



We have a shared goal to improve the sustainability impact of the agri-food sector



Launched in December 2021, the G7 Sustainable Supply Chains Initiative brings together stakeholders from the public and private sectors to support supply chain sustainability and due diligence. Shivani Kannabhiran from the Centre for Responsible Business Conduct at the Organisation for Economic Co-operation and Development (OECD) presents the initiative.

Ms Kannabhiran, why is it important to involve the private sector in the transformation towards more sustainable and inclusive global food systems?

The desired transformation of the food sector can only be achieved if all relevant actors, including the private sector, contribute and play their part. International food and agriculture companies bring significant leverage and collectively bear responsibility for improving the environmental and social sustainability of food systems. By engaging with companies along the entire supply chain – from input suppliers to producers, food manufacturers and retailers – we can work to transform the sector as a whole and move from commitments to action together.

And this is precisely what the G7 Sustainable Supply Chains Initiative sets out from?

Yes. The Initiative – G7 SSCI for short – brings together 22 leading global food and agriculture



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companies headquartered in G7 countries, representing both upstream and downstream segments of the value chain. These companies have committed to action that will improve the environmental, nutritional and social impact of their operations. The implementation of sustainability commitments on climate, human rights and the environment in line with international recommendations in company operations could be a significant catalyst in developing more sustainable supply chains. The group as a whole earns 500 billion US dollars in annual global revenues and employs over two million people directly.

Commitment is all good and well. But how are companies actually assessed regarding their efforts to achieve sustainability?

The Initiative uses the Food and Agriculture Benchmark of the World Benchmarking Alliance (WBA), which is an independent reference framework to measure the sustainability performance of companies. The Benchmark evaluates the activities of the 350 largest global food and agriculture companies. Launched in 2021, it builds upon the Guidance for Responsible Agricultural Supply Chains drawn up by the OECD and the UN Food and Agriculture Organization (FAO), which enables companies of all sizes to implement a due diligence framework to address environmental, human rights and governance risks in global supply chains. The WBA Benchmark applies 45 indicators to assess companies on their environmental, nutritional and social impacts in these supply chains. The results indicate the extent to which companies contribute to the achievement of the SDGs.

And where do the companies currently stand?

So far, the findings demonstrate worrying gaps in the industry's adaptation to climate change, progress on human rights and contribution to healthy diets. For instance, the 2021 Benchmark report revealed that only 26 out of the 350 companies are currently working to reduce greenhouse gas emissions in line with the Paris Agreement, despite the fact that indirect

greenhouse gas emissions from supply chains (also known as scope 3 emissions) make up around 80 per cent of the emissions for food companies. Over 200 of these companies do not publicly report on scope 3 emissions or set targets to reduce them.

The data available in 2021 also revealed a lack of action on eliminating child and forced labour. Despite the existence of global frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD-FAO Guidance, just eight per cent of the 350 companies have a comprehensive human rights due diligence mechanism in place.

The private sector also plays a significant part in ensuring our diets support public health goals, and that safe and nutritious food is available and accessible to all. This role has gained urgency in light of the food security crisis linked to the current war in Ukraine. However, three quarters of the companies benchmarked have not yet made commitments to improving the accessibility and affordability of healthy food. The results demonstrate an urgent need for action.

And what about the companies in the initiative?

The 22 pledged companies had their performance re-evaluated in 2022 to assess progress, with a report being launched at the 50th Committee of World Food Security (CFS50) session in Rome. Overall, we are pleased to see improvements at 16 of the 22 companies over the past twelve months, particularly with regard to environment measures. At the same time, however, we recognise a great need for improvement to realise the sustainable transformation of supply chains, especially in the areas of nutrition and social impacts.

How will this transformation be promoted?

Through the Initiative, we are closely engaging with the companies who have committed to be part of the G7 SSCI, with the WBA Benchmark and the OECD-FAO Guidance playing complementary roles. Here, the latter provides companies with internationally backed recommendations on how to opera-

tionalise social and environmental corporate risk-management in their business decisions and global supply chains. The 5-step OECD due diligence framework helps companies identify, prevent and mitigate a wide range of risks associated with food and agricultural supply chains. WBA's benchmark focuses attention on critical issues around the transformation of food systems and serves as an accountability mechanism with public reporting on the performance of global agri-food companies every two years. Through improved transparency, collective action and accountability, the initiative is promoting responsible business performance. OECD recommendations on due diligence are increasingly referenced in legislation, public policy and guidance on corporate conduct, besides providing a resource to policy-makers on how to incentivise responsible business conduct.

In the framework of the G7 SSCI, we also aim to create a dialogue between policy-makers and the private sector that promotes an improved understanding of the role different actors play in value chains, and how actions from each can address challenges to scaling impact. We have a shared goal to improve the sustainability impact of the agri-food sector. It is only through partnership, collaboration and clarity on what is needed that we can truly transform our global food systems.

What has happened so far since the launch of the initiative last December?

A technical workshop with G7 SSCI companies was hosted by the WBA in March this year, and we formally kicked off the G7 SSCI under the German G7 presidency on the 13th July 2022, following the G7 summit at the end of June. During the July meeting, government representatives of the G7 and European Union countries, as well as 15 of the 22 member companies, were able to jointly define goals and issues to prioritise. In September, we held a company workshop with the aim of defining company commitments and preparing the group for our high-level event at the end of this year. And in mid-November we presented the initiative at a hybrid side event at the COP 27 Food Systems Pavilion, focusing on youth action in food systems. We are particularly interested in young people's thoughts and how we can address their needs.

What is next?

The highlight of this year's activities will be a high-level ministerial and CEO level event in Berlin, Germany, beginning of December. This is to include an overview of progress, milestones and challenges as well as the promotion of further dialogue between the private and public sectors. We aim to discuss areas in

The G7 Sustainable Supply Chains Initiative (G7 SSCI) was launched in December 2021 under the UK's G7 Presidency. With the aim of transforming global food systems to be more sustainable, inclusive and resilient, as set out by the UN Food Systems Summit in 2021, the Initiative seeks to strengthen efforts to meet the Sustainable Development Goals. The Centre for Responsible Business Conduct at the OECD acts as the G7 SSCI secretariat for the duration of the German Presidency in 2022.

which companies can improve their social and environmental impacts and scale up corporate actions with the support of policy-makers.

Are you planning to open the G7 SSCI to other companies as well?

Absolutely! The initiative is open to all companies and we plan to grow it to increase collective impact. As a starting point, the current focus is on companies headquartered in G7 countries. We plan to extend the scope of the initiative beyond G7 countries, so that all companies have the opportunity to join and work together to transform the sector for the better.

The above is an updated and revised version of an interview published at: www.weltoehnung.org

OECD-FAO Guidance for Responsible Agricultural Supply Chains

In a world shaped by climate change and limited natural resources, agriculture plays a decisive role in sustainable economic development. The OECD-FAO Guidance for Responsible Agricultural Supply Chains was published in 2016 to help address this.

The guidance was developed to assist companies in complying with existing standards for responsible business along agricultural supply chains. These standards include the OECD Guidelines for Multinational Enterprises, the Principles for Responsible Investment in Agriculture and Food Systems, and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. Observing these standards helps enterprises mitigate their adverse impacts and contribute to the achievement of the Sustainable Development Goals (SDGs).

The guidance contains four parts:

- A model enterprise policy outlining the standards that enterprises should observe

to build responsible agricultural supply chains. Thematic areas covered include gender and benefit sharing, human rights, labour rights, health and safety, food security and nutrition, tenure rights, animal welfare, environmental protection, the sustainable use of natural resources, governance, technology and innovation.

- A framework for risk-based due diligence describing the five steps that enterprises should follow to identify, assess, prioritise, mitigate and account for how they address the actual and potential negative impacts of their activities. While all enterprises should conduct due diligence, the implementation of this framework can be tailored to their position in the supply chain.
- A description of the major risks faced by enterprises and the measures to mitigate these risks.
- Specific guidance on engaging with indigenous peoples.

All enterprises operating along agricultural supply chains are addressed by the guidance,

whether they are local or international, private or public, small, medium or large-scale. The guidance covers agricultural upstream and downstream sectors from input supply and production to post-harvest handling, processing, transportation, marketing, distribution and retailing.

OECD and FAO developed the guidance through a two-year multistakeholder process. It was approved by the OECD Investment Committee, the OECD Committee for Agriculture, and the Cabinet of the FAO Director-General. A recommendation on the guidance was adopted by the OECD Council. While not legally binding, the recommendation reflects the common position and political commitment of OECD members and non-member adherents. The OECD has also developed tailored guidance to help enterprises build responsible supply chains in the following sectors: garments and footwear, finance, and extractives (particularly minerals from conflict-affected and high-risk areas).