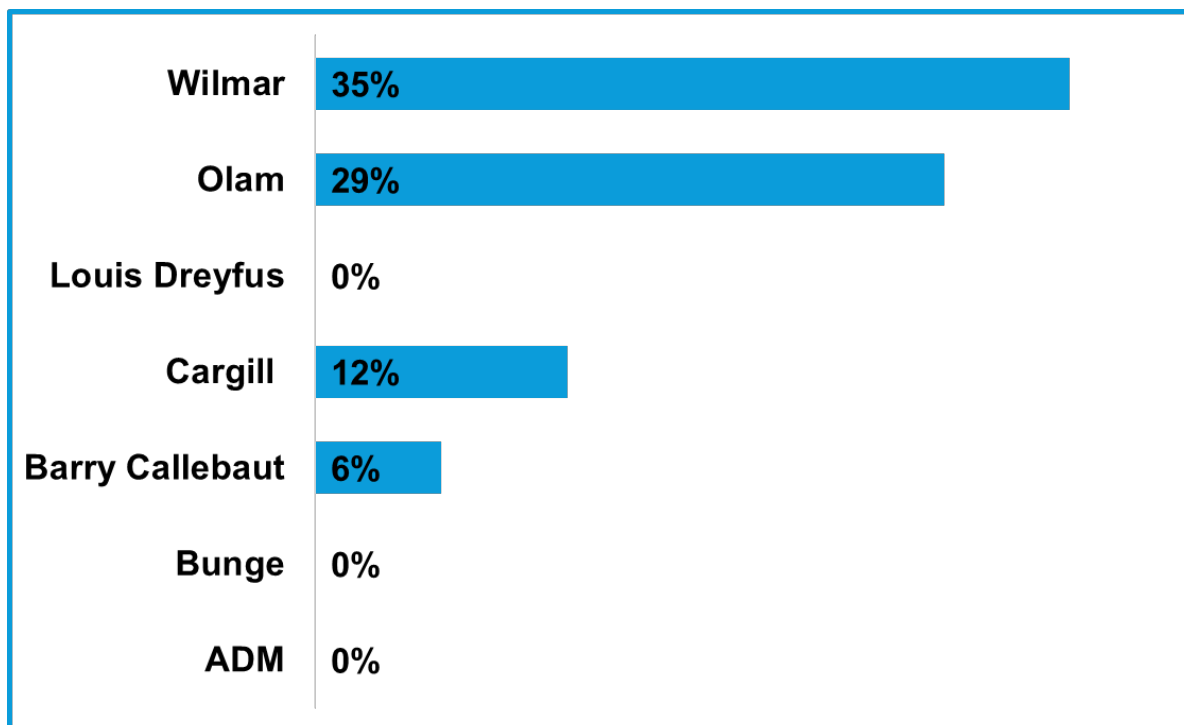
Oxfam works with local partners around the world to address the challenges small-scale producers face in relation to market access, adapting to climate change, and earning a living income. Oxfam also assists small-scale food producers in advocating for changes in laws and policies that will improve their lives and income. Oxfam's "My milk is local" campaign in West Africa is one such example. The campaign focuses on the provision of technical and financial support to producers, ensuring favorable commercial and tax policies for family farms, and encouraging governments to lower taxes on products that are processed locally.<sup>81</sup>

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Oxfam will continue to engage all stakeholders of the food system—including food and beverage companies, retailers, and agribusinesses—on the urgent need to do more to empower small-scale food producers. Oxfam welcomes further discussion with the Big 10 and the agribusinesses on this issue.

## THEME 5: TRANSPARENCY AND ACCOUNTABILITY

**Figure 9: Agribusinesses' scores on the transparency and accountability theme as percentages**



### The issue

Global agribusinesses have the potential to impact the human rights of people across their supply chains. Salient human rights issues for agribusinesses include, among others: the right to an adequate standard of living, including food, water, housing and a livelihood; the rights to fair and decent work conditions and non-discrimination; the right to freedom of association and collective bargaining; and the right to freedom from forced labor.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) make clear that companies—agribusinesses included—have a responsibility to respect internationally recognized human rights (those enshrined in the International Bill of Human Rights, and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work) and to take steps to ensure that they “do no harm” to people connected to their supply chains. This requires having policies and processes in place to “know and show that they respect human rights,” including:

- A policy commitment to meeting their responsibility to respect human rights.
- A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights.
- Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.<sup>82</sup>

### The indicators

The indicators focus on the extent to which agribusinesses have a policy on human rights in accordance with the UNGPs, disclose how human rights are managed within the company,

Companies Spoke. Did their Suppliers Listen?

conduct due diligence processes to identify human rights risks and impacts in the supply chain, and ensure people across their supply chains have access to effective grievance mechanisms and remedy. The analysis also focuses on the extent to which agribusinesses are transparent about their suppliers and operations, and the level of support they provide to their suppliers on human rights issues.

## Key findings

Transparency and accountability was the second lowest-scoring theme. Wilmar had the highest score, Olam the second highest. Both companies scored for the indicator on disclosing which governance structure has responsibility for the oversight of human rights. This is an important step for ensuring buy-in and accountability across a company for meeting its human rights commitments.

But by and large, the agribusinesses Oxfam assessed can do more to demonstrate a strong commitment to transparency, accountability, and respect for human rights in accordance with the UNGPs. For instance, no company scored for the indicator on identifying and disclosing salient human rights risks across their supply chains, regularly reporting trends over time, and consulting key stakeholders as part of the process. No company scored for the indicator on having a comprehensive policy on the protection of human rights defenders.

Several companies have established grievance mechanisms for specific commodities, yet only Wilmar scores for the indicator, which requires the grievance mechanism to cover at least three high-risk commodities. None have made clear how they ensure that all internal and external stakeholders can access effective grievance mechanisms (meeting the criteria defined in the UNGPs) across all of their commodity production and sourcing. Cargill's disclosure of and responsible engagement with a palm oil supplier in Guatemala entangled in a human rights violation provides a potential model for action.<sup>83</sup> Finally, none of the agribusinesses are disclosing the names and locations (site-level) of suppliers along all tiers of their highest-risk commodities, beginning with at least three high-risk commodities.<sup>84</sup>

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Together these findings on the five themes point to the need for agribusinesses to strengthen their sustainability and human rights policies and implementation plans across their supply chains. Several of the agribusinesses offer examples of emerging good practice for specific commodities in particular countries, but to meet their responsibilities and customers' standards, they need to pursue responsible, inclusive sourcing across their operations, and require the same of their third-party suppliers. Strong policies and implementation plans will set them on the right track. When Oxfam first ranked the Big 10 on their policies in 2013, they had significant gaps on women, land, and climate—gaps several of the companies have gone some way to closing. The agribusinesses can also improve.

## IMPLICATIONS FOR THE BIG 10

***Given where they sit in the supply chain, the Big 10 must work with and through the agribusinesses in order to implement their own sustainability commitments.***

Many of the Big 10 have made strong commitments, especially on women, land, and climate. But as the scorecard results indicate across these themes, not all of the agribusinesses with which they have supply chain connections have followed suit. This disconnect between what they have committed to and what their suppliers have committed to should be of concern to the Big 10. Policy change and implementation plans are prerequisites for practice change at scale. Low scores among several of their key suppliers signal that implementation of their own commitments is not happening at the required level.

A first step that leading Big 10 companies can take is to ensure that the agribusinesses they have supply chain relationships with adopt policy commitments that are as strong as their own and meet standards for best practice. They should also work with agribusinesses to help them integrate those commitments into their own supplier codes of conduct and guidance, so that their policy commitments are well understood throughout their commodity supply chains. Additionally, Oxfam recognizes that there are further steps that the Big 10 must take in order to ensure that they have strong enough policies and implementation plans in place to address relevant issues.

Oxfam provides recommendations for both the agribusinesses and the Big 10 in the next section of this report. Oxfam will engage more deeply with both sets of companies on the scorecard findings and recommendations. These are part of Oxfam's broader efforts to advise and monitor the Big 10 on implementation of their campaign commitments.

## 4 RECOMMENDATIONS AND NEXT STEPS

Below are Oxfam's recommendations for agribusinesses, the Big 10, investors in agribusinesses, and other stakeholders, based on the scorecard findings.

### AGRIBUSINESSES

Agribusinesses should work to improve their policies and implementation plans across the scorecard themes so that they align with international standards and best practice. More specifically, Oxfam recommends that agribusinesses:

#### **Put women's economic empowerment at the heart of business operations**

- Sign up to the UN Women's Empowerment Principles.
- Publish a gender equality policy that applies to the entire supply chain, from the headquarters to the farm level; demonstrate that the policy is being integrated into the operations and DNA of the company (e.g. through training, messaging from leadership, roles within the company to address women's economic empowerment at the global and country level, etc.).
- Publish a detailed, time-bound, multi-year action plan for how the company will implement—and report on the implementation of—its relevant policies on women.
- Publicly challenge unequal gender norms and unpaid care responsibilities across the food sector and its own operations.

#### **Respect all land rights**

- Commit to respecting all land rights of small-scale food producers and communities affected by the company's, suppliers', and key business partners' operations through a company-wide policy, which includes adherence to the principle of free, prior, and informed consent.
- Embed this policy in requirements and training for suppliers and key business partners.
- Publish a detailed, time-bound, multi-year action plan for how the company will implement its land rights commitments—prioritizing high-risk agricultural commodity supply chains—and report on progress.
- Publicly advocate for governments, peer companies, and suppliers to address the systemic challenges of securing land rights, tackle land grabbing, and support responsible agricultural investments.

#### **Reduce and address climate impacts to ensure the resilience of smallholder farmers**

- Measure and disclose Scope 3 GHG emissions in the company's agricultural supply chains, including emissions from agricultural production, food waste and loss, and livestock; commit to establishing clear, quantifiable GHG reduction targets in line with the Paris Climate Agreement.
- Commit to developing time-bound implementation plans and publicly reporting on achieving deforestation-free supply chains across all high-risk commodities.

- Develop a comprehensive, supply-chain-wide strategy for investments in climate change adaptation that builds the resilience of small-scale producers, utilizing locally relevant solutions identified through community and stakeholder consultations and climate risk and vulnerability assessments, prioritizing high-risk commodities.
- Publicly advocate for policies that advance climate action and strengthen the protection of ecosystems and the rights of indigenous peoples and local communities.

## **Support a living income for women and men throughout the supply chain**

- Disclose gender-disaggregated data showing the total number of small-scale producers in the companies' agricultural commodity supply chains, starting with high-risk supply chains with the most small-scale producers involved.
- Work collaboratively with farmers and civil society organizations, women's rights groups, peers, suppliers, and other stakeholders to identify the cost-of-living needs for farmers in high-risk supply chains, to close the gap between prevailing and living incomes.
- Make a time-bound commitment to achieving a living income for all small-scale producers in the company's supply chains.
- Factor living-income benchmarks into a company's price negotiations with producers, and work with suppliers to establish a strategy and implementation plan to increase the share of value received by small-scale producers to reach the level of a living income.
- Invest in training and technical support to enhance the skills and knowledge of small-scale producers to build their resilience, and enable them to meet quality production standards, adopt and implement sustainable agriculture practices, and strengthen their bargaining and negotiation power.

## **Improve transparency of and comprehensively understand and act upon human rights risks in the company's supply chain**

- Trace and disclose up-to-date information on all suppliers of origin for commodities with high levels of human rights risks in the supply chain.
- Make an explicit commitment to uphold the UNGPs and to report against them. In this regard, companies should implement a human rights due diligence process, which includes assessing human rights risks and impacts, aligned with Guidance for Responsible Business Conduct and Food and Agriculture Organization Guidelines on Due Diligence.<sup>85</sup> Agribusinesses should also outline grievance procedures and access to remedy.
- Demonstrate zero tolerance for threats and intimidation through an explicit policy commitment to protecting human rights defenders.
- Support suppliers in respecting human rights and providing benefits for small-scale producers, including adopting specific policies on women's economic empowerment, land rights, GHG emissions, deforestation, and living incomes. Integrate these policies and approaches into supplier selection processes and contracts.

## THE BIG 10

The Big 10 must work with their suppliers to implement their own human rights and sustainability commitments. They should:

- Disclose the names of suppliers for key commodities, as many of the Big 10 and other consumer-facing companies have done for palm oil.
- Call on and encourage their agribusiness suppliers and business partners to strengthen policies related to women's economic empowerment, land rights, GHG emissions, deforestation, living incomes for small-scale producers, and human rights.
- Encourage agribusiness suppliers and business partners to publish time-bound action plans for implementing these policies and to publically report on progress.
- Report on supplier performance through the company's regular public communications, prioritizing those within high-risk supply chains.<sup>86</sup>
- Enable buyers within the company to implement commitments, for example by establishing related key performance indicators and fully integrating provisions into supplier management systems.
- Translate their own commitments into the languages of sourcing countries, and ensure this information is publicly available.
- Improve training for suppliers on key issues related to women's economic empowerment, land rights, GHG emissions, deforestation, living incomes for small-scale producers, and human rights, and ask that they adapt and extend this training to their own suppliers.
- Continue to develop and improve commitments and actions to ensure the company is tackling relevant issues.

## INVESTORS

Investors in agribusinesses should:

- Identify human rights and environmental risks in the agribusiness portfolio; monitor holdings that have been associated with adverse human rights or environmental impacts in the past, or are at risk of generating such impacts in the future; prioritize the monitoring of high-risk commodities and products sourced from high-risk regions.
- Encourage boards and management of investee agribusinesses to strengthen policies and implementation plans on scorecard themes, including women's economic empowerment, land rights, reduction of GHG emissions, deforestation, living income for smallholder farmers, and respect for human rights.
- Publicly and privately advocate for peer investors, government agencies, and other stakeholders to address women's economic empowerment, land rights, GHG emissions, deforestation, living incomes for small-scale producers, and human rights.
- When an investor causes, contributes to, or is linked to adverse human rights or environmental impacts, fulfill responsibilities surrounding access to remedy according to the UNGPs.<sup>87</sup> This may require divestment when opportunities to increase leverage have been exhausted, and when done in consultation with affected communities and civil society.

## WIDER OXFAM RECOMMENDATIONS AND NEXT STEPS

Oxfam has recommendations regarding these critical policy areas for government and other stakeholders. For instance, see the resources below:

- Oxfam's 2018 report, *Ripe for Change: Ending human suffering in supermarket supply chains*.<sup>88</sup>
- Oxfam's resource page on land rights.<sup>89</sup>

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In the months to come, Oxfam will further engage with the agribusinesses and the Big 10 on the findings from this assessment and what the gaps mean in relation to this question: Do agribusinesses' sustainability policies and implementation plans meet expectations set by leading Big 10 companies and for best practice? Oxfam will also further explore what the results can tell us about how food and beverage companies are implementing commitments they made vis-à-vis their own supply chains. As the scorecard results illustrate, there are gaps and opportunities for improvement.

Oxfam intends to repeat this scorecard assessment in the future, to determine whether the agribusinesses have made improvements and to track progress over time. Agribusinesses are too powerful in food and beverage supply chains and global food systems to continue to operate under the radar of public scrutiny.

# ANNEX

## METHODOLOGY

Oxfam developed the agribusiness scorecard indicators in early 2018. Two independent external consultants conducted the majority of the analysis during the second half of 2018, answering “yes,” “no,” or—in some select cases where Oxfam wanted to recognize emerging good practice—“partial,” for each indicator.<sup>90</sup> All scores were based on data that was publicly available as of December 31, 2018. Examples of publicly available documents include public policies, frameworks, statements, and supplier guidance or codes of conduct.

Before finalizing the assessment for publication, Oxfam shared the initial assessment results with the agribusinesses for discussion and feedback. All seven agribusinesses responded to Oxfam, six with comprehensive comments on the initial findings and/or requests for conversation about their policies and efforts. Oxfam worked with the consultants to review the companies’ feedback, making revisions only where Oxfam and the consultant felt that previous analysis had missed a key reference.

# NOTES

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producers. But small-scale food producers is also an important theme in its own right. Oxfam included this theme to shine a spotlight on policy gaps that are particularly important given agribusinesses' power and position in the middle of supply chains, and one where Big 10 companies themselves still have improvements to make. Oxfam then included the fifth theme—transparency and accountability—because it is foundational to progress on human rights issues more broadly and on the other four themes. Oxfam did not include the workers or water themes in this iteration of the scorecard, though they are also important themes. The workers theme is currently the focus of Oxfam's Behind the Price campaign; see: <https://www.oxfam.org/en/behindtheprice>. We are exploring adding additional themes to our analysis in the future.

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In addition: Illovo Sugar Africa adopted a detailed, time-bound action plan or “road map” for implementation of its land rights policy. See: Illovo Sugar Africa. (2015). *Illovo's Road Map on Land Rights*. <http://www.illovosugarafrica.com/UserContent/documents/Announcements/Road-Map-on-Land-Rights-6Nov2015.pdf>. Accessed December 19, 2018.
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- 67 See the climate section of the Behind the Brands scorecard data sheet, available at: <https://www.behindthebrands.org/about/>. Accessed December 19, 2018. Also see the climate section of the Agribusiness scorecard data sheet.
- 68 Oxfam's position is that companies should use all possible sources of leverage to encourage suppliers to improve their practices rather than immediately cutting sourcing ties, in line with the UNGPs. If a supplier refuses to comply, then the company should consider suspension, in consultation with other key stakeholders.
- 69 As stated previously, Wilmar has been cited as supplying 40% of the world's palm oil. Greenpeace International. (2018). *Breakthrough as world's largest palm oil trader gives forest destroyers nowhere to hide*. Op. cit. Accessed December 31, 2018.
- 70 Indirect emissions resulting from the activities of an organization. See the next endnote and also Carbon Trust. *What are scope 3 emissions, how can they be measured and what benefit is there to organisations measuring them?* <https://www.carbontrust.com/resources/faqs/services/scope-3-indirect-carbon-emissions/>
- 71 The three categories for greenhouse gas (GHG) emissions as set out in the Greenhouse Gas Protocol. Scope 1 and 2 emissions are direct emissions such as fuel combustion and purchased electricity. See the previous endnote and the Greenhouse Gas Protocol: <https://ghgprotocol.org/>
- 72 E. Sahan. (2016). *The Journey to Sustainable Food*. Op. cit., pgs. 13–14. Also see April 2016 company scores as compared to February 2013 scores on climate: <https://www.behindthebrands.org/company-scorecard/>, and the Behind the Brands scorecard data sheet, available at: <https://www.behindthebrands.org/about/>. Accessed December 19, 2018.
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- 81 Oxfam. (2018). *Campaign "MON LAIT EST LOCAL" – Promoting the Consumption of Local Milk*. <https://oxfamnovibacademy.wordpress.com/2018/08/13/campaign-mon-lait-est-local-promoting-the-consumption-of-local-milk-join-us/>. Accessed December 20, 2018.
- 82 United Nations Human Rights Office of the High Commissioner. (2011). *Guiding Principles on Business and Human Rights*. Op. cit., pgs. 15–16.
- 83 See Cargill's palm oil grievance log, which gives a detailed account of engagement with REPSA: Cargill. *Direct supplier grievances under review*. <https://secure1.foodreg.net/ksportal/web/cargill/grievance-log-direct-suppliers>. Also see

<https://www.business-humanrights.org/en/guatemala-cargill-repsa-acknowledge-need-to-prevent-abuses-related-to-toxic-spill-of-palm-oil-other-companies-yet-to-respond> and <https://www.actionaidusa.org/news/cargill-suspends-contract/>. All links accessed December 31, 2018.

- 84 As of recently, some companies have been disclosing lists of their palm suppliers. Oxfam would like to see companies disclose the names and locations of suppliers along all tiers for all high-risk commodities.
- 85 See the OECD-FAO Guidance for Responsible Agricultural Supply Chains: <http://www.oecd.org/daf/inv/investment-policy/rbc-agriculture-supply-chains.htm>. Accessed February 27, 2019.
- 86 Oxfam follows the criteria for high-risk supply chains given in the OECD-FAO Guidance for Responsible Agricultural Supply Chains. See: OECD-FAO. (2016). *OECD-FAO Guidance for Responsible Agricultural Supply Chains*. OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264251052-en>. Accessed February 22, 2019.
- 87 For a detailed explanation of institutional investors' responsibilities, see OECD. (2017). *Responsible Business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*. <https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf>. Note that the OECD Guidelines for Multinational Enterprises are fully aligned with the UNGPs.
- 88 Available at: [https://d1tn3vj7xz9fdh.cloudfront.net/s3fs-public/file\\_attachments/cr-ripe-for-change-supermarket-supply-chains-210618-en.pdf](https://d1tn3vj7xz9fdh.cloudfront.net/s3fs-public/file_attachments/cr-ripe-for-change-supermarket-supply-chains-210618-en.pdf)
- 89 Available at: <https://indepth.oxfam.org.uk/land-rights/key-issues/#collaboration>
- 90 Oxfam chose to allow "partial" scoring only for a small number of indicators where Oxfam deemed it important to recognize progress and emerging good practice. This differs from Oxfam's approach in the original Behind the Brands scorecard, where "partial" was only used for certain companies to show progress by subsidiary companies. Oxfam tried to limit the availability of a "partial" score, as it is important for companies to fully meet the indicators.

# OXFAM

Oxfam is an international confederation of 19 organizations networked together in more than 90 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](http://www.oxfam.org).

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