



OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia: Final Report

Key learnings from business on implementing risk-based due diligence



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Foreword

To promote the understanding and uptake of supply chain due diligence recommendations per the OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance), the Organisation for Economic Co-operation and Development (OECD) launched an implementation pilot with companies operating along agricultural and seafood supply chains in Southeast Asia in July 2019 (SEA Pilot). Activities of the SEA Pilot included a baseline survey in 2019 and a follow-up survey in 2020 to understand how companies who took part in this Pilot are carrying out responsible business practices and risk-based due diligence across agricultural supply chains. The SEA Pilot also included a webinar series on topics identified as knowledge gaps and of particular interest to the companies. The webinar series allowed candid discussion between pilot companies and expert speakers, including representatives from peer companies, civil society organisations and international organisations. Information and resources on responsible business conduct (RBC) were also shared with pilot participants. This report summarises the key activities and learnings of the SEA Pilot.

This report has been prepared by the OECD Centre for Responsible Business Conduct. The report was drafted by Dr Alison Watson working as a consultant for the OECD Centre for Responsible Business Conduct. It was undertaken within the framework of the EU-ILO-OECD Responsible Supply Chains in Asia Programme with funding by the European Union.

About the OECD-FAO Guidance Responsible Agricultural Supply Chains

The OECD-FAO Guidance for Responsible Agricultural Supply Chains (the OECD-FAO Guidance) provides a common framework and global benchmark for the application of responsible business practices in agricultural supply chains. It incorporates various long-standing standards for responsible business conduct (RBC), such as the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organisation Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO MNE Declaration), and the UN Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), amongst others. The OECD-FAO Guidance targets domestic and international, small, medium and large enterprises across the entire agricultural value chain, from the farm to the consumer. Find out more at <https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm>

About the Responsible Supply Chains in Asia (RSCA) Programme

The Responsible Supply Chains in Asia (RSCA) Programme aims to address decent work and environmental challenges through promoting responsible business practices in the operations of enterprises, including multinational enterprises, and their supply chains. A partnership between the European Union (EU), the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), with funding by the European Union, the programme works with partners in Asia to promote respect for human rights, including labour rights, and responsible business standards in global supply chains. The three-year programme (2018-2020), carried out in collaboration with Japan, China, Myanmar, Philippines, Thailand and Vietnam, has two broad objectives to: promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding of corporate social responsibility; create policy environments conducive to promoting responsible business conduct and increased opportunities for dialogue. Find out more at <http://mneguidelines.oecd.org/globalpartnerships/responsible-supply-chains-asia/>

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Executive Summary

The OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia (SEA Pilot)¹ focused on promoting a better understanding among businesses how application of international standards on due diligence as recommended by the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#) (OECD-FAO Guidance)² can help strengthen company risk-management practices and meet responsible business conduct (RBC) expectations including increasing business contribution to the Sustainable Development Goals (SDGs).³

This final report presents overall findings of the pilot, including analysis from a follow-up survey to understand how knowledge of the OECD-FAO Guidance had increased and/or is translated into changes in pilot company actions. Despite the relatively short timeframe between the baseline and follow-up surveys – approximately ten months – and the impact of the Covid-19 pandemic in 2020, the results of the follow-up survey show positive changes in RBC policy and practices across many participating companies.

Noteworthy progress has been documented on establishing strong enterprise management systems for responsible agricultural supply chains (Step 1), identifying, assessing and prioritising risks in the supply chain (Step 2) and in verifying supply chain due diligence (Step 4).

With regard to establishing strong enterprise management systems (Step 1), 38% of companies responded that changes had been made to written policy(ies) related to RBC standards over ten months since the baseline survey was conducted. Encouragingly an additional 50% of companies indicated that changes were being considered and would likely lead to new or expanded policy commitments being developed in the next 12 months. National and export market regulations, as well as business partner requirements were one of main reasons for these policy changes.

As part of supply chain risk identification, assessment and prioritisation (Step 2), many pilot companies have increased risk assessments for Tier 1 suppliers (44% increase) and for suppliers and business partners beyond Tier 1 (38% increase). 63% of companies agreed that Covid-19 had influenced the need to increase levels of risk assessment along supply chains.

Company efforts in verifying supply chain due diligence (Step 4) have also increased. One-quarter of companies have increased verification of due diligence efforts related to Disclosure – a cross-cutting RBC standard related to the disclosure of timely, accurate, verifiable and clear information related to foreseeable risk factors at all stages of the investment cycle. Approximately 42% of companies have enhanced verification efforts related to several issue-specific standards, such as Environmental protection and sustainable use of natural resources; Food security and nutrition; Health and safety; and Technology and innovation. These changes in Step 4 correlate to the increased levels of company efforts in strengthening company policies on these standards demonstrated in Step 1.

¹ The SEA Pilot ran from October 2019 to October 2020 and included 23 agribusiness companies with operations in Myanmar, the Philippines, Thailand and Viet Nam. It was one of the activities carried out under the Responsible Supply Chains in Asia Programme in partnership between the European Union (EU), the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), with funding by the EU. Find out more about the Programme at <http://mneguidelines.oecd.org/globalpartnerships/responsible-supply-chains-asia/>

² OECD/FAO (2016), OECD-FAO Guidance for Responsible Agricultural Supply Chains, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264251052-en>

³ Read the brochure (2020) OECD-FAO Guidance for Responsible Agricultural Supply Chains: How it can help achieve the Sustainable Development Goals at <http://mneguidelines.oecd.org/How-the-OECD-FAO-Guidance-can-help-achieve-the-Sustainable-Development-Goals.pdf>

While the number of risk assessments carried out for designing and implementing a strategy to respond to identified risks (Step 3) increased, companies could, however, make further efforts in devising comprehensive strategies to respond to identified risks. Likewise, encouraging the uptake of reporting on supply chain due diligence (Step 5) to communicate company's RBC risks and actions to address them remains an area for improvement.

Pilot participants stressed that the peer-learning approach was helpful and was most effective when using company examples and case studies, and in the demonstration of practical due diligence tools for company use.

Finally, the role of national and export market regulation was identified as a key motivator for companies to implement OECD recommended due diligence into their operations and supply chains. Policy makers should consider steps to support the uptake of international standards and recommendations on RBC such as the OECD-FAO Guidance to scale-up global implementation of RBC by companies and their supply chains.

Section I. Introduction

The OECD-FAO Guidance for Responsible Agricultural Supply Chains

The [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#) (OECD-FAO Guidance) provides a common framework and benchmark for the implementation of responsible business practices and risk-based due diligence in agricultural supply chains globally. It is based on standards for responsible business conduct (RBC)⁴ and provides a risk management framework to operationalise expectations related to RBC in day-to-day management systems and operations. The OECD-FAO Guidance is targeted to all companies along the agricultural value chain including investors, input suppliers, producers, traders, transporters, food and beverage manufacturers, and retailers. The OECD-FAO Guidance five-step framework on risk-based due diligence can be adapted for implementation by both large multinationals and small and medium-sized enterprises (SMEs).⁵

The OECD-FAO Guidance is structured around the following sections:

1. **Model enterprise policy for responsible agricultural supply chains** outlining the standards that enterprises should observe to build responsible agricultural supply chains. These include nine issue-specific standards such as Human rights, Labour rights, Health and safety, Food security and nutrition, among others and six cross-cutting standards such as Disclosure, Benefit sharing, Gender and Grievance mechanisms. See Figure 1 (diagram to the left) for the full list of standards and issues covered by the OECD-FAO Guidance.
2. **Five-step framework for risk-based due diligence** which can be tailored to a company's position and type of involvement in the supply chain, as well as its size and capacity. The framework is laid out across five steps, and includes a series of detailed sub-steps which, to the extent possible, differentiates responsibilities by types of enterprise (on farm, downstream and financial enterprises).
Step 1: Establish strong enterprise management systems for responsible agricultural supply chains
Step 2: Identify, assess, and prioritise risks in the supply chain
Step 3: Design and implement a strategy to respond to identified risks
Step 4: Verify supply chain due diligence
Step 5: Report on supply chain due diligence
3. Recommendations on **Measures for risk mitigation and prevention along agricultural supply chains (Annex A)** which provide recommended actions companies can take to meet RBC expectations and mitigate risks to prevent harm. A set of recommendations on **Engagement with indigenous peoples (Annex B)** has also been developed to promote good-faith, effective and meaningful consultations with communities before initiating operations that may affect them, as well as during and at the end of operations

⁴ These include: OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), UN Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security of the Committee on World Food Security (VGGT), UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Organisation Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO MNE Declaration).

⁵ The category of micro, small and medium-sized enterprises (SMEs) is defined as an enterprises which employ fewer than 250 persons ([EU recommendation 2003/361](#)). For the purposes of this Report company revenue as a consideration of the SME definition was ignored

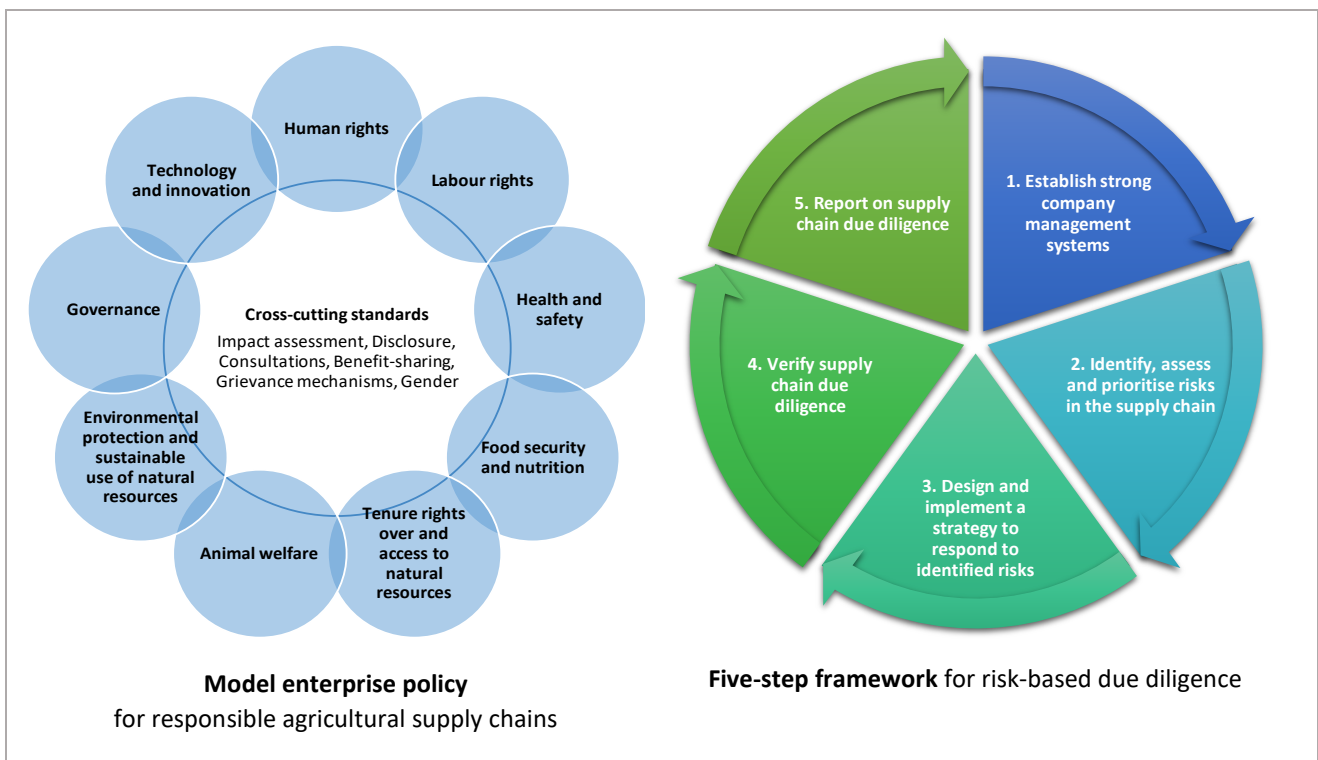


Figure 1: Model enterprise policy & five-step framework of the OECD-FAO Guidance for Responsible Agricultural Supply Chains

The OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia

The OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia (SEA Pilot) was launched to promote understanding and awareness of the OECD-FAO Guidance in the region, and to increase implementation of risk-based due diligence and meet RBC expectations as recommended by the OECD and FAO. The SEA Pilot was part of the EU-ILO-OECD [Responsible Supply Chains in Asia](#) (RSCA) Programme which is funded by the European Union (EU).

The SEA Pilot is not an evaluation or audit of participants' existing due diligence practices. It aims to support participants knowledge about OECD-FAO recommendations on supply chain due diligence, identify gaps and opportunities to strengthen company due diligence efforts and promote good practices for implementing the OECD-FAO Guidance and related international standards for RBC in agricultural supply chains. The SEA Pilot consisted of three parts:

1. **Baseline survey and report** which evaluated existing responsible business practices across companies in comparison to the recommendations of the OECD-FAO Guidance.⁶ The baseline report was published in early 2020.
2. **Peer-learning sessions** for companies to share their experiences and learn from others with a focus on RBC themes and due diligence steps that had been identified as challenging.⁷
3. **Follow-up survey and a final report** (this document) which provides a summary of key findings from the SEA Pilot, changes in due diligence practices over the period, feedback from participants on this

⁶ OECD (2020), OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia: Baseline Report, <http://mneguidelines.oecd.org/Pilot-on-Responsible-Agricultural-Supply-Chains-in-SEA-Baseline-Report.pdf>

⁷ Annex B of this report includes the summary notes of all the SEA Pilot peer-learning sessions.

Pilot, as well as recommendations to business and learnings for policy makers to further promote the uptake of the OECD-FAO Guidance in Southeast Asia.

The twenty-three companies participated in the SEA Pilot. Of this group, 16 companies completed both the baseline and follow-up surveys and this data provides the analysis in Section II. The companies in the pilot represented a diverse group of agribusiness companies operating across the value chain in the region.⁸ Most companies (91%) are involved in cross-border trade within Asia with 17 of this group involved in trade beyond Asia. This diversity in size, focus, and scope of operations (Figure 3) provided valuable insight into the challenges and opportunities for improving RBC and supply chain due diligence in the region and beyond.⁹

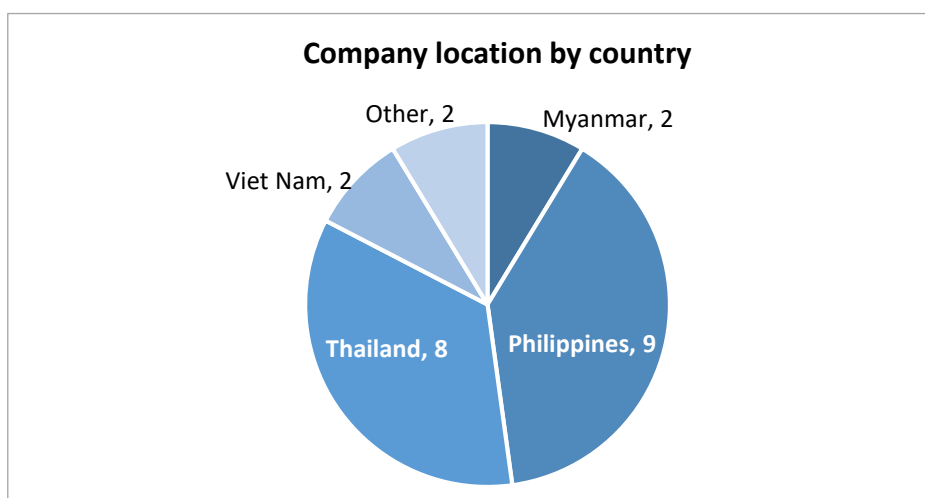


Figure 2: Location in which participants in the SEA Pilot are based

Seventeen of the 23 companies in the SEA Pilot agreed to disclose their participation, and they are listed below:

- AGREA
A company in the Philippines that provides multiple commodities to franchises as well as technical assistance and educational programmes to farmers and communities.
- All Coco Group Co., Ltd.
A company in Thailand that processes and trades coconut beverages and products.
- Aung Nay Lin Htun Co., Ltd.
A company in Myanmar known for specialty coffee and other commodities that operates in multiple stages of the supply chain from production to retail.

⁸ Recruitment of pilot participants was supported by the Thai Ministry of Foreign Affairs, the Federation of Thai Industry [under the Joint Standing Committee on Commerce Industry and Banking (JSCCIB)], the Asian Institute of Management (AIM), Makati Business Club, Vietnam Chamber of Commerce and Industry (VCCI), Vietnam Tuna Association (Vinatuna), European Chamber of Commerce (EuroCham) in Vietnam, Chambre de Commerce et d'Industrie (CCI) France-Vietnam, the Asia and Pacific Seed Association (APSA), CropLife Asia, Inclusive Business Action Network (iBAN), as well as Grow Asia and its Country Partnerships network.

⁹ Find out more about the pilot participants at <http://mneguidelines.oecd.org/Summary-Note-Pilot-on-Responsible-Agricultural-Supply-Chains-in-Southeast-Asia-November-2019.pdf>

- Bluegrass Partners A Singapore-based investor with global operations including in Southeast Asia that invests in and provides advisory services to the agribusiness industry.
- Cargill Cargill is an international food and agriculture company with over 160,000 employees in 70 countries. Cargill is committed to feeding the world in a responsible way, reducing environmental impact and improving communities where they live and work. Cargill Philippines and Cargill Asia Pacific in Singapore took part in the SEA Pilot.
- Charoen Pokphand Foods Charoen Pokphand Foods is a company of Charoen Pokphand Group, a leading conglomerate in Thailand, which operates integrated agro-industrial and food business, including livestock and aquaculture, across multiple stages of food and non-food agricultural supply chains.
- East-West Seed One of the ten largest vegetable seed companies in the world that is headquartered in Thailand, with a leading position in Southeast Asian countries, and exports to over 60 countries. East-West Seed Philippines took part in the SEA Pilot.
- Global Max Services PTE Ltd A management consultancy company fully owned by Max's Group, Inc. – the largest casual dining operator in the Philippines.
- HM. Clause (Thailand) HM. Clause is part of Limagrain Group and an international leading company specialising in the breeding, production, and sales of vegetable seeds with operations in over 30 countries.
- Jollibee Foods Corporation / Jollibee Group Foundation JFC is the largest fast food chain in the Philippines and one of the fastest growing Asian restaurant companies in the world. JGF is the social development arm of JFC that implements programmes on agriculture, education, and disaster response with partners nationwide.
- K Fresh Co., Ltd. One of the world's biggest producers and exporters of aromatic coconuts in Thailand.
- Limagrain (Thailand) Co., Ltd. Limagrain is an agricultural cooperative owned by French farmers and an international seed group that has become the 4th largest seed company worldwide with subsidiaries in 56 countries.
- Morination Agricultural Products A small and medium-sized enterprise in the Philippines that is specialised in trading and distribution in multiple commodity chains.
- Philip Morris International A leading international tobacco company that is engaged in the manufacture and sale of cigarettes, as well as smoke-free products. Philip Morris International sources tobacco from 335,000 farmers including Southeast Asia markets.
- Tanduay Distillers, Inc. A company that carries one of the biggest distilled spirits brands with a 99% share in the rum category in the Philippines and is expanding its market reach globally.
- TAP Trading Co., Ltd. A company in Thailand that is specialised in manufacturing and retailing furniture, curtains and home décor.

- Tin Think Co., Ltd

Tin Think Co., Ltd. in Viet Nam operates in production and processing of a wide variety of seafood and exports to the USA, Canada, the EU, Japan, Middle East and Australia.

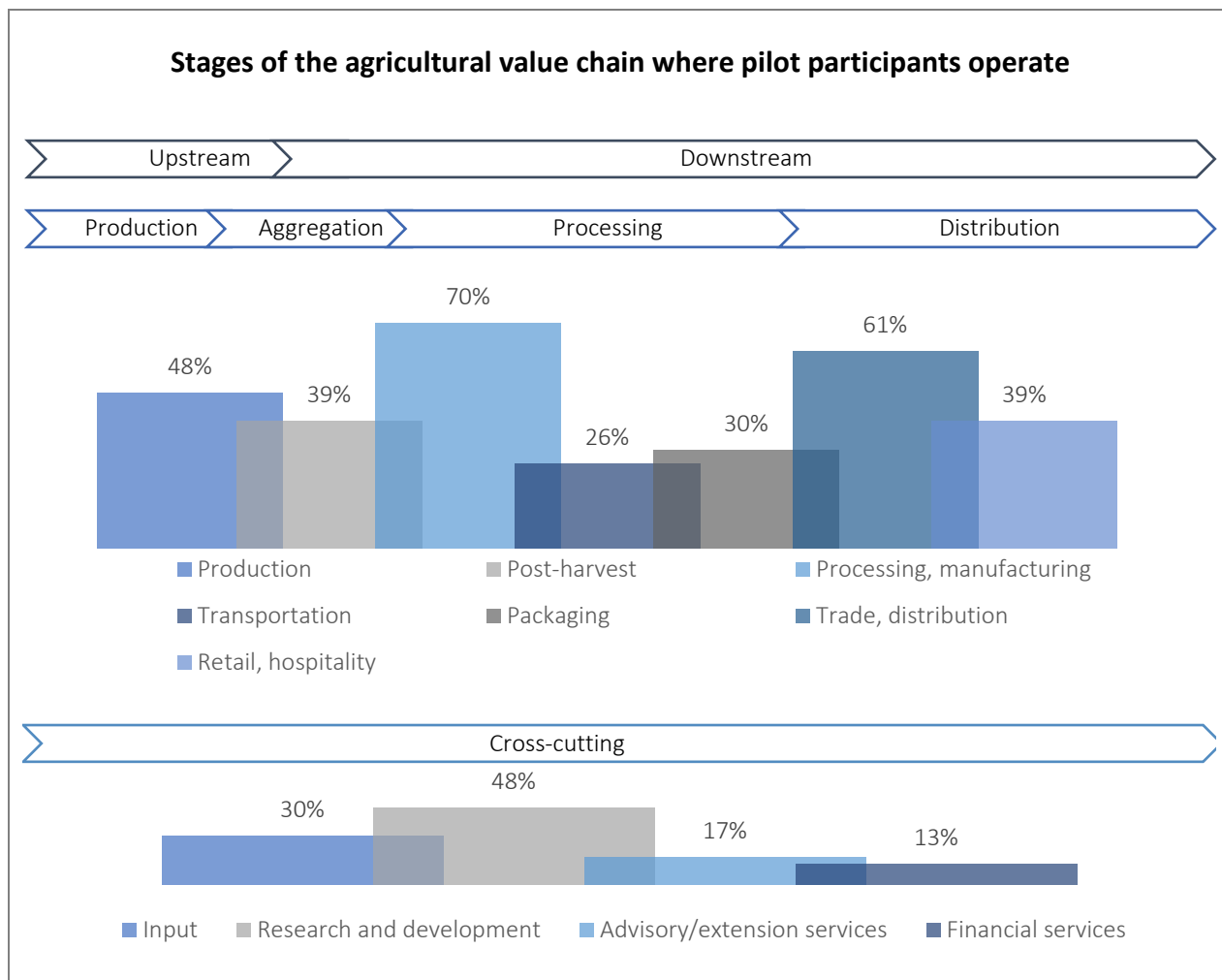


Figure 3: Stages of the agricultural value chain in which pilot participants have operations

Section II. Key Findings from the Follow-up Survey

A follow-up survey was launched to capture where and to what degree pilot participants had made changes or were actively considering changes in their due diligence policies and actions, and to the extent possible, what their motivations for change were. This second survey was launched in July 2020, ten months after the baseline survey. Despite the short timeframe, a number of changes had been made in company policies on RBC as well as across the five steps of the OECD-FAO Guidance due diligence process. The follow-up survey did not capture the degree or type of modifications made per company nor does it assess the quality and implementation of any changes.

Structure of the follow-up survey

The follow-up survey contained 31 multiple-choice questions which ascertained information on improvements and/or changes in RBC policy since the launch of the pilot in 2019. The survey questionnaire asked questions related to modifications made under each step of the OECD-FAO Guidance five-step framework. Survey questions also included feedback on the SEA Pilot process. All information was aggregated and no single company or respondent has been identified in this final report, beyond the case studies in Section IV.

Respondents

The survey was conducted between 22 June and 24 July 2020 and several companies noted that they were unable to complete the follow-up survey in this period due to resource constraints caused by the Covid-19 situation. Many companies prioritised efforts to mitigate fall-out from the pandemic, which in some cases occurred during peak production season. As a result, data from the follow-up survey concerns 16 of the 23 companies in the SEA Pilot.

Respondents to the follow-up survey predominantly represented companies with global operations (75%), with over 1,000 employees (50% of companies). Nevertheless, a good number of respondents (44%), represent SMEs. 62.5% of individuals completing the survey were director-level or corporate-executive level professionals, with significant decision-making authority. The remaining 37.5% of respondents were at the managerial or supervisor level.

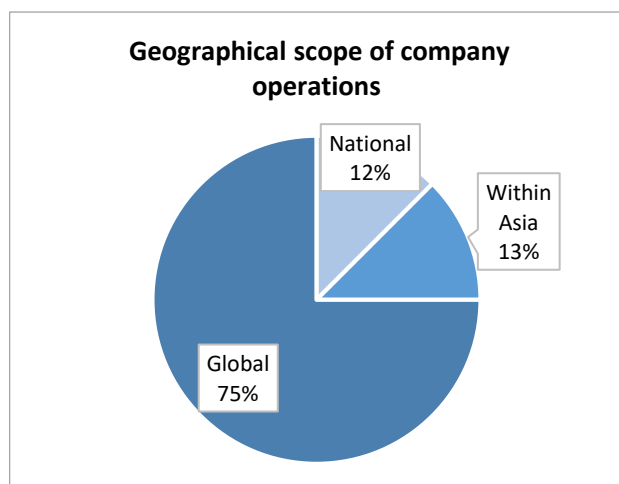


Figure 4: Geographical scope of company operations

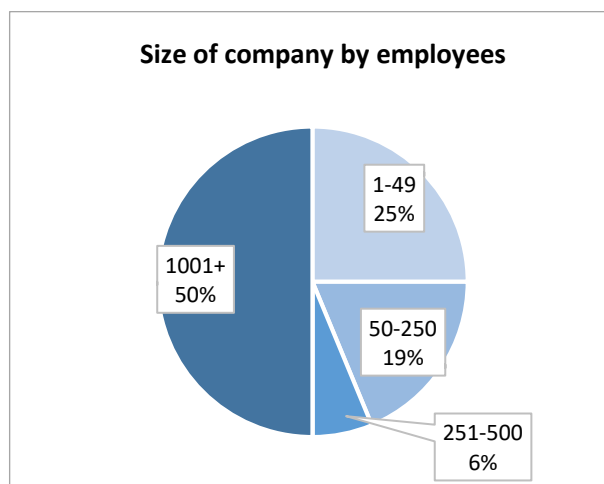


Figure 5: Size of companies by the number of employees

Step 1: Establish strong enterprise management systems for responsible supply chains

Company policy for responsible business conduct

The OECD-FAO Guidance includes a model enterprise policy (Figure 6) that can support agribusiness company commitments related to both cross-cutting issues (e.g. Disclosure, Grievance mechanisms, Gender) and specific issues (e.g. Human rights, Labour rights, Food security and nutrition). Clear policy commitments and strong management systems to translate them into action are fundamental for helping companies articulate their company-wide vision and strategy, assign responsibility, support relevant business units in strategy implementation and ensure accountability.

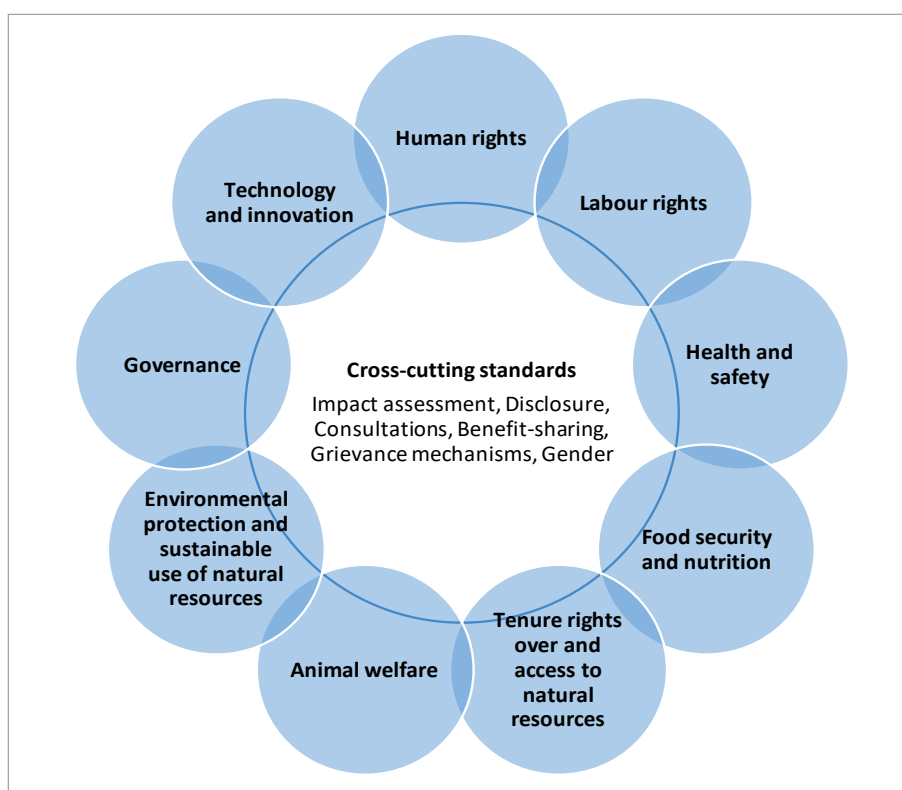


Figure 6: A model enterprise policy for responsible agricultural supply chains

Fourteen companies (88%) indicated that changes had been made to written policy(ies) related to RBC cross-cutting and issue-specific standards over the last ten months, or that changes were being considered and would likely lead to new/expanded policy commitments being developed in the next 12 months.

The baseline report identified policy on cross-cutting issues as a potential weakness for many companies involved in the SEA Pilot. The follow-up survey found improvements with new policies added, in key areas such as Disclosure, Impact assessment, Gender and Grievance mechanisms. Further questions clarified which standards as set out in the OECD-FAO Guidance were being considered, and these are illustrated in Figures 7 and 8.

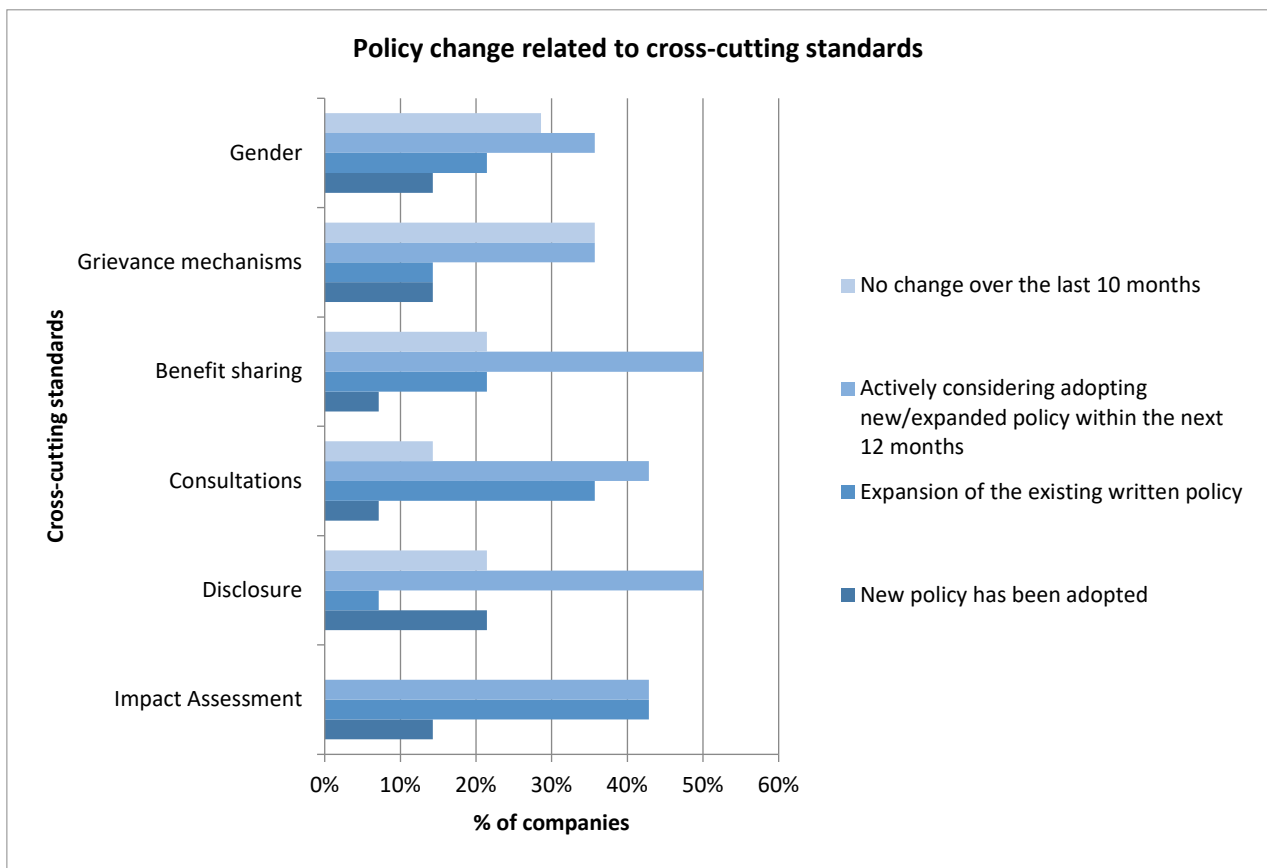


Figure 7: Policy change related to cross-cutting standards in the OECD-FAO Guidance since September 2019 (ten months)

Over one-third of companies have expanded written policy on Impact assessment (43%) and Consultation (36%). Companies are also actively considering new/expanded policy over the next 12 months, with over 40% of companies considering a change to areas related to standards on Benefit sharing, Consultation, Disclosure, and Impact assessment.

Disclosure, or the commitment to disclose timely and accurate information related to foreseeable risk factors and company response to particular environmental, social and human rights impacts to potentially affected communities, at all stages of the investment cycle, was one cross-cutting standard to which just over 20% of companies had developed a new written policy over the duration of the SEA Pilot. A further 50% of companies are actively considering adopting new policies on Disclosure within the coming year, indicating significant interest and efforts on this important standard. Disclosure is fundamental to provide transparency in global supply chains and enable companies to meet growing demands for information from business partners, investors and consumers who seek to make informed decisions.

Grievance mechanisms can enable remediation when company operations have caused or contributed to adverse impacts. The OECD-FAO Guidance recommends that companies cooperate in good faith with judicial or non-judicial grievance mechanisms and establish legitimate, accessible, predictable, equitable and transparent operational-level grievance mechanisms. The baseline report found low levels of comprehensive written policy on Grievance mechanisms (32%) and Figure 7 shows that adoption or expansion of this standard still remains limited.

Gender policies to eliminate discrimination against women, enhance their meaningful participation in decision-making and leadership roles, ensure their professional development and advancement, and facilitate their equal access and control over natural resources and relevant resources is a key cross-cutting policy in OECD-FAO Guidance. 75% of companies in the baseline report indicated existing commitments to

gender. However, there over half of the respondent companies in the follow-up survey noted that they have either recently expanded, adopted new gender policy or are considering new policy in the next 12 months.

Figures 8 shows information on policy development related to the nine issue-specific standards. The survey found considerable expansion of existing written policy related to Environmental protection and sustainable use of natural resources, commitments to public Health and safety, and the development and diffusion of Technology and innovation. 50% of companies in the follow-up survey indicated that they have made changes to their written policy on these standards. Considering both expansion and development of new policy together, approximately 71% of companies had made policy changes concerning Technology and innovation, and Health and safety. Similarly, a further 64% had made changes over the last ten months to policies on Environmental protection and sustainable use of natural resources, as well as Food security and nutrition.

Over 40% of respondents indicated active consideration of new policy on Human rights and Animal welfare, which were identified in the baseline report as standards that were weak in terms of written policy development.

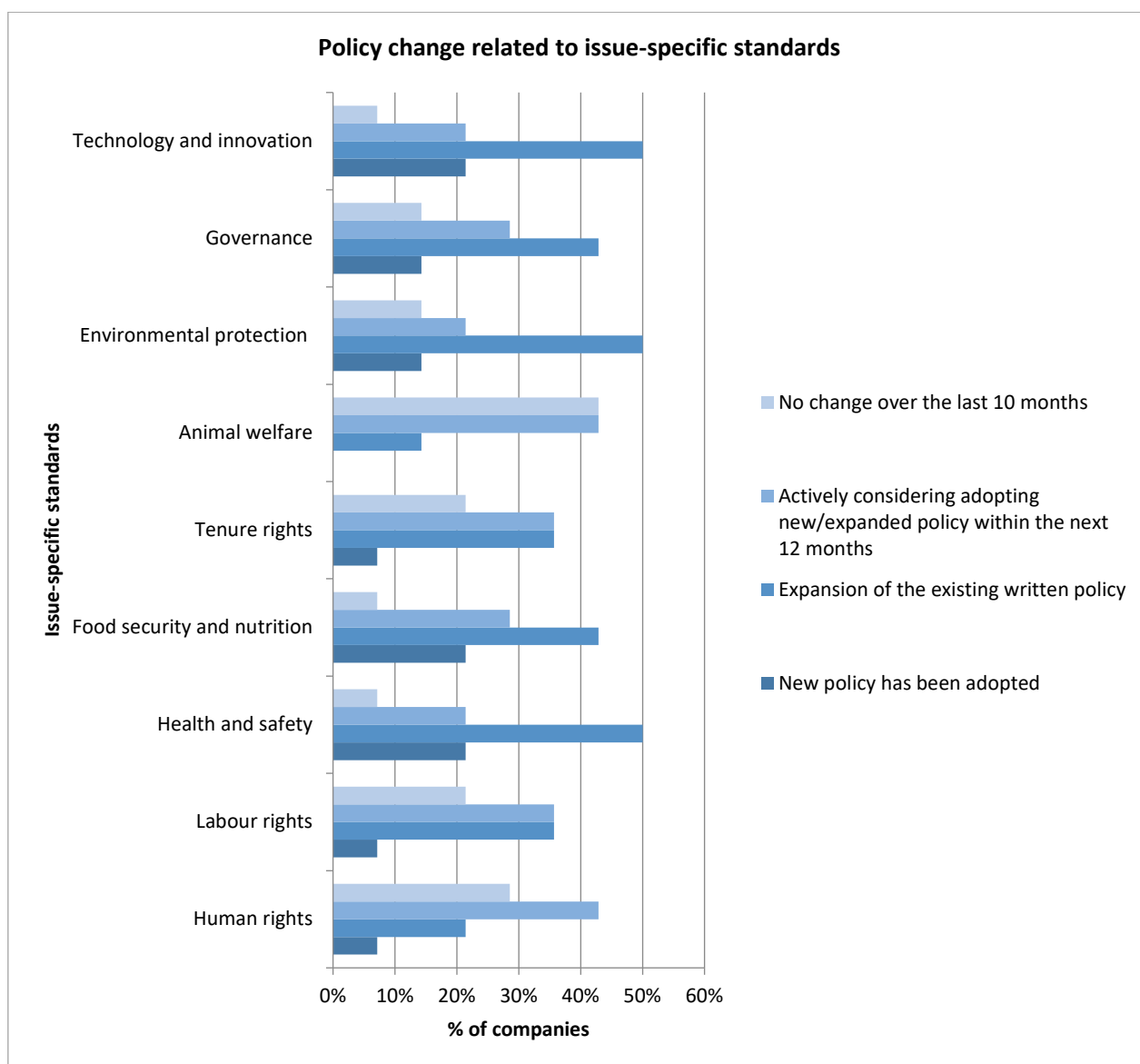


Figure 8: Policy change related to issue-specific standards in the OECD-FAO Guidance since September 2019 (ten months)

Respondents were asked for further information on reasons behind any decision to adopt, expand, or consider a change to RBC-related policy (Figure 9). A majority of respondents (64%) cited national regulations and export market regulations as a reason for changing policies. Almost two thirds (57%) cited internal drivers as having an important role in the decision to develop new or expanded policy. Over one-third of companies also indicated that business partner requirements played a significant role in policy change.

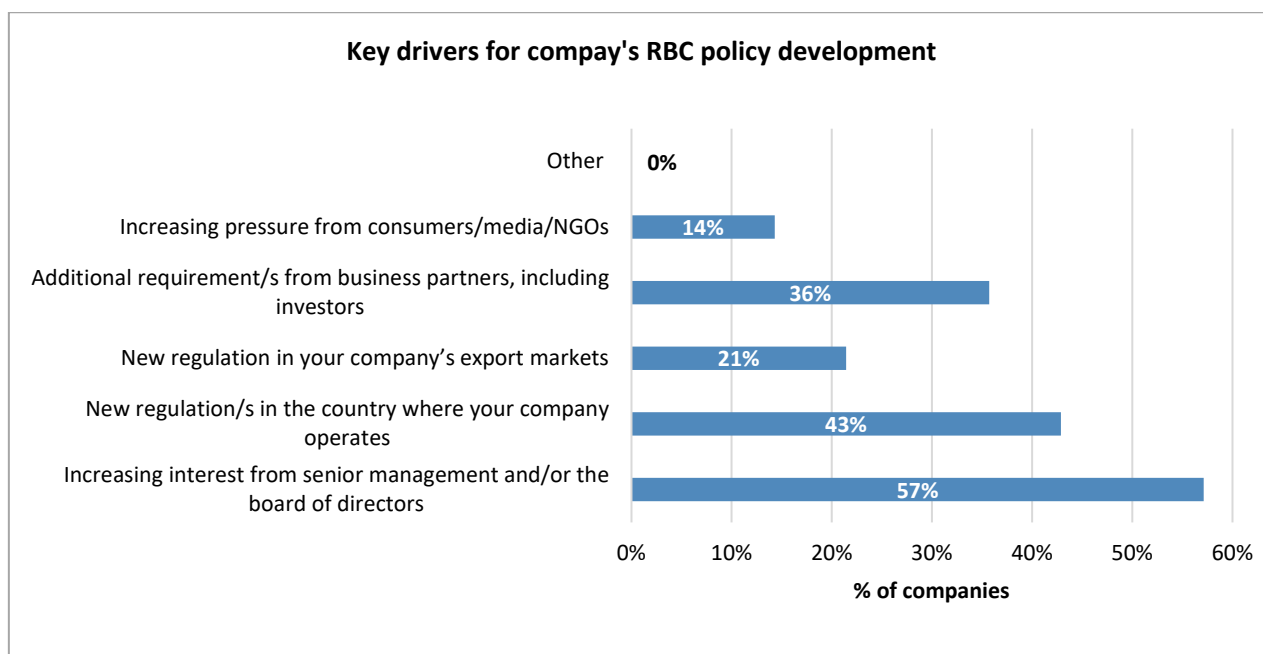


Figure 9: Reasons for developing company policy related to RBC

Relationships with Tier 1 suppliers/business partners

Communicating RBC policies to suppliers and business relationships is an important part of supply chain due diligence. It ensures suppliers are aware of and commit to following company policies and support implementation and monitoring. The baseline report identified potential areas for improvement related to developing stronger relationships with suppliers and the need to clarify expectations on RBC policies and due diligence practices.

Based on the follow-up survey, 64% of companies stated that they have reinforced or introduced new requirements with Tier 1 suppliers/business partners related to their RBC policies and due diligence expectations.

“We have discussed changes with major suppliers/partners and our policies will be enhanced to capture these enhancements in RBC policies”

“We have reinforced expectations around environmental compliance of suppliers.”

An additional 19% of companies stated that, although new changes had not been made over the last ten months, they had a strong supplier code of conduct in place and/or contractual provisions relating to RBC as part of contractual agreements.

Use of international standards and guidance on RBC

Referencing international standards enables accountability and specificity behind company commitments and helps signal to stakeholders, including governments, investors and consumers, the global benchmarks that companies intend to implement. This is particularly relevant for companies, when standards are referenced in national or regional legislation of export markets.

Relevant international standards include for example the United Nation Guiding Principles for Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the OECD- FAO Guidance, the Principles for Responsible Investment in Agriculture and Food Systems of the Committee on World Food Security (CFS-RAI Principles), the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security of the Committee on World Food Security (VGGT), the Principles for Responsible Agricultural Investment (PRAI), the International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Convention on Biological Diversity, the ASEAN Guidelines on Responsible Investment in Food, Agriculture and Forestry (ASEAN RAI), and relevant ISO standards.

The integration of or reference to international standards and guidance on RBC in Southeast Asia company policies was identified as low in the baseline report. Based on the follow-up survey, 75% of companies indicated they had made or were considering making, new commitments to reference to and meeting international expectations (Figure 10).

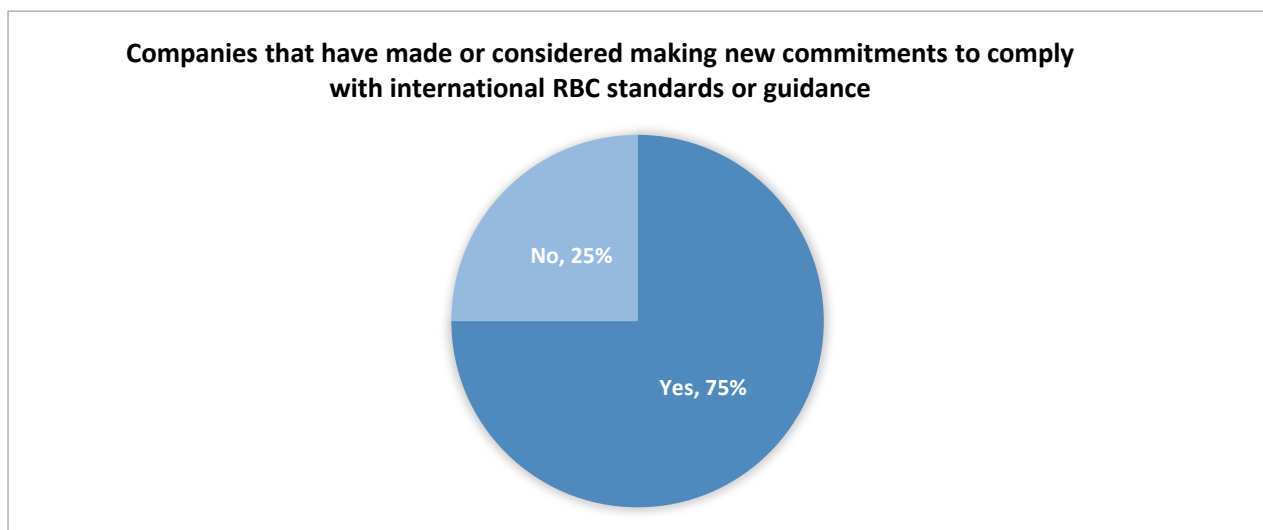


Figure 10: New commitments to comply with international RBC standards and guidance since September 2019 (ten months)

Companies gave examples of new commitments on this aspect, including on the OECD-FAO Guidance, ASEAN RAI, ISO standards, and various industry and reporting standards (e.g. BSCI, Smeta, Global G.A.P. and SEDEX).

“The company has adapted to UN Guiding Principles for Business and Human Rights, UN Global Compact’s 10 Principles, and ILO Conventions.”

“We have considered compliance to international standards on environmental protection and preservation; compliance to labour law, and we require our suppliers to declare that no minors are employed by them in the conduct of business and to provide the necessary materials for us to check.”

“We have adopted the Sustainable Development Goals.”¹⁰

Company management practices for RBC

Strengthening company management practices is fundamental to implement RBC policies as part of the regular business processes. It ensures clear responsibilities and alignment across company senior management and relevant business units and inform decision-making to improve effectiveness of due diligence.

Figure 11 shows that 50% of the companies indicated they had made improvements to management practices around the training of employees and incentivising employee compliance with responsible business standards. 50% of companies noted that they have defined clearer responsibilities for RBC implementation in their company. In addition, increasing support from corporate-level executives (43%) and improvement in the regularity of conversations within the leadership team on improving RBC policy (63%) was also highlighted.

Where improvements in management practices had not yet been implemented, companies indicated a commitment to doing better. 30% of companies indicated initiating dialogues on how to improve training and incentives as well as better defining internal responsibility on RBC implementation. Approximately 20% of companies also emphasised their already strong performance across these RBC policy areas.

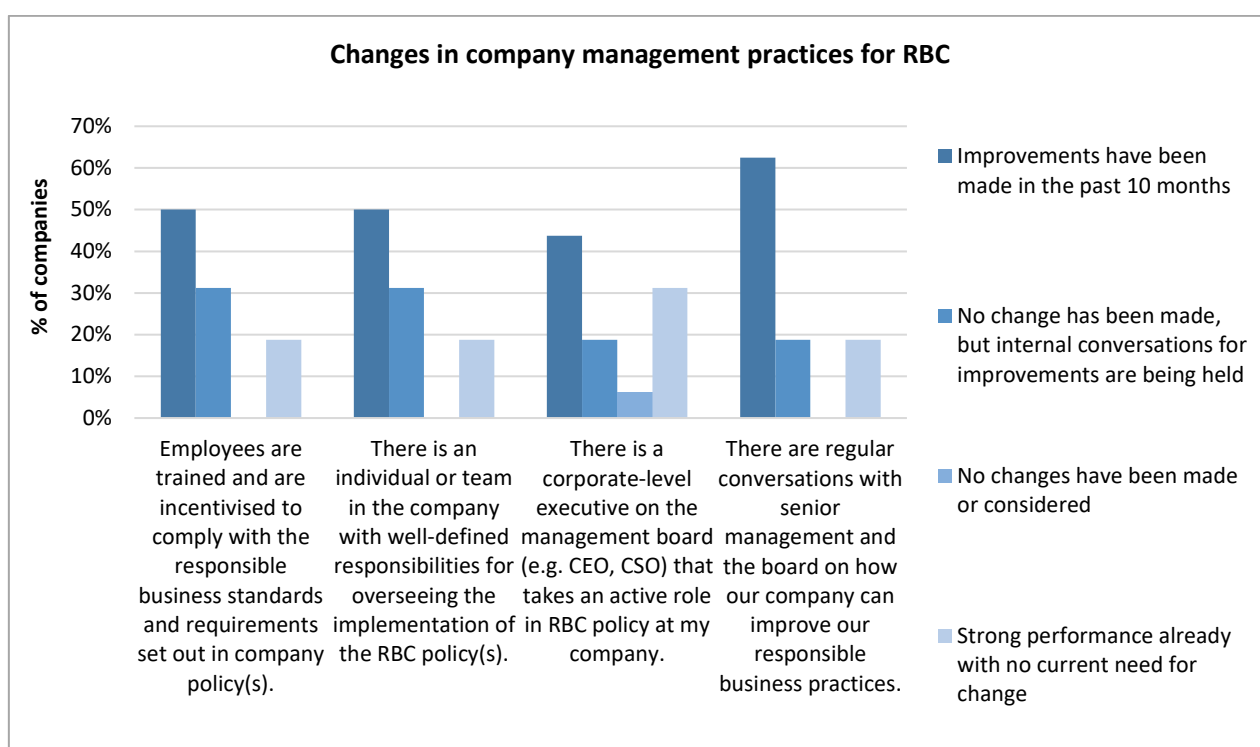


Figure 11: Changes in company’s management practices for RBC since September 2019 (ten months)

¹⁰ To discover links between the SDGs and the OECD-FAO Guidance, download the illustrative brochure OECD-FAO Guidance for Responsible Agricultural Supply Chains: How it can help achieve the Sustainable Development Goals (2020) at <http://mneguidelines.oecd.org/How-the-OECD-FAO-Guidance-can-help-achieve-the-Sustainable-Development-Goals.pdf>

Step 2: Identify, assess, and prioritise risks in the supply chain

Supply chain mapping

Supply chain mapping is a critical part of the due diligence process. It helps companies develop a complete picture of their supply chain and business relationships and understand where the risks are. This enables effective risk assessment and prioritisation based on severity and likelihood.

While 69% of companies continue to partially or fully map their supply chain, an additional 19% indicated that they had increased supply chain mapping over the last ten months (Figure 12).

Companies noted several external pressures motivating increased supply chain mapping, including raw material supply shortages due to climate change; export market impacts from Covid-19, and downstream supplier demands. One company indicated that the prevalence of African swine fever and avian flu had led to increased supply chain mapping to ensure that products were sourced from disease-free areas. Another company explained that customer demands for product and health certification requirements before procurement and movement of products had also led to the need for increased supply chain mapping. Two companies responded that they did not currently undertake any supply chain mapping – with lack of resources (e.g. time, staff) sighted as being the reason for this.

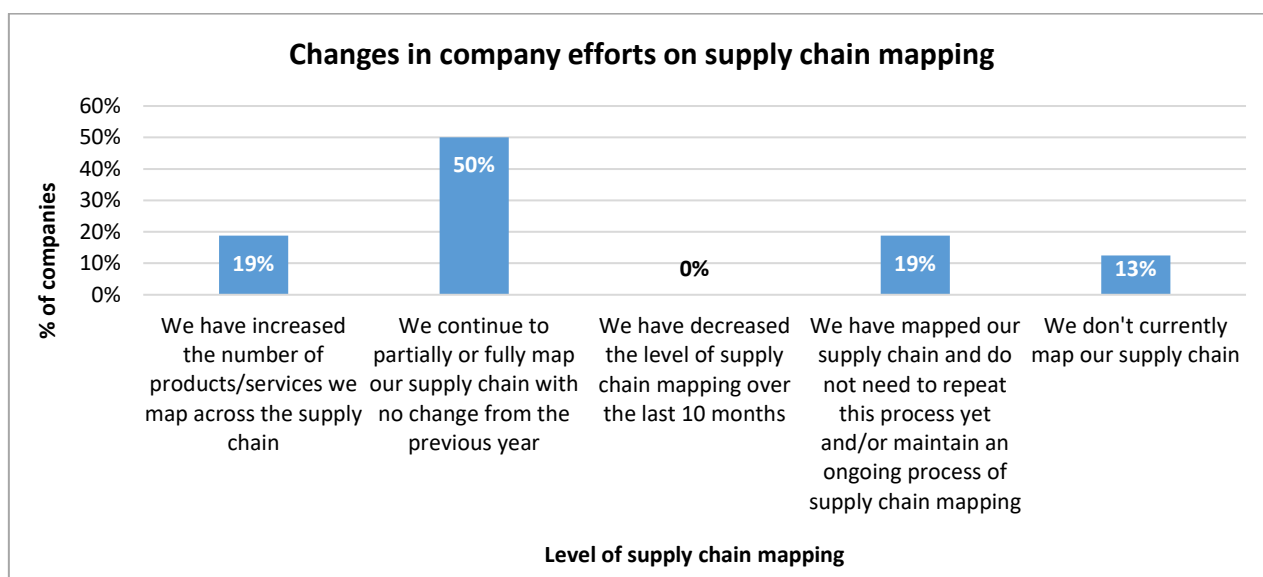


Figure 12: Changes in level of company's supply chain mapping since September 2019 (ten months)

Risk assessment

Iterative and increasingly in-depth risk assessments should be undertaken on high-risk operations, suppliers and other business relationships to complete companies risk identification and assessments. Risk assessments help companies understand actual and potential adverse impacts in their supply chain. Such assessments can take a variety of forms, including supplier interviews, site visits, document reviews, market research and stakeholder consultations.

Many companies increased risk assessments related to RBC risk factors concerning suppliers and business partners, products and locations. As Figure 13 shows, this is particularly the case for both products and services in the supply chain and locations, where 56% of companies increased their risk assessments. There

was also a significant increase in risk assessments for Tier 1 suppliers (44% increase) and importantly of suppliers and business partners beyond Tier 1 (38% increase).

All companies indicated that they had adopted a risk-based due diligence management plan related to the Covid-19 situation or had enacted RBC measures in response to the pandemic. 63% of companies agreed that Covid-19 had influenced the need to increase levels of risk assessment.

“We have increased the level of risk assessment internally due to COVID to ensure and enhance food safety.”

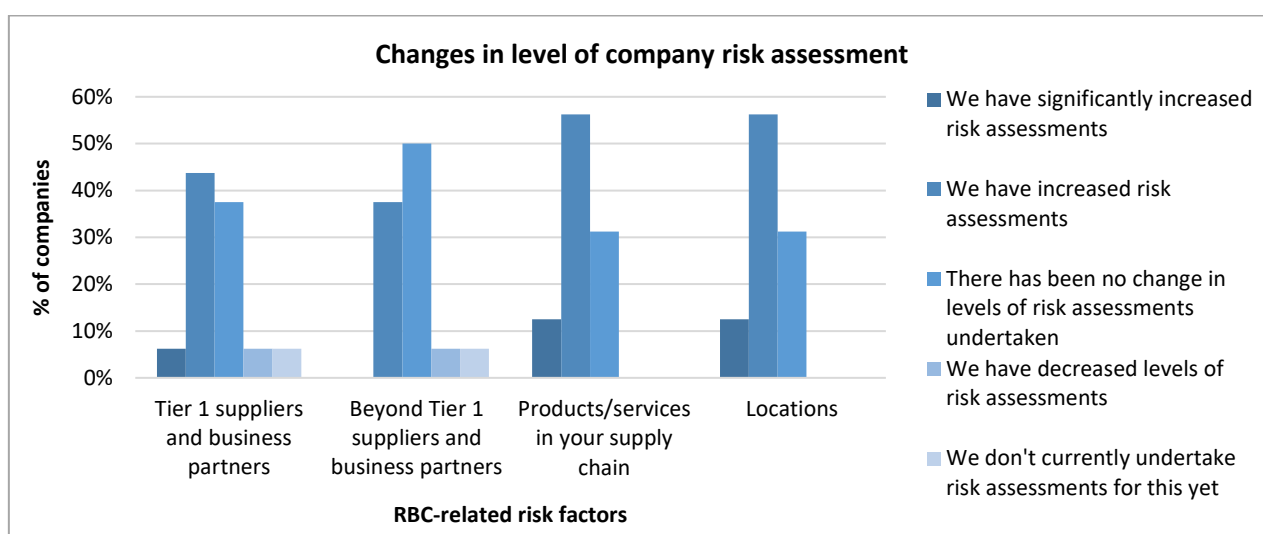


Figure 13: Changes in level of risk assessment undertaken since September 2019 (ten months)

Step 3: Design and implement a strategy to respond to identified risks in the supply chain

A risk management strategy should be designed and implemented based on finding of risk assessment and prioritisation. It is also important to detail the actions a company will take, as well as its expectations of its suppliers, buyers and other business relationships. Such fit-for-purpose strategy is critical for companies to effectively prevent and mitigate actual or potential adverse impacts on RBC issues.

Designing and implementing a risk management strategy was discussed extensively in the peer-learning sessions. Key takeaways from those sessions are highlighted in Section III of this report and details are provided in Annex 2. In addition, three case studies on specific company strategies are outlined in Section IV of this report.

The Covid-19 pandemic also offered an opportunity to ask companies about strategy decisions in the face of emerging risks impacting company operations.

Training/information sessions with suppliers and business partners

Training and/or information sessions with suppliers and business partners can be a valuable way to build relationships, identify risks, and clarify expectations related to RBC performance. It is also an important part of implementing the risk management plan.

Since the baseline report, 25% of companies have increased the frequency of RBC training/information sessions with suppliers and business partners. Companies were also asked about the impact Covid-19 on such practices. 50% of companies responded that the pandemic had had an impact on training, although only 13% of companies had decreased the number of training sessions.

“We were focused on our COVID 19 Response Initiatives instead of the RBC external trainings.”

“Training is now all delivered virtually, and all updates are available on our websites.”

Impact of COVID-19 pandemic

The follow-up survey provided an opportunity for the SEA Pilot to assess some high-level implications of the pandemic. The COVID-19 crisis has impacted the economy, people and the planet. Adopting a RBC approach in business responses to the crisis will generate short and long-term benefits such as increased resilience, a fairer and more inclusive distribution of benefits from recovery measures, and a stronger contribution to sustainable development. Many companies are rolling out contingency plans to weather the economic storm. These measures may in turn have longer-term legal and reputational effects on companies.¹¹

88% of respondents perceived that Covid-19 would make implementing RBC in their company more difficult over the next 12 months, with the remaining 13% saying that the ease of RBC implementation would remain the same. However, Figure 14 shows that a high percentage of companies instigated actions associated with working conditions, health and safety and employee consultations. 75% of companies also reached out with support to local communities and additional support to workers. At the same time, Covid-19 has had a negative impact on environmental management performance for 31% of companies.

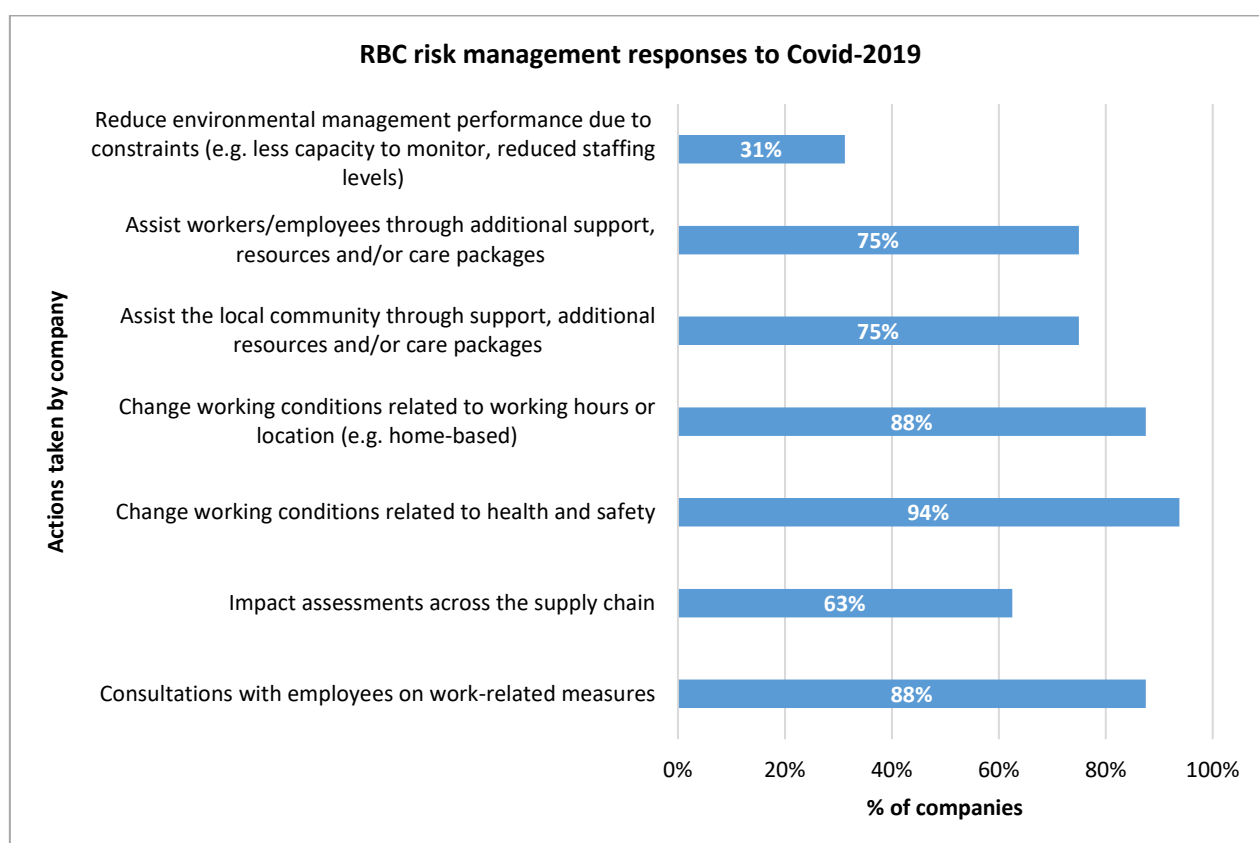


Figure 14: Changes in company's RBC-related risk management in response to Covid-19

¹¹ Read the OECD Policy note on Covid-19 and RBC and its brief overview at <http://www.oecd.org/coronavirus/policy-responses/covid-19-and-responsible-business-conduct-02150b06/> and <https://mneguidelines.oecd.org/COVID-19-and-Responsible-Business-Conduct.pdf>

Step 4: Verify supply chain due diligence

Verification efforts on due diligence effectiveness

Verifying effectiveness of due diligence practices ensures that companies have adequately identified, prevented, mitigated risks and where appropriate, supported remediation of impacts. Such tracking of the implementation and effectiveness of company due diligence activities can provide the lessons learned and help improve these processes in the future.

Companies were asked as to whether they had taken steps to verify the effectiveness of due diligence practices on the following cross-cutting and issue-specific standards of the OECD-FAO Guidance and how efforts have changed over the last ten months.

Figure 15 and Figure 16 show that verification efforts have remained the same for the majority of companies. Yet one-quarter of companies have increased such efforts related to *disclosure* and approximately 42% of companies have increased efforts related to Technology and innovation; Environmental protection and sustainable use of natural resources; Food security and nutrition; and Health and safety. The changes mirror the increase in new policies on these standards over the last ten months (see analysis of Step 1).

There are clearly areas for improvement, as some companies have indicated that verification of due diligence on cross-cutting standards is not-applicable to their operations (Figure 15). Others have noted that there is no verification process in place for certain policies such as Gender, Benefit sharing and Impact assessment. However, implementation of cross-cutting standards supports all companies in strengthening their due diligence as a whole and verification of due diligence effectiveness of these standards can provide valuable information to companies to identify, prevent and mitigate risks.

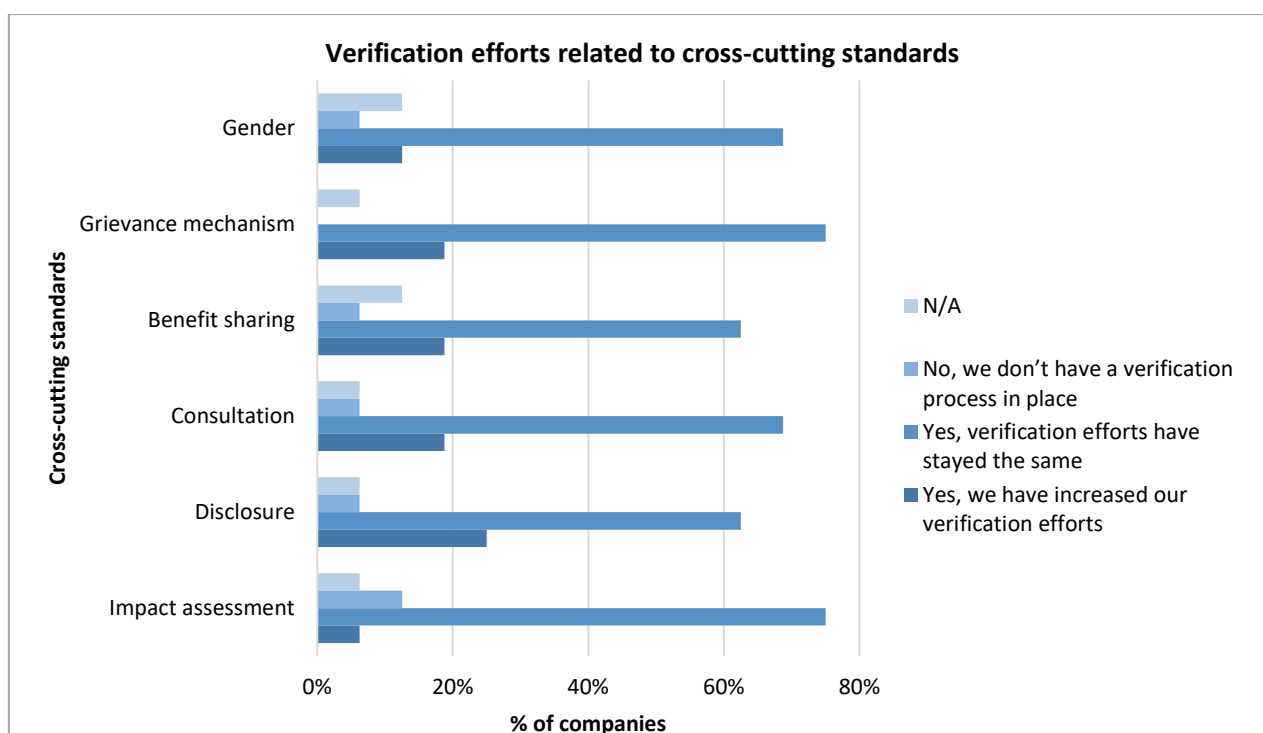


Figure 8: Changes in company's due diligence verification efforts on cross-cutting standards since September 2019 (ten months)

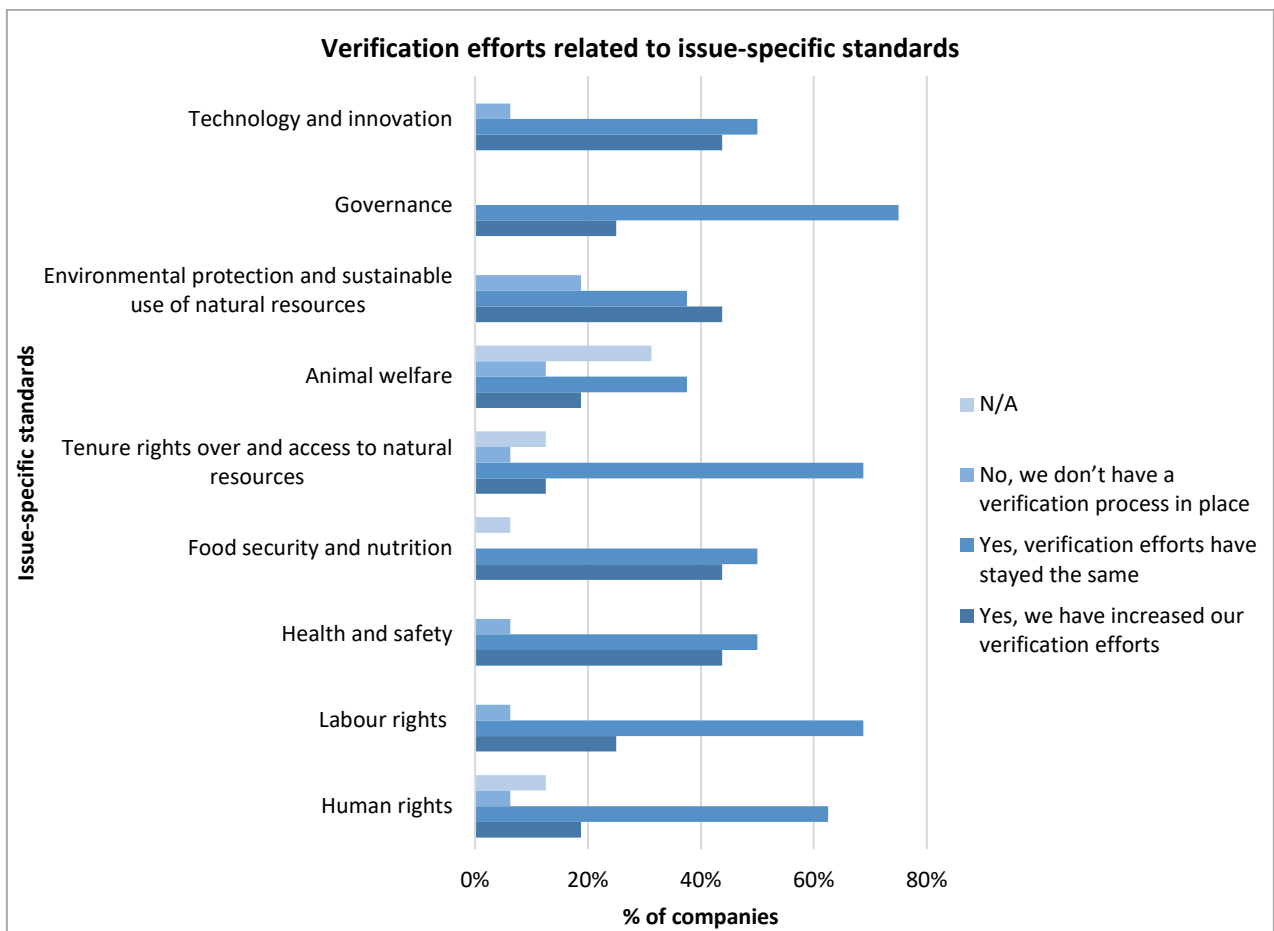


Figure 16: Changes in company's due diligence verification efforts on issue-specific standards since September 2019 (ten months)

Step 5: Report on supply chain due diligence

Public reporting on RBC policy and practices

Reporting publicly on company RBC policies, due diligence processes and activities conducted to identify and address risks, including the findings and outcomes of those activities, is part of the due diligence process itself. It enables companies to build trust in their actions and decision-making, and demonstrate good faith. Communication of such relevant information needs to be appropriate to the impacts and audience in terms of its form, frequency, accessibility, and the adequacy of information provided and can take a variety of forms, including public and formal reporting, in-person meetings, online dialogues, and consultation with affected stakeholders.

44% of companies will produce a public report on RBC and due diligence actions in 2020/2021 (Figure 17). This represents no change from the baseline report and considering only those companies represented in both samples. Around 20% of companies, however, indicate they now report for internal distribution, whereas they had not previously made any report on RBC at the time of the baseline study.

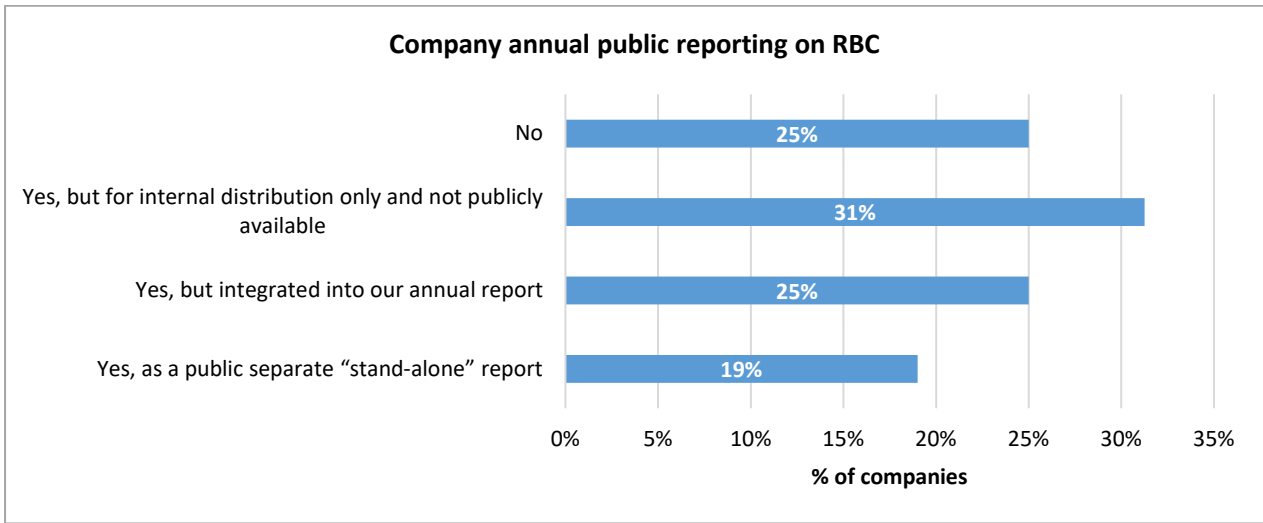


Figure 17: Changes in company's annual public reporting on RBC policy and actions

Section III. Lessons Learned from Peer-learning Sessions

A key element of the SEA Pilot was the organisation of peer-learning sessions to support company understanding of the OECD-FAO Guidance due diligence recommendations and promote learning on risk mitigation actions. As companies were located in different countries, all sessions were conducted virtually (i.e. webinar).

Learning topics were chosen based on knowledge gaps and challenges identified in the baseline report as well as feedback from particular the pilot participants. Topics centred around the due diligence process, such as effective supply chain mapping and designing a strategy to respond to identified risks; as well as challenging and wide-spread RBC issues in the sector such as promoting human rights, and addressing labour issues. The sessions also included topics such how financial stakeholders are utilizing due diligence reporting and incentivising companies to implement due diligence per the OECD-FAO Guidance.

These peer-learning sessions allowed for candid discussion between pilot participants and expert speakers. Speakers included representatives from peer companies as well as relevant stakeholders such as civil society organisations, subject-matter experts and international organisations active in the area of supply chain due diligence and RBC.¹² In addition to what is provided below, Annex 2 provides a summary of all peer-learning sessions, as well as all resources and tools shared during these sessions.¹³

Pilot participants were also invited to the OECD Global Forum on Responsible Business Conduct (GFRBC) held virtually in 2020.¹⁴ Part I of the GFRBC focused on Covid-19 and Responsible Business Conduct and was held in May. Part II of the GFRBC on Access to Remedy, was held in June and focused on remedy and accountability to commemorate the 20th anniversary of the National Contact Points for RBC (NCPs).

Webinar 1: Improving human rights and labour rights

Agribusinesses are under intense scrutiny from stakeholder groups concerning performance on environmental, social (including human rights and labour rights) and governance issues, known as ESG issues. Understanding the root causes of human rights and labour rights issues is critical for companies. For example, they need to explore why the issue such as child labour arises or persists at a particular location, commodity and supply chain.

Addressing human rights and workers' rights in supply chains can be a long and complex journey and speakers highlighted how it is essential to collaborate and engage with relevant stakeholders in the sector and work with suppliers and business partners to improve implementation of human rights and labour rights policies. Sarah Kerrigan (Deloitte) provided an overview of the rapidly changing landscape of human rights and business. Adeline Lim and Laili Chairiyah (Phillip Morris International) presented a case study from the company of human and worker rights policy in Southeast Asia. David Camp (allianceHR) provided a set of resources and knowledge tools that companies could draw on when developing a policy on human rights and workers' rights.

Webinar 2: Addressing challenges in supply chain mapping and traceability

A wide variety of stakeholders are demanding more supply chain transparency, as well as expecting companies to take leading roles in addressing social and environmental problems such as climate change and social inequality. Defining appropriate metrics and customising them to each supply chain is essential

¹² These peer-learning sessions were held from February to May 2020, closed to external participants with the exceptions being the joint webinar with Grow Asia in April 2020.

¹³ After each webinar, a summary of key takeaways, as well as a list of tools and resources discussed in the webinar were shared with pilot participants. A resource note on grievance mechanisms was also developed to provide essential information and useful resources on how agribusiness companies can develop grievance mechanism policy.

¹⁴ The 2020 GFRBC attracted a wide and diverse audience – over 2,000 people from 130 countries – and generated over 6,000 session views. Find more about the Global Forum on RBC at <http://mneguidelines.oecd.org/global-forum/>

to help monitor and manage impacts across the supply chain. This process also helps companies to prioritise risk management. Collaboration and engagement with different stakeholders plays a key role in effective and efficient supply chain mapping and can help unlock innovative solutions to drive action at scale and speed.

Gregory Bardies (Barry Callebaut), Petra Meekers (Unilever) and Roel van Poppel (AtSource, Olam) presented on challenges and opportunities in traceability and transparency across the supply chain. All speakers emphasized the benefits of supply chain transparency, as well as its use as a lever to drive step-change on sustainability. Collaboration at all levels was viewed as critical to effective and efficient supply chain mapping and can help unlock innovative solutions to drive more sustainable action at scale and speed.

Webinar 3: Responsible agricultural investment

This webinar was held jointly with Grow Asia, a multi-stakeholder platform in Southeast Asia that specialises in partnerships to progress work on improving smallholder farmer productivity, profitability, and environmental sustainability. Grow Asia is also the lead regional agency promoting the ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry. Speakers discussed the role of the finance sector in driving responsible agribusiness. We heard from Christy Owen (USAID Green Invest Asia), Jean-Yves Chow (Mizuho Bank), Imke Greven (OXFAM), Erin Sweeney (Grow Asia) and Barbara Bijelic (OECD).

Responsible financial mechanisms are on the rise as the financial sector faces increasing expectations to be more responsive to environmental and social issues. More examples to demonstrate the benefits of such financial mechanisms can help mainstream RBC considerations among agribusiness companies. The financial sector can support responsible agribusiness by giving clear signals, priorities, and incentives for RBC, for example through investment products and transparent criteria. Due diligence for RBC is becoming a common approach for business, including investors, in making agriculture-related business decisions.

Webinar 4: Designing and implementing a strategy to respond to risks

Three speakers presented on different strategies taken by companies with regards cross-cutting or issue-specific standards set out in the OECD-FAO Guidance. These included Richa Mittal (Fair Labor Association) who talked about the lessons learnt on a fair wages project in India in the seed sector, Kate Blaszk (World Animal Protection) on animal welfare policy with examples of actions taken by Southeast Asian companies, and Chase Castaño (Cargill Philippines) who outlined Cargill's work on the Sustainable Certified Coconut Oil Program.

Robust commitment throughout the company led by senior management levels is essential to respond to identified risks in the supply chain. Such company-wide commitment strengthens internal processes. Collaborative efforts are also crucial in designing an appropriate strategy to address identified risks while it takes time to bring internal and external stakeholders together and work in a sustainable long-term manner. Demonstrating the benefits of risk management strategies to different stakeholders (e.g. by showing increased yields, reduced costs) is a powerful means of gaining buy-in.

All the webinar summary notes can be found in Annex 2.

OECD Global Forum on RBC 2020 [Part II]: Access to Remedy “Enhancing access to remedy through multi-stakeholder initiatives in Southeast Asia”

This session drew from experiences from Asia to explore how multi-stakeholder engagement can help enhance access to remedy. Bringing the perspective of different actors involved in collaborative initiatives in the region, the session discussed their approach towards remediation, and aim to identify common features and good practices that can be replicated to enhance the effectiveness of grievance mechanisms in global value chains. We heard from Andrey Sawchenko (International Justice Mission), Daw Khine Khine

New (UMFCCI), Heather Canon (ELEVATE), Kate Lynch (Australian National Contact Point), Rob Wayss (Stichting Bangladesh Accord Foundation).¹⁵

Having functioning grievance mechanisms in place does have a large impact on labour and human rights for workers and affected communities, and it is important to involve workers and affected communities in its design. Businesses are recognising the value in having well-functioning work-placed grievance mechanisms. Common features of grievance mechanisms that work in practice include: accessibility (the mechanism is known and accessible to workers and affected communities), predictability (expectation that grievance will be followed up), transparency (complainants will be kept informed), and safety (complainants will be protected from reprisals and retaliation). This is important especially given the vulnerability of many workers. Governments operating state-backed grievance mechanisms can make dialogue with organisations representing workers and affected communities a standard procedure, for example in National Action Plans on Business and Human Rights, and this will help build trust.

Additional resource: Grievance mechanisms

An information note on grievance mechanisms was developed to help companies better understand grievance mechanisms and support adoption of such mechanisms. The note explains the characteristics of grievance mechanisms in plain language and provides illustrative examples of grievance mechanisms as well as a list of useful tools and resources. This resource note can be found in Annex 2.

¹⁵ The session recording is available at https://oecd.tv/webtv-solution.com/6583/or/gfrbc_enhancing_access_to_remedy_through_multi_stakeholder_initiatives_in_southeast_asia.html

Section IV. Company Case Studies for Illustrative Purposes

Case studies were shared for illustrative purposes as part of the SEA Pilot peer-learning sessions. Below are three examples from pilot participants which describe how these companies have implemented strategies related to risk-based due diligence. These case studies are based on the information provided by the participating companies and serve as examples of types of actions taken. It is outside the scope of this report to confirm or critically evaluate the information provided and should be used for illustrative purposes only.

Case study 1: Jollibee Group Foundation Farmer Entrepreneurship Program – Five-step framework (Steps 1 & 2)/Benefit sharing



Jollibee Group Foundation (JGF), together with its partners, set up the Farmer Entrepreneurship Program (FEP) in 2008 to help smallholder farmers earn a higher income by directly supplying corporate buyers like Jollibee Foods Corporation (JFC). JFC is one of the fastest-growing Asian restaurant companies in the world and established JGF in 2004 as its social development arm.

Recognizing the potential of the business growth of JFC to fuel the success of small-scale farming communities, FEP bridged the gap between smallholder farmers and large-scale businesses, providing farmers with market opportunities that were previously beyond their reach. At the core of FEP is a capacity-building component designed to build farmers' business acumen, technical expertise, leadership and organizational skills. The programme also helped provide farmers with access to markets other than JFC to help create additional economic opportunities.

This case study demonstrates the power of partnerships with external stakeholders to achieve RBC objectives. FEP creates partnerships with local government units, financing institutions, and non-government organizations to bring together a comprehensive suite of interventions that respond to farmers' field and strategic needs. By 2019, 17 farmer groups have become regular vegetable suppliers of JFC and since 2009, farmer groups have delivered over 7,000 metric tons with more than PHP 300 million (USD 6 million) in sales.

Under this initiative, JFC was also able to map its supply chain and achieve greater transparency ensuring that it could better manage supply chain risk. It resulted in improved benefit sharing with its suppliers by helping to increase the capability, market channels and overall revenue of smallholder farmers. More information can be found at <https://www.jollibeefoundation.org>; <https://annualreport.jollibeefoundation.org>; <https://facebook.com/JollibeeGroupFoundationInc>.

Case Study 2: Cargill and the sustainable certified coconut oil production programme – Five-step framework (Steps 1, 2 & 4)/Benefit sharing/Environmental protection and sustainable use of natural resources



From 2015-2019, Cargill collaborated with BASF, Procter & Gamble, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in a development partnership under the develoPPP.de programme commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). The goal was to work with smallholder farmers in the Philippines and Indonesia to establish a certified coconut oil supply chain and to improve the incomes and economic self-sufficiency of smallholder coconut farmers.

Benefit sharing, a cross-cutting standard of the OECD-FAO Guidance encourages companies to contribute to sustainable and inclusive rural development through the sharing of monetary and non-monetary benefits of production. In this case, smallholder farming communities were able to access a more profitable revenue stream, increase production yields and improve the environmental protection and sustainable use of natural resources. From the perspective of the private sector companies involved – the project contributed to their aim to achieve a more sustainable and transparent supply chain, in line with their commitments towards people and nature, as well as meet customer demands for sustainable products.

Another important part of the project was achieving certification through a third-party which verified actions. This was achieved by partnering with the Rainforest Alliance, with the first Rainforest Alliance Certified™ coconut oil produced in 2018. Across the four years of the partnership, the programme trained more than 4,100 coconut farmers in Good Agricultural Practices (GAP), as well as farm management practices. Some 1,600 farmers received additional training and were certified against the Rainforest Alliance Sustainable Agriculture Standard. Farmers who were trained and certified received on average a 47% higher income than farmers who did not participate in the programme. This project demonstrates the opportunities (e.g. increased yields, reduced costs, securing new customers, improving environmental performance, achieving greater supply chain transparency) that can be realised through risk management strategies which benefit multiple stakeholders. More information on this project can be found at <https://www.cargill.com/2019/project-for-sustainable-certified-coconut-oil-production-improve>

Case Study 3: Charoen Pokphand Foods Plc. (CPF) CSR Reporting – Five-step framework (Step 5)



Figure 9: Examples of publicly available CPF policy statements

across its supply chain. Progress on reaching clearly defined commitments is provided, along with further detailed information on partnerships and other specific issues. For example, a Human Rights Due Diligence process is outlined and CPF reported on grievances received, over the 12 months prior, as well as their resolution. CPF won several awards at the latest [Asia Sustainability Reporting Awards 2019](#) which is also a resource on types of company reporting.

Thai company, Charoen Pokphand Foods Plc. (CPF), operates an integrated agro-industrial and food business, including livestock and aquaculture such as swine, broiler, layer, duck, shrimp and fish. It is one of the largest producers of animal feed and poultry in the world.

CPF provides an example of implementation of Step 5 of the five-step framework for risk-based due diligence, “Report on supply chain due diligence”. The company publishes a comprehensive set of [twenty-three policies](#) related to responsible business conduct. These can be freely downloaded from the CPF website.

CPF’s 2019 publicly available [Sustainability Report](#) outlines how the company performed relative to the targets it has set itself, as well as the relevant eleven SDGs it measures performance against. Its materiality assessment also helps stakeholders understand how the company considers responsible business risk

Section VI. Recommendations

The SEA Pilot aimed to support companies operating along agricultural supply chains in the region in increasing an understanding and application of the recommendations of the OECD-FAO Guidance. The peer-learning sessions facilitated candid discussions between companies in the pilot and expert speakers from peer businesses, civil society organisations, and experts related to RBC issues and supply chain due diligence.

The results of the follow-up survey show positive changes in policy and some practices across many companies, notably in Step 1 (establishing strong policies), Step 2 (in particular extending supply chain mapping beyond Tier 1) and in Step 4 (tracking due diligence effectiveness). However, Step 3 (devising a strategy to respond to identified risks) remains an area for improvement. Likewise, major efforts need to be made to encourage wider public company reporting RBC risks and actions to address them.

Recommendations and takeaways from this Pilot provide a starting point for further discussion and action.

Recommendations to companies

The key recommendations to companies from the SEA Pilot are:

1. Companies should continue to refer to and integrate international recommendations on RBC and due diligence into company management systems. The OECD-FAO Guidance (A model enterprise policy for responsible agricultural supply chains), along with other standards such as the Principles for Responsible Investment in Agriculture and Food Systems of the Committee on World Food Security (CFS-RAI) and the ASEAN Guidelines for Responsible Agricultural Investment (ASEAN RAI) provide clear direction on what should be included in company policies and practices for RBC. These standards are complementary and mutually-reinforcing. Adopting such standards enables accountability and specificity behind company commitments and helps signal to stakeholders, including governments, investors and consumers, the global benchmarks that companies intend to implement.

The OECD-FAO Guidance also provides a five-step framework for risk-based due diligence to help companies operationalise the recommendations on RBC as part of the regular business process. Companies should carry out due diligence as recommended by the OECD-FAO Guidance to proactively identify and address the impacts to workers, the community and the environment and to ensure that actions and inactions are not undermining the SDGs. Effective implementation of due diligence enables companies to systematically manage risks and demonstrate their contribution to the SDGs in a measurable way.

2. Companies should expand supply chain mapping and risk assessment of business relationships beyond Tier 1 suppliers to understand actual and potential adverse impacts in their supply chain. This supports them in further strengthening strategies to respond to risks identified in the supply chain. In this regard, companies can build upon the business case for mapping the supply chain to meet growing expectations from business partners, investors and consumers on transparency related to RBC including Health and safety, Human rights, Environmental protection and sustainable use of natural resources among others.

Due to the limited visibility and leverage, companies may find it challenging to assess risks related to suppliers beyond Tier 1 with whom companies do not have a contractual relationship. In such case, companies should identify control point enterprises in their supply chain that likely have greater visibility and/or leverage over business relationships further up the supply chain. They may assess the due diligence process at these control points to understand whether risks of adverse impact directly

linked to suppliers have been identified, prevented and mitigated. Companies may also pursue collaborative efforts in increasing leverage to influencing their business relationships further up the supply chain with a view to prevent and address risks identified in the supply chain.

3. Companies are strongly encouraged to commit to reporting publicly on their supply chain risks and due diligence actions, per Step 5 of the OECD-FAO Guidance with due regard taken of business confidentiality and other competitive concerns. Business partners (e.g. investors, export markets) and civil society (e.g. NGOs, consumers) are increasingly looking at these reports to provide clear, accurate and timely information to assess company performance on RBC. The increasing number of jurisdictions and stock exchanges are also setting specific reporting requirements with respect to company due diligence. Communicating relevant information is key to building and maintaining trust in their actions and decision-making and demonstrating good faith to these relevant stakeholders. Public reporting on due diligence processes, findings and plans to identify and address risks can help companies protect existing value and create new value.

Learnings for policy makers

The key takeaways for policy makers from the SEA Pilot are:

1. Policy makers could consider further steps to communicate the benefits of public reporting of company due diligence actions, including of SMEs, to encourage meaningful and robust reporting and promote RBC. Examples of good practices and useful resources to clarify their expectations and support company efforts would be beneficial.
2. The role of national and export markets' regulation is a key motivator for companies to commit to RBC policies and implement due diligence. Policy makers could reinforce actions to promote RBC and due diligence in line with internationally recognised standards and recommendations such as the OECD-FAO Guidance. As Southeast Asia has increasingly become a net agro-food exporter¹⁶, policy makers could boost trade facilitation efforts by supporting and strengthening RBC adaption by exporting companies. For example, increasing availability of the information on traceability, origin as well as due diligence of exporters can help create greater confidence in the global markets and an enabling environment for trade. The ongoing discussion at the EU on mandatory due diligence may be of interest to policy makers in Southeast Asia.
3. Companies are looking for guidance on how to implement robust RBC policy to meet existing standards and growing market expectations, as well as practical tools and case studies to help them implement this in practice. Projects like this SEA Pilot provide learning opportunities for companies and should be encouraged and extended to widen their reach.

Table 1 presents potential next steps for companies in the region and key stakeholders to consider to encourage due diligence for responsible agricultural supply chains. The SEA Pilot highlighted that certain challenges in the agricultural sector require close collaboration between companies and key stakeholders to address effectively, including but not limited to systemic risks related to human rights and labour rights. Some companies have established such collaboration with local and international partners to improve the effectiveness of their due diligence efforts, such as supply chain mapping and risk management. As the OECD-FAO Guidance recommends, while companies retain individual responsibility for their due diligence,

¹⁶ OECD/FAO (2017), OECD-FAO Agricultural Outlook 2017-2026, OECD Publishing, Paris.
http://dx.doi.org/10.1787/agr_outlook-2017-en

collective approaches with stakeholders along and across supply chains can support their due diligence and build sustainable and resilient supply chains.

Table 1: Proposed next steps identified in the SEA Pilot to enhance due diligence approach as recommended by the OECD-FAO Guidance

Considerations for companies operating in Southeast Asia	Considerations for policy makers and relevant stakeholders
Step 1: Establish strong enterprise management systems for responsible supply chains	
<ul style="list-style-type: none"> – Enhance a comprehensive understanding of RBC issues covered by the model enterprise policy in the OECD-FAO Guidance and their potential relevance to company supply chains, beyond Tier 1. – Increase the use of relevant international and regional standards, guidance and frameworks such as the OECD-FAO Guidance to address actual and potential RBC risks in company supply chains and to meet market expectations. – Address gaps in company policy on both cross-cutting and issue-specific standards recommended in the OECD-FAO Guidance, with particular focuses on Grievance mechanisms and Human rights. – Expand the use of internal and external-focused measures, including incentives, contracts and trainings to help improve the performance of company management practices for RBC. 	<ul style="list-style-type: none"> – Support and promote learning and action across companies in any size on a range of RBC standards. – Clarify terms and approaches across all RBC standards and promote the different benefits and complementarity of international and regional guidance on RBC, providing examples of how companies have incorporated them into their policy and actions. – Highlight case examples and models of company’s written RBC policy, particularly on the cross-cutting standards. – Provide a range of model contract provisions, supplier code of conduct, tools and resources on how companies can strengthen RBC management internally and with business partners.
Step 2: Identify, assess, and prioritise risks in the supply chain	
<ul style="list-style-type: none"> – Enhance the capacity and capability to extend supply chain mapping, particularly in cases involving high-risk locations, products and services, or business partners. – Identify and engage with control point enterprises in the supply chain to improve visibility of company’s business relationships and pool leverage. 	<ul style="list-style-type: none"> – Promote company examples and practical tools related to supply chain mapping and risk identification. – Provide and increase discoverability of credible information to enable scoping risks and traceability along supply chains.
Step 3: Design and implement a strategy to respond to identified risks in the supply chain	
<ul style="list-style-type: none"> – Clarify roles and reporting responsibilities across the company to ensure that identified risks are adequately reported to senior management and a strategy is effectively implemented to prevent or mitigate these risks. – Enrich stakeholder engagement to devise a strategy to respond to identified risks while ensuring due diligence is informed by engagement with stakeholders throughout its process. 	<ul style="list-style-type: none"> – Encourage sharing of lessons learnt from the adoption and implementation of risk management strategies and emphasise the ‘learning by doing’ approach.
Step 4: Verify supply chain due diligence	
<ul style="list-style-type: none"> – Increase the use of verification processes by developing a greater understanding of the essential requirements for, and benefits from, tracking the effectiveness of supply chain due diligence. – Review industry initiatives and certification programmes with which a company collaborates to track due diligence effectiveness, including their alignment with the OECD-FAO Guidance to ensure 	<ul style="list-style-type: none"> – Demonstrate the importance of verification in risk-based due diligence approach and promote learning opportunities on different verification methods that align with international expectation on RBC. – Highlight quality resources, tools and information to help companies better verify their due diligence performance, in particular on cross-cutting

their value to the company in helping it identify, prevent or mitigate adverse impacts.	standards, and encourage sharing of company experiences in verification processes.
Step 5: Report on supply chain due diligence	
– Improve public reporting on RBC in a meaningful and robust way.	– Demonstrate the benefits of public reporting on RBC and provide examples of good practice so companies can learn from peers.

Annex 1: Definitions

Agricultural supply chains

A system encompassing all the activities, organisations, actors, technology, information, resources and services involved in producing agri-food products for consumer markets

Business partner

Entities with which an enterprise has a business relationship are referred to as 'business partners'.

Business relationship

The term business relationship includes an enterprise's relationships with business partners, entities in the supply chain and any other non-state or state entities directly linked to its business operations, products or services.

Due diligence

The process through which enterprises can identify, assess, mitigate, prevent and account for how they address the actual and potential adverse impacts of their activities as an integral part of business decision-making and risk management systems. Due diligence concerns adverse impacts caused or contributed to by enterprises as well as those adverse impacts that are directly linked to their operations, products or services through a business relationship.

Enhanced due diligence

Higher-risk areas such as "red flag" locations, products or business partners should be subject to enhanced due diligence. Enhanced due diligence may include on-the-ground verification of qualitative circumstances for "red flag" locations, products, or business partners.

Mitigation

"Mitigation" refers to actions taken to diminish or eliminate harm if a negative event occurs. Mitigation measures may be taken before, during, or after an event with the aim of reducing the degree of harm.

Prevention

"Prevention" refers to actions taken to prevent harm from occurring or re-occurring. In other words, prevention measures are taken before harm occurs.

Remediation

The provision of remedy for adverse impacts.

Risk

Likelihood of adverse impacts on people, the environment and society that enterprises cause, contribute to, or to which they are directly linked.

Risk-based due diligence

When the nature and extent of due diligence correspond to the type and level of risk of adverse impacts. The severity of actual and potential adverse impacts should determine the scale and complexity of the necessary due diligence.

Risk management

Prevention, mitigation, remediation of potential and actual adverse impacts.

Stakeholders

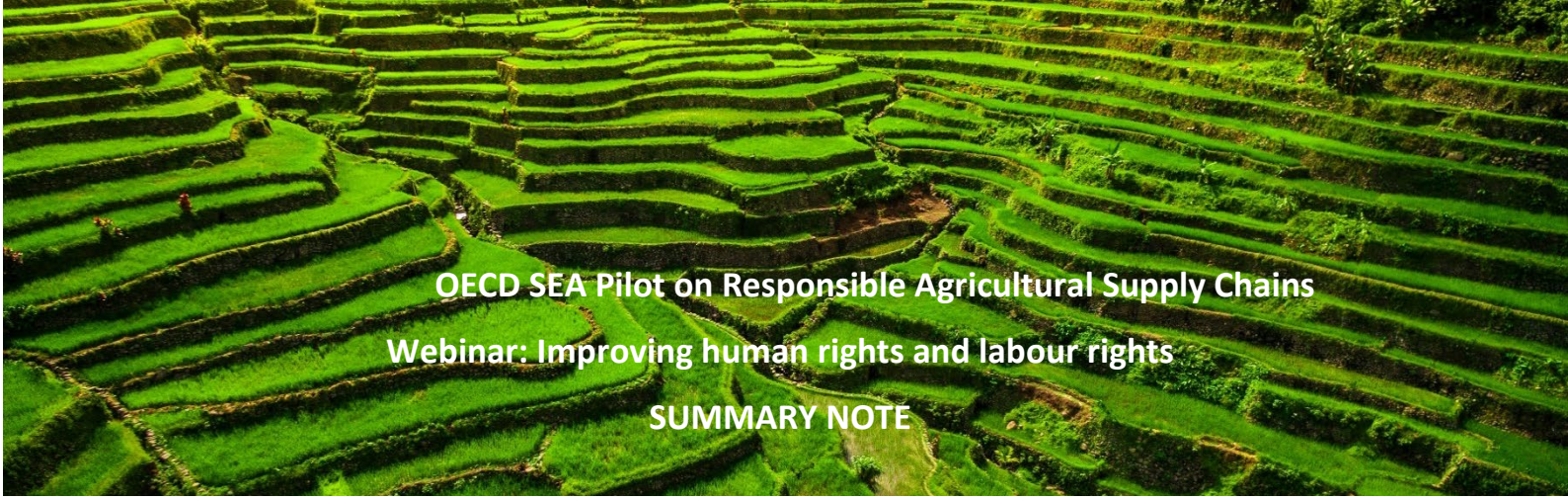
Stakeholders include persons or groups who are or could be directly or indirectly affected by the actions of the enterprise and its interlocutors.

Supplier

All business relationships that provide a product or service to an enterprise, either directly or indirectly.

Annex 2: Peer-learning Session Summary Notes and Additional Resources

The following pages include summaries and resources shared after each peer-learning webinar of the SEA Pilot.



OECD SEA Pilot on Responsible Agricultural Supply Chains
Webinar: Improving human rights and labour rights
SUMMARY NOTE

WEBINAR DATE: 19 February 2020

SPEAKERS:

- Sarah Kerrigan, Manager, Southeast Asia Sustainability, Deloitte
- Adeline Lim, Manager, Social Responsibility Asia & Laili Chairiyah, Manager, Social Responsibility, Phillip Morris International
- David Camp, Chief Executive, allianceHR & the Association of Labour Providers

BACKGROUND:

Human rights and labour rights are issue-specific areas set out in the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#). The SEA Pilot [Baseline Report](#) found 39% of companies in the survey did not have a written or partial policy on Human rights. Pilot companies also expressed high interest in the topics of human rights and labour rights being part of the OECD SEA Pilot webinar series. To address these demands, the OECD organised the first webinar “Improving human rights and labour rights” on 19 February 2020.

KEY LEARNINGS FROM THE WEBINAR:

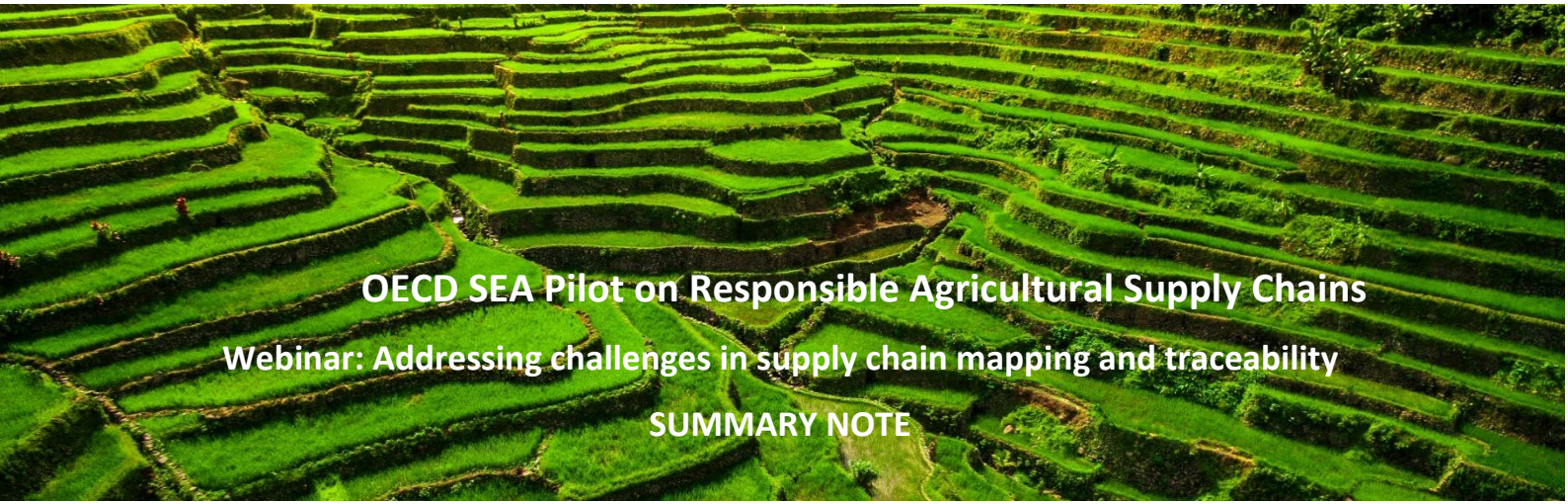
- 1) Agribusinesses are under intense scrutiny from stakeholder groups concerning performance on environmental, social (including human rights) and governance issues (together known as ESG issues).
 - The financial community has seen real growth and escalation in interest towards integrating ESG factors into financial decision making and this is evidenced across multiple dimensions. For example, as of January 2020, the [UN Principles for Responsible Investment](#) had nearly 3,000 signatories globally, representing over USD 89,000 billion assets under management. Sustainability ratings and rankings are becoming more important in decision-making, along with stock exchange disclosure requirements. There is also a trend in SEA of governments starting to require listed companies to provide ESG information.
 - Markets are starting to demand more information on human rights performance (e.g. the UK Modern Slavery Act, the Australian Modern Slavery Act, the Dutch Child Labour Due Diligence Law, the EU Non-Financial Reporting Directive). Customers/buyers are seeking more information from upstream suppliers, as well as increasing compliance demands. There is growing research emerging on human rights and business, including in relation to climate change.
- 2) Agribusiness companies are at differing levels of maturity on developing and implementing due diligence policies on human rights. The journey is complex and takes time, involving incremental improvements and continuous enhancement. A step by step approach is useful.
 - The development of good management systems (e.g. Step 1 of the OECD-FAO Guidance) are critical to implementation of a robust policy on human rights and worker rights. Management systems should also always consider the local context.

- Getting the commitment at the most senior level in your organisation is critical to implementing human rights policy, including for example at the board of directors level, with explicit accountability for human rights.
 - Ensuring that the right people in the organisation are included in policy development and implementation is important. Commitment and coordination across the organisation are also necessary. For example, answering questions on:
 - Who has ownership and accountability of the human rights policy?
 - Who has day-to-day oversight?
 - Who is responsible for implementation and reporting?
- 3) Internal training drives a common understanding within the company, which is vital for communication and company-wide uptake.
- It is important to encourage and support staff to spot the signs of exploitation and know how to report any human rights issues. Key consideration: If you ask any staff member randomly today, would they be able to tell you about the company’s human rights policy, and where to report violations?
- 4) Understanding the root causes of human rights and labour rights issues is important. Companies need to explore why the issue (e.g. child labour) arises or persists at a particular location/commodity/supply chain.
- 5) Supply chain **collaboration**, and working with supply chain partners towards continuous improvement on human rights and labour rights policy, **is essential**.
- A key first step in developing your human rights and labour rights policy is to map, assess and prioritize risks across your business operations and supply chain. This includes across your own labour, but also contractors, and workers working for your business partners and suppliers. It also includes those organizations that source workers and supply them into your business.
 - One high-risk area for human rights and labour rights violation are labour providers that source and supply the workers into your business.
- 6) In conjunction with internal verification, third-party verification can be an important component of verification. It can bring a different set of eyes to how things are working and identify any internal blind spots. It can also give confidence that systems are working, or provide additional advice on how to improve systems when policy is lacking or not well-implemented.
- 7) Follow-up actions are critical – once issues are identified they need to be resolved to ensure that the same incident does not happen again.

TOOLS AND RESOURCES:

There are many toolkits and guidance documents to help businesses develop and implement human rights and labour rights policy. Diagnostic tools can also enable the identification of gaps/opportunities and support a systematic approach for companies to implement risk-based due diligence.

- Stronger Together: Tracking modern slavery in supply chains: [Resources](#) and [Tools](#)
- [Responsible Recruitment Toolkit](#)
- [Clearview](#): Global Labour Provider Certification Scheme
- [Global Slavery Index](#)
- Institute of Human Rights and Business: [Library and Academy](#)



OECD SEA Pilot on Responsible Agricultural Supply Chains

Webinar: Addressing challenges in supply chain mapping and traceability

SUMMARY NOTE

WEBINAR DATE: 18 March 2020

SPEAKERS:

- Gregory Bardies, Asia Pacific Sustainability Manager, Barry Callebaut
- Petra Meekers, Global Head of Sustainable Sourcing, Unilever
- Roel van Poppel, Chief Executive Officer, AtSource, Olam

BACKGROUND:

Mapping the supply chain and assessing risks of adverse impacts of the operations, processes, goods and services of the enterprise and its business partners over their full life cycles are key actions of Step 2 under the five-step framework for risk-based due diligence set out in the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#).

The SEA Pilot [Baseline Report](#) found that 71% of companies currently conduct some degree of supply chain mapping, with 29% carrying out no mapping. Companies stressed the difficulties in undertaking supply chain mapping due to the complexity and diversity of agricultural supply chains which often encompassed multiple stakeholders and activities.

KEY LEARNINGS FROM THE WEBINAR:

- 1) A wide variety of stakeholders (e.g. consumers, supply chain partners, regulators, civil society organisations) are demanding more supply chain transparency, as well as expecting companies to take leading roles in addressing social and environmental problems (e.g. climate change, social inequality). Supply chain transparency can be a lever to drive step-change on sustainability.
- 2) Collaboration is critical to effective and efficient supply chain mapping and can help unlock innovative solutions to drive more sustainable action at scale and speed. Collaboration comes in many forms, including:
 - Pre-competitive collaboration within sectors (e.g. industry workshops, WBSCD)
 - Working directly with suppliers
 - Sustainability platforms (e.g. SAI Platform, Bonsucro)
 - Research partnerships (e.g. with a university/govt. research organisation)
 - Small-holder farmer coalitions or projects
 - Technology and data-sharing (e.g. Global Forest Watch)
 - Civil society partnerships (e.g. Conservation International)
 - Certification schemes (e.g. RSPO Certified Sustainable Palm Oil (CSPO), Rainforest Alliance, Pro-Terra Foundation, Fairtrade International)
 - Government and/or regulatory cooperation including at regional/country levels (e.g. Sustainable Coconut and Coconut Oil Roundtable)
 - Online supply chain platforms and monitoring tools (See TOOLS & RESROUCES below)
 - International organisations that engage with different stakeholders (e.g. OECD, FAO, ILO)

- 3) Setting time-bound sustainability targets can improve supply chain performance by making expectations clear to internal (e.g. procurement team) and external stakeholders (e.g. supply chain partners).
 - Expectations of supply chain partners to help meet company targets on responsible business can be outlined in a Supplier Code of Conduct. Embedding responsible business policy in company's own system or overall mission is the key first step.
 - Monitoring levels of compliance across suppliers with company expectations is important and can be achieved through various verification measures, including self-assessment surveys, certification schemes, industry-led initiatives, external verification measures, as well as specific impact assessments at site or product level.
- 4) Every supply chain is unique with different sustainability risks and issues. Defining appropriate metrics to help monitor and manage impacts across the supply chain is essential and needs to be customised to each supply chain. This process also helps companies to prioritise risk management.
 - Factors to help identify risk include location, high volume ingredients/products, high risk ingredients (e.g. cocoa, palm oil, cane sugar, soy, vanilla, etc.), and business relationships. Please refer to Box 3.1 of the [OECD-FAO Guidance](#) on p.35.
 - Tools can be also used to identify high-risk products, location or suppliers that might require further investigation and more detailed supply chain mapping strategies.
- 5) Technology can drive greater transparency across the supply chain.
 - A range of technological solutions can be used, not all technology and tools need to be high cost (e.g. Excel spreadsheet). The important aspect is that information gathered, however, leads to actionable plans that achieve impactful interventions.
 - Data combined from different sources (e.g. satellite, remote sensing, digital feedback tools, farmer surveys) can bring multiple perspectives to impact measurement and a deeper understanding of what is happening at any one time in the supply chain. Having "boots on the ground" helps bring further insights and facilitate action-oriented collaboration.
 - Data integrity is essential – aim for data to be improved over time and updated and verified regularly. This can be achieved through such actions as auditing, better training for data collectors (e.g. producers, suppliers), randomised checking, working with academic or research institutions.
 - Demonstrating the usefulness of data collected, to those stakeholders involved in providing such information (e.g. smallholder farmers), can be a powerful means of gaining buy-in, as well as supporting better outcomes for those stakeholders (e.g. increased yields, reduced costs).
- 6) Data from different sources combined with artificial intelligence can generate detailed performance information which in turn can drive a paradigm shift in supply chain management. Highly innovative information systems using real-time data are now being developed and implemented which can enable companies to better model and predict supply chain impacts and better inform decision making.

TOOLS AND RESOURCES:

There are many tools and platforms to help businesses improve traceability across the supply chain and identify risks. Examples of useful tools shared during this webinar and from our research are given below. Please see 2) above for more information on platforms. All tools need to be assessed for their applicability to your company needs.

- [AtSource](#)
- [Chainpoint](#)
- [IBM Food Trust](#)
- [IFC Global Map of Environmental and Social Risk in Agro-Commodity Production](#) (GMAP)
- Sedex ([Sedex Members Ethical Trade Audit](#) (SMETA), [Self-Assessment Questionnaire](#) (SAQ))
- [Sourcemap](#)



OECD SEA Pilot on Responsible Agricultural Supply Chain

Webinar: Responsible Agricultural Investment

SUMMARY NOTE

WEBINAR DATE: 29 April 2020

Webinar co-hosted by Grow Asia and OECD, open to public

SPEAKERS:

- Christy Owen, Chief of Party, USAID Green Invest Asia (PACT)
- Jean-Yves (JY) Chow, Senior Vice President, Food, Beverage & Agriculture Sector, Mizuho Bank
- Imke Greven, Policy Advisor on Land Rights, OXFAM
- Erin Sweeney, Sustainable Business and Investment Manager, Grow Asia
- Barbara Bijelic, Financial Sector Lead, OECD Centre for RBC

BACKGROUND:

The financial sector has a key role in increasing investment in agriculture and in driving responsible action in agricultural supply chains. In particular, the sector can support action by providing signals and incentives for agribusinesses to implement risk-based due diligence as recommended in the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#). Agribusinesses want to know the specific actions and/or signals they can demonstrate to attract responsible investment. Co-hosting the webinar with Grow Asia provided the opportunity to show how the [OECD Guidelines for Multinational Enterprises](#) (OECD Guidelines), OECD sectoral guidance and the [ASEAN Guidelines on Responsible Investment in Food, Agriculture and Forestry](#) (ASEAN RAI Guidelines) are aligned and reinforce good practice across investment decision-making in the agricultural sector.

KEY LEARNINGS FROM THE WEBINAR:

- 1) There is a wide variety of financial sector stakeholders (e.g. banks, equity investors, pension funds). Many of these stakeholders show increasing interest in fully understanding the risks, opportunities and incentives in agriculture including in the sustainability-related investment performance. A wide range of expertise is needed to correctly and adequately assess the risks associated with agricultural investment. Due diligence for responsible business conduct (RBC) is becoming an important tool for business, including investors, in making agriculture-related business decisions.
- 2) Responsible financial mechanisms are on the rise. There are greater expectations for the financial sector to be more responsive across environmental and social issues. Yet RBC/ESG considerations are still predominantly viewed as an 'add-on' by companies rather than a fundamental part of the business. More examples to demonstrate the benefits of such financial mechanisms can help mainstream RBC/ESG considerations among agribusiness companies.
- 3) The financial sector can support responsible agribusiness by giving clear signals, priorities, and incentives for RBC, for example through investment products and transparent criteria. Correspondingly, there has been a rise of transformational financial products over the last few years that incentivise company's responsible business practices. Several high-profile companies, including Olam, Wilmar, ING

and BNP Paribas demonstrate the use of innovative financing partnerships to help improve ESG performance.

- 4) There has been a positive trend towards the use of sustainability-linked loans where interest rates are tied to performance on ESG indicators and whereby performance is verified by 3rd parties. The goal of these loans is to incentivise improvements in sustainability performance with potential cost savings.
- 5) The ability of the financial sector to drive more responsible investment and behaviour across small and medium-sized enterprises (SMEs) in the agricultural sector is an area that needs more attention, as such SMEs are currently underrepresented in sustainable banking. USAID Green Invest Asia has produced [Guidance](#) to assist banks to develop sustainability-linked loans for SMEs in Southeast Asia with flexible terms and low-transaction costs.
- 6) Understanding the GHG emissions of investments is attracting more attention from the financial sector. The Rabo Foundation is setting greenhouse gas emission benchmarks as part of its strategy to monitor and assess resources allocated toward climate-smart agriculture investments in Indonesia, in [partnership](#) with USAID Green Invest Asia. This signals an increasing interest in the climate performance of agricultural investments.
- 7) Legitimate land title/Land rights are becoming a critical component of responsible agricultural investment. A key aspect of this is ensuring that Free and Prior Informed Consent (FPIC)¹⁷ is given by all relevant stakeholders in any investment in land and/or local resources.
- 8) Agribusinesses and investors need to be aware of a range of responsible business expectations when considering investments in land, including supply chain due diligence, FPIC, transparency and grievance mechanisms. International standards and guidance can be used to guide investment decision-making in this area.

Example: In February 2020, the Australian bank, ANZ Bank has agreed to provide a financial package to Cambodian farmers forcibly displaced by a sugar company that the bank financed in 2011. This agreement, the first of its kind by a commercial bank, sets an important human rights precedent for the financial sector globally. This specific instance was submitted in 2014 to the OECD via the [National Contact Points for RBC](#). For more details, please visit [here](#).

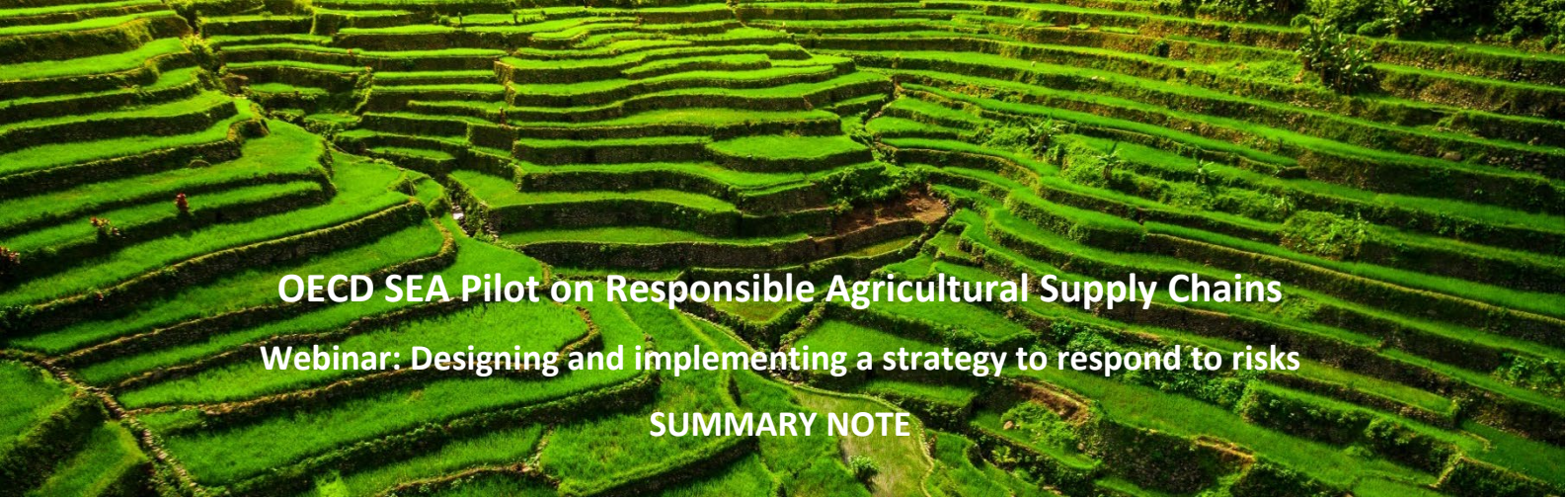
- 9) There is a comprehensive range of international and regional standards and guidance that has been developed to support responsible investment (e.g. CFS-RAI, ASEAN RAI Guidelines), as well as to help agribusinesses improve their risk-based due diligence to attract responsible investment (e.g. OECD-FAO Guidance). ASEAN RAI Guidelines published in 2019 are an exciting regional development in South-east Asia.

TOOLS AND RESOURCES:

- [OECD-FAO Guidance for Responsible Agricultural Supply Chains \(2016\)](#); [OECD Due Diligence Guidance for Responsible Business Conduct](#) for any sector; OECD RBC Centre's [website](#) for the financial sector for more resources on responsible investment
- Other useful resources: [International standards] UN Guiding Principles on Business and Human Rights, International Finance Corporation Performance Standards (1, 5 and 7), Equator Principles, World Bank

¹⁷ Please find how to implement FPIC as recommended in OECD-FAO Guidance [Annex B. Engagement with indigenous people](#) pp. 78-84.

Environmental and Social Framework, Voluntary Guidelines on the Responsible Governance of Tenure, UN Environment Programme Principles for Responsible Banking; [Regional guidance] [ASEAN Responsible Investment in Food, Agriculture and Forestry](#), [Environmental and Social Assessment Guidelines for Land Use Lending in Southeast Asia](#); [Platforms] UN Global Compact; Soft Commodities Compact.



OECD SEA Pilot on Responsible Agricultural Supply Chains

Webinar: Designing and implementing a strategy to respond to risks

SUMMARY NOTE

WEBINAR DATE: 20 May 2020

SPEAKERS:

- Richa Mittal, Director of Supply Chain Innovation and Partnerships, Fair Labor Association (FLA)
- Kate Blaszak, Global Head of Research and Animal Welfare, World Animal Protection
- Chase Castaño, Lead for Corporate Responsibility, Cargill Philippines

BACKGROUND:

The [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#) recommends a five-step framework for risk-based due diligence which companies along the full agricultural value chain can use to promote responsible business action and in particular, identify and address harms to people and the planet associated with their business decisions. This webinar highlighted Step 3 of the five-step framework on how to design and implement a strategy to respond to identified risks in the supply chain. It focused notably on risks related to labour, animal welfare, and the environment, including the protection and sustainable use of natural resources. The webinar also responded to one of the recommendations from the SEA Pilot [Baseline Report](#) to encourage sharing of lessons learnt from the adoption and implementation of risk management plans and emphasise the ‘learning by doing’ approach.

KEY LEARNINGS FROM THE WEBINAR:

- 1) In evaluating risks to the business, companies are encouraged to understand the root causes of risk in the supply chain. For example, a seed company started a collaboration with FLA to look into child labour risks in India and discovered that a lack of decent wages is strongly linked to an increase in child labour and forced labour. Systemic wage issues were identified in FLA’s procurement price study of the seed sector in India, and further investigation identified multiple drivers contributing to significant wage-related issues, including wage gaps between workers and payments below legal wages.
- 2) Collaborative efforts are crucial in designing an appropriate strategy. Case studies demonstrated the power of working with internal and external stakeholders.
 - FLA’s seed project in India (hot pepper seeds in Maharashtra, corn seeds in Andhra Pradesh) worked closely with workers and their communities to develop strategies around fairer wages. Ultimately, the project also discovered that further collaboration at the industry level with other companies was necessary to drive change, by helping to provide a level playing field for all companies to engage with workers on. Engagement at national level roundtables, with women associations and government officials, was also important in addressing systemic issues, for example around gender disparities, sector-wide wage payments, and broader worker rights at regional and/or national level.

- Collaboration was critical in the Sustainable Certified Coconut Oil Production (SCNO) – a joint project presented by Cargill Philippines, not only with farmers but with other project partners, including companies, aid agencies and implementing organisations. This created a multi-stakeholder approach in which multiple agencies could bring different incentives and long-term support to farmers. For example, the project involved stakeholders who could provide training and systems implementation (e.g. chain of custody, certification systems) as well as off-taker companies who could provide financial incentives and guaranteed market conditions, leading to long-term system change.
- 3) Commitment at the senior management level to implementing a risk-based due diligence strategy is crucial. It takes time to bring internal and external stakeholders together and work to address risks in a sustainable long-term manner. It can also require additional resources allocated, particularly in the early stages before benefits are recouped.
 - 4) Robust commitment throughout the company led by senior management levels from the beginning of the project is also essential to respond to identified risks in the supply chain. Such company-wide commitment strengthens internal processes, for example, a revision of procurement price calculation, for responsible sourcing.
 - 5) Leadership is often needed by a company to take on a major issue and to bring stakeholders together. Sometimes, this means being the first company to tackle a certain risk. If benefits are seen, such action can then motivate others in the sector to follow or implement similar initiatives. For example, action by one company in Brazil to phase out teeth reduction amongst pigs inspired similar actions by some of the world's biggest meat producers, including a pork producer in Thailand.
 - 6) The procurement department in a company can be very influential and is one of the critical departments to be involved in implementing risk-based due diligence strategies. This is because the procurement department typically has direct contact with suppliers, communicating expectations and measuring performance, on an ongoing basis. It also makes decisions about payments with suppliers which ultimately act as important signals for company expectations on responsible business.
 - 7) Demonstrating the benefits of risk management strategies to different stakeholders (e.g. by showing increased yields, reduced costs) is a powerful means of gaining buy-in. The SCNO project resulted in better yields and returns for smallholder farmers. Better animal welfare practices led to a reduced carbon footprint and an increase in feed efficiency for a pig producer in Thailand. This encourages support for action and changing behaviour among key stakeholders.
 - 8) Public communication is important. Reporting publically as recommended by the OECD-FAO Guidance in Step 5 helps inform consumers and supply chain partners on the efforts being made to improve performance related to responsible business. Reporting annually helps strengthen trust and transparency.

TOOLS AND RESOURCES:

There are many tools and resources to help businesses identify and address risks across the supply chain. Examples, including those shared during the webinar, are listed below.

- **Labour rights:** [Seeds of change: A pilot project to address wage improvements in India's seed sector](#) (FLA, 2019). Resources from around the world on improving worker's rights can be found at [Fair Labour Association](#); [International Labour Organisation](#); [Business and Human Rights Resource Centre](#).

- **Animal Welfare:** [Global business case for group sow housing with enrichment](#) & [Global business case for higher welfare for pigs raise for meat](#) (World Animal Protection); [Fish Welfare Initiative](#); [The Business Benchmark on Farm Animal Welfare Report 2019](#). Resources can be found at the [World Organisation for Animal Health](#).
- **Benefit-Sharing and Environmental protection and sustainable use of natural resources:** [Sustainable certified coconut oil production \(SCNO\) project](#); [Working with smallholders: A handbook for firms building sustainable supply chains](#) (IFC, 2019); Examples and resources on collaborative approaches can be found at [IDH's Sustainable Trade Initiative](#).
- **Reporting:** [Reporting matters: Navigating the landscape: a path forward for sustainability reporting](#) (WBCSD, 2019); [Sustainability reporting in ASEAN countries](#) (ASEAN CSR Network/National University of Singapore, 2018): [Global Reporting Initiative](#).



OECD SEA Pilot on Responsible Agricultural Supply Chains

Grievance Mechanisms

ADDITIONAL RESOURCES

The OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia (OECD SEA Pilot) conducted the baseline survey with 23 pilot participants in 2019. The results found that establishing a robust policy on grievance mechanisms was a key challenge for many companies.

Grievance and remediation processes interact with, and may ultimately support due diligence by providing channels through which companies can become aware of and respond to adverse impacts of their activities. Strong implementation of policy on grievance mechanisms can help companies enhance risk-based due diligence across all issues related to responsible business conduct (RBC). This is why grievance mechanisms are an important cross-cutting standard recommended by the OECD.

Given the valuable role of grievance mechanisms in supporting RBC and due diligence, this note helps companies better understand grievance mechanisms and support their decisions on the adoption of such mechanisms.

WHAT ARE GRIEVANCE MECHANISMS?

In the context of RBC, a grievance mechanism is a formal complaint process for use by individuals, workers, communities and civil society organisations that are negatively affected by business activities and operations. Grievance mechanisms are sometimes also called ‘complaints’, ‘redress’, or ‘accountability’ mechanisms,¹⁸ and help provide remedy where a company has caused or contributed to a negative impact.

Grievance mechanisms can help prevent future conflict, save the costs of a judicial trial, reach agreement on problems and build trust amongst stakeholders. They can provide valuable information to identify supply chain risks and act as an early warning system before problems escalate. This then may help companies feed critical information into broader due diligence processes.¹⁹

WHAT ARE INTERNATIONAL EXPECTATIONS ON GRIEVANCE MECHANISMS?

International instruments such as the [OECD Guidelines for Multinational Enterprises](#) (OECD Guidelines) and the UN Guiding Principles for Business and Human Rights (UNGPs) recognise the role that both states and businesses can play in facilitating access to remedy.

One of three pillars of the United Nations ‘Protect, Respect and Remedy’ framework is “the need for rights and obligations to be matched to appropriate and effective remedies when breached”.²⁰ The OECD Guidelines expect businesses to provide for or co-operate in the remediation of adverse impacts where they have caused or contributed to adverse impacts.²¹

¹⁸ SOMO, What are grievance mechanisms, <https://www.somo.nl/hrgm/what-are-grievance-mechanisms/>

¹⁹ Shift, et al. (2016) Doing Business With Respect for Human Rights

²⁰ UN Guiding Principles for Business and Human Rights, p.1

²¹ OECD Guidelines for Multinational Enterprises, IV. A.6. To learn more about the relationship of an enterprise to an adverse impact and its response, please see OECD Due Diligence Guidance for RBC, Q30 & FIGURE 2. Addressing adverse impacts.

The OECD Guidelines also contain a legally binding obligation for adhering countries to set up a non-judicial grievance mechanism to help provide access to remedy. These agencies called the National Contact Points for Responsible Business Conduct (NCPs) are in charge of resolving issues related to the implementation of the OECD Guidelines by companies through mediation or recommendations (the so-called “specific instances”).²²

The [OECD Due Diligence Guidance for Responsible Business Conduct](#) provides clarity on what due diligence means. It aligns with the UNGPs on when companies should respond to adverse impacts and gives examples of practical actions that companies can take to provide for or co-operate in remediation.²³

Box 1. What is the relationship of remediation to due diligence?

The provision of a remedy is not a component of due diligence but a separate, critical process that due diligence should enable and support. Grievance and remediation processes interact with, and may ultimately support due diligence by providing channels through which the enterprise can become aware of and respond to RBC impacts. Inputs and feedback from remediation processes can help strengthen identification of real and potential adverse impacts by highlighting issues that may not have received sufficient attention, and by providing inputs on how to effectively respond to adverse impacts.

Source: OECD Due Diligence Guidance for RBC, Q48

WHAT ARE EXAMPLES OF GRIEVANCE MECHANISMS?

Effective judicial grievance mechanisms are at the core of ensuring access to remedy. Yet other types of grievance mechanisms play an essential role in complementing and supplementing judicial mechanisms. They can be also helpful where judicial mechanisms pose legal, practical and other barriers to access to remedy.²⁴ NCPs are state-based, non-judicial grievance mechanisms that handle RBC issues related to companies operating in or from the country of the NCP.²⁵ An operational-level grievance mechanism (OLGM) is a non-state-based, non-judicial grievance mechanism provided by a company alone or in collaboration with stakeholders such as a group of companies, industry initiatives and multi-stakeholder programmes.

Table 1. Examples of grievance mechanisms for RBC

	State-based	Non-state-based
Judicial	Civil court Criminal court Labour court	
Non-judicial	National Contact Points National Human Rights Institutions Environmental ombudsman Specialist government bodies, consumer protection agencies, regulatory oversight bodies, environmental protection agencies	Operational-level grievance mechanisms provided by companies such as in-house worker complaint mechanisms or third-party complaint systems Grievance mechanisms developed by industry, multi-stakeholder, or other collaborative initiatives Grievance mechanisms developed by international financial institutions

Source: OECD Guidelines; OECD Due Diligence Guidance for RBC; UN Guiding Principles; OHCHR ARP Project

²² See Decision on the OECD Council on the OECD Guidelines for Multinational Enterprises, Section I.

²³ OECD Due Diligence Guidance on RBC, Section II, 6.

²⁴ UN Guiding Principles for Business and Human Rights, pp.30-33

²⁵ OECD, Frequently Asked Questions: NCPs for RBC, <https://mneguidelines.oecd.org/OECD-Guidelines-for-MNEs-NCP-FAQ.pdf>

WHAT ARE CRITERIA FOR EFFECTIVE OPERATIONAL-LEVEL GRIEVANCE MECHANISMS?

The OECD Guidelines and the UNGPs recommend that companies establish or participate in effective OLGMs for individuals and communities who may be adversely impacted by their actions.²⁶ These international standards set out the criteria to ensure the effectiveness of OLGMs (See Box 2). The OECD also recommends that companies establish OLGMs in consultation and collaboration with stakeholders.²⁷ A grievance mechanism can best serve its purpose if individuals, communities and stakeholders know about it, trust it and can use it.²⁸

Box 2: OLGM effectiveness criteria

Operational-level Grievance Mechanisms should be:

- Legitimate
- Accessible
- Predictable
- Equitable
- Transparent
- Rights-compatible
- A source of continuous learning
- Based on engagement and dialogue

WHERE CAN I FIND OUT MORE ABOUT GRIEVANCE MECHANISMS?

- UN (2011) [Guiding Principles for Business and Human Rights](#): Implementing the United Nations “Protect, Respect and Remedy” framework.
- OECD
 - [OECD Guidelines for Multinational Enterprises](#) (2011)
 - [OECD Due Diligence Guidance for Responsible Business Conduct](#) (2018)
 - [Brochure on National Contact Points for Responsible Business Conduct](#) and [website](#) for more information about how NCPs handle cases
- The Office of the Compliance Advisor Ombudsman (CAO) [Grievance Mechanism Toolkit](#) for information and tools, including templates.
- Shift, et al. (2016) “Doing Business with Respect for Human Rights: A Guidance Tool for Companies” Chapter 3.8 on grievance mechanisms ([PDF](#) & [interactive website](#)) for types of grievance process and considerations to be taken into account.
- Federal Institute for Sustainable Development, Toolbox Human Rights for business and organisations “[Operational-level Grievance Mechanisms: What does this mean for your organisation?](#)”
- Institute for Human Rights and Business [Remediation and Operational-level Grievance Mechanisms](#) for company examples
- Business and Human Rights Resource Centre [Company-based grievance mechanisms](#) for tools and examples of the uses of OLGMs
- Ethical Trading Initiative (2017) [Grievance mechanisms & remedy in global supply chains](#) for case studies on access to remedy and OLGMs, and discussions on roles of trade unions and NGOs

²⁶ The [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) provides examples of how OLGm criteria may be met in Table 8. However companies should note that these examples are neither intended to be prescriptive nor exhaustive.

²⁷ OECD-FAO Guidance for Responsible Agricultural Supply Chains, Step 1.5.

²⁸ UN Guiding Principles for Business and Human Rights, III. B. 31.

Annex 3: Key Findings from the SEA Pilot Baseline Report

The baseline survey was carried out from September to October 2019 at the beginning of the SEA Pilot. It provided an overview of how certain agribusiness companies operating in Southeast Asia were implementing the recommendations of the OECD-FAO Guidance at that time.

Companies' policies and actions were assessed against the five-step framework for risk-based due diligence set out in the OECD-FAO Guidance. Potential gaps and opportunities for improving the implementation of risk-based due diligence were identified, along with key findings and recommendations.

The baseline report presented the following seven overarching findings and recommendations for further consideration in the work of the SEA Pilot. The full report is available at <http://mneguidelines.oecd.org/Pilot-on-Responsible-Agricultural-Supply-Chains-in-SEA-Baseline-Report.pdf>.

1. Companies are interested and motivated to improve responsible business policy and action.

This is particularly so within the immediate boundaries of company operations and with Tier 1 business partners. Some companies are also engaged with suppliers beyond Tier 1 relationships and have invested in the development, and implementation of comprehensive policy related to RBC, which is regularly verified. Others, however, are at the very start of developing policies and processes across their operations and supply chains. A 'learning by doing' approach, as well as sharing of experiences across the sector, should be further encouraged and supported.

2. Few companies demonstrate the development of comprehensive written policy across all relevant areas of responsible business.

Companies could improve risk-based due diligence efforts by using the model enterprise policy contained in the OECD-FAO Guidance as a template to identify potential policy gaps, with the goal to develop written policy for RBC, appropriate to their own needs and particular risk profile. Examples of written or model policies that have been implemented by companies with more advanced RBC programmes should be shared as a valuable resource to help other companies develop or refine strategy.

3. The use of, or reference to, international and regional guidance, frameworks and standards, is low.

Despite the many international frameworks on responsible agricultural practices available (e.g. the UN Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), and the OECD-FAO Guidance for Responsible Agricultural Supply Chains, there is low awareness of these instruments and consequently a low level of these instruments being referenced in company policies. It is valuable to understand why many companies are not using or referring to such guidance. Discussion on ways to better integrate and increase awareness of these resources would be useful.

4. Adoption of an RBC policy requires buy-in from internal and external stakeholders and this can be a complex process.

Obtaining buy-in for the adoption of policy can be challenging and requires the support of both internal and external stakeholders. Case examples of actual adoption of responsible business policy would be useful. In particular, there is a need to share success stories regarding the implementation of activities upstream in the supply chain. It is also important to share experiences that have not worked well, as such learnings give extremely useful insight into future approaches.

5. The implementation of RBC policy on cross-cutting standards is lower than the implementation of policy on issue-specific standards.

Companies tend to focus on responsible business efforts on issue-specific standards (e.g. Labour rights or environmental issues) compared to the cross-cutting standards (e.g. Benefit-sharing) listed under the model enterprise policy.²⁹ Cross-cutting standards are, however, crucial to enabling responsible business across all areas of company operations. Developing a deeper understanding of the ways that cross-cutting standards can enhance overall business performance, including performance on issue-specific standards, could promote their implementation. The development of policy on grievance mechanisms is one example identified where the development of policy would reinforce efforts towards improved risk-based due diligence across other standards such as human rights.

6. Management systems to implement RBC and the use of verification processes in partnership with external stakeholders is less developed.

Robust management systems to support the implementation of supply chain diligence is critical. Results indicated a need for some companies to better clarify roles and responsibilities across the company on RBC implementation. The implementation of management systems to implement RBC in partnership with external stakeholders is less developed in many companies. These can include measures like contractual terms in commercial agreements, requesting information from suppliers on their RBC policy and practices, running supplier training sessions, and providing incentives (e.g. long-term supplier contracts, financial bonus). A focus on strengthening verification processes to help measure company performance is also needed. Examples and case-studies of measures and verification processes that support RBC implementation across the supply chain would therefore be helpful for companies to learn from, and adapt to their circumstances.

7. Public reporting and communication of due diligence policy is a challenge for many companies.

Companies use a diversity of approaches to communicate responsible business action, yet many companies do not currently report publicly. Further discussion on the need for public communication of responsible business policy and action, as well as on what, when, to whom, how, and why to communicate such information, would be beneficial. Examples of how various companies communicate to different stakeholders across the supply chain on responsible business policy could be useful tools in themselves for other companies to learn from, and adapt for their own needs.

²⁹ The model enterprise policy consists of nine issue-specific standards (Human rights, Labour rights, Health and safety, Food security and nutrition, Tenure rights over and access to natural resources, Animal welfare, Environmental protection and sustainable use of natural resources, Governance, Technology and innovation) and six cross-cutting standards (Impact assessment, Disclosure, Consultations, Benefit sharing, Grievance mechanisms, Gender).

Annex 4: The SEA Pilot Online Follow-up Survey

The follow-up survey was carried out from June to July 2020, after approximately ten months since the baseline survey was conducted. This follow-up survey aimed to capture any changes that companies participating in the SEA Pilot have made during the SEA Pilot period to align their RBC policy and due diligence practices with the recommendations of the OECD-FAO Guidance.

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Background Information

In July 2019 your company joined as a participant in the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia (SEA Pilot). As part of this SEA Pilot, we undertook a baseline survey to ask you about your company's responsible business policies and due diligence practices, ran a webinar series, and shared information and resources on responsible business conduct (RBC).

We are now keen to get your feedback on the SEA Pilot and any key developments on RBC in your company.

Please note that we are not expecting to see significant changes in this short period of time. But we are interested in understanding whether your level of knowledge on the OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance) has increased from being a part of this SEA Pilot and whether this has translated into different thinking and actions inside your company, no matter how small the change.

There are no right or wrong answers, or any ranking of companies made. Your individual answers will be kept strictly confidential. All information will be aggregated, and no information will be used to identify any individual or company unless you and/or your company has given prior informed consent.

The survey will take approximately 20 minutes to answer.

The survey will close on 15 July 2020.

If you have any questions please email Dr Alison Watson at alisonwatsonnz@gmail.com

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Quick Definitions

This page gives you quick definitions of key terms. It also asks you whether you understand our confidentiality policy.

What is Responsible Business Conduct (RBC)?

RBC means that businesses should a) make a positive contribution to economic, environmental and social progress with a view to achieving sustainable development and b) avoid and address adverse impacts of their own activities and prevent or mitigate adverse impacts directly linked to their operations, products or services by a business relationship.

Along with comprehensive risk-based due diligence across the supply chain, the OECD-FAO Guidance identifies 9 issue-specific and 6 cross-cutting focus areas, relevant to agricultural supply chains, that should be addressed in RBC policy (e.g. governance, human rights, labour rights, environmental protection).

What about Corporate Social Responsibility (CSR)?

Your company may name RBC policy(s) under a different term, such as Corporate Social Responsibility (CSR) or Environmental Social Governance (ESG). RBC activities are also likely to fall under the responsibility of a range of departments in your company, for example, Procurement, Operations, Public & Legal Affairs.

What is Due Diligence?

Due diligence is the process companies should carry out to identify, prevent, mitigate and account for how they address actual and potential adverse impacts in their own operations, their supply chain and business relationships. It is an on-going, proactive and reactive process through which companies can ensure that they observe accepted standards for responsible agricultural supply chains.

The OECD-FAO Guidance recommends a 5-step framework for risk-based due diligence along agricultural supply chains.

What is the 5-Step framework for risk-based due diligence along agricultural supply chains?

The 5-step framework is an iterative and practical system that can help companies meet the international expectations on RBC. The 5 steps of the framework are presented in the OECD-FAO Guidance and include steps focused on i) Strong management systems, ii) Risk identification, assessment and prioritisation, iii) Risk-response strategy, iv) Verification and v) Reporting.

* 1. I understand that my participation in this survey is voluntary and that all information collected will be treated confidentially. All data will be aggregated in any analysis and no individual or company will be publicly identified unless they have given their prior informed consent.

Yes

No

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

ABOUT YOU AND YOUR COMPANY

This section gathers general information on your company, as well as your contact details to help us identify each survey participant.

* 2. Please provide the following information?

Name	<input type="text"/>
Company	<input type="text"/>
Email	<input type="text"/>

* 3. What best describes your role at your company?

- Corporate-level Executive (e.g. CEO, CIO, CFO)
- Senior Director (significant decision-making capability, reports directly to a corporate executive leader)
- Manager/Supervisor
- Analyst/Junior/Assistant level
- Other

Other (please specify)

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 1: Establish strong enterprise management systems

This page asks you questions on Step 1 of the 5-step framework in the OECD-FAO Guidance related to how you establish strong enterprise management systems for responsible agricultural supply chains.

* 4. Has your company made (or is it in the process of making) any changes to its written policy(s) related to RBC issues over the last 10 months? Select all that apply.

A change in policy might include making new expectations or commitments by the company, for example: a new issue-specific policy for labour rights (e.g. child labour); a new policy area (e.g. animal welfare); an expansion of existing policies (e.g. new targets for sustainable sourcing).

- Yes, NEW policy commitments have been adopted and/or EXISTING ones expanded
- No, but it is being considered (e.g. internal conversations are being held) and will likely lead to new/expanded policy commitments being developed in the next 12 months.
- No, policies have remained the same over the last 10 months or with only very minor changes made.

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 1: Establish strong enterprise management systems

* 5. Please select all RBC-related policy areas that you made changes to, or have actively considered making changes to?

	New policy has been adopted	Expansion of the existing written policy	Actively considering adopting new/expanded policy within the next 12 months	No change over the last 10 months
Impact Assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consultations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefit sharing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Grievance mechanisms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labour rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health and safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food security and nutrition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenure rights over and access to natural resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Animal welfare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental protection and sustainable use of natural resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technology and innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 6. What were the key reasons behind your company's decision to adopt, expand, or consider a change to your policy/s related to RBC? (Select all that apply)

- Increasing interest from senior management and/or the board of directors
- New regulation/s in the country where your company operates
- New regulation in your company's export markets
- Additional requirement/s from business partners, including investors
- Increasing pressure from consumers/media/NGOs
- Other (please specify)

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 1: Establish strong enterprise management systems

* 7. Has your company reinforced or introduced new requirements with your Tier 1 suppliers/business partners related to their RBC policies and due diligence practices?

For example: the implementation of new contractual terms with suppliers; a new procedure for identifying high-risk products, locations or business partners; the introduction of a supplier code of conduct.

- Yes
- No, we have not made any changes to our current policies related to our RBC policies with our suppliers/business partners due to various reasons (e.g. time, resources)
- No, we already have a strong supplier code of conduct and/or contractual provisions relating to RBC as part of our agreements with suppliers/business partners

If yes, can you briefly provide example/s?

* 8. Has your company made or considered making any NEW commitments to comply with any international standards or guidance for RBC?

Relevant international standards might include: UN Guiding Principles for Business and Human Rights, UN Global Compact's 10 Principles, OECD Guidelines for MNEs, OECD- FAO Guidance on Responsible Agricultural Supply Chains, CFS-RAI Principles, VGGT, PRAI, ILO Tripartite Declaration, Convention on Biological Diversity, ASEAN RAI, ISO standards.

- Yes
- No

If yes, what international standard/s have you made changes for, and/or have considered making changes for, within your company policy?

* 9. Below are a number of statements related to strong RBC management practices in companies. We are interested in understanding if there has been in any changes over the last 10 months in your company related to these RBC management practices. Please indicate the best choice for your company.

	Improvements have been made in the past 10 months	No change has been made, but internal conversations for improvements are being held	No changes have been made or considered	Strong performance already with no current need for change
Employees are trained and are incentivised to comply with the responsible business standards and requirements set out in company policy(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is an individual or team in the company with well-defined responsibilities for overseeing the implementation of the RBC policy(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is a corporate-level executive on the management board (e.g. CEO, CSO) that takes an active role in RBC policy at my company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are regular conversations with senior management and the board on how our company can improve our responsible business practices.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 10. Over the last 10 months, has your company changed the frequency of training/information sessions with suppliers and business partners to enhance their understanding of your company's RBC policy or expectations?

- Yes, we have increased the number of training/information sessions
- No, we have decreased the number of training/information session
- Stayed the same
- We don't currently do any RBC-related training with our external supply chain partners

Has COVID-19 had an impact on this? (Please make a brief comment and/or answer Yes/No)

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 2: Identify, assess and prioritise risks in the supply chain

This page asks you questions on Step 2 of the 5-step framework in the OECD-FAO Guidance related to how you identify, assess and prioritise risks in the supply chain.

* 11. As part of your companies due diligence process over the last 10 months, has your company changed the level of risk assessments it undertakes with respect to the following RBC-related risk factors?

	We have significantly increased risk assessments	We have increased risk assessments	There has been no change in levels of risk assessments undertaken	We have decreased levels of risk assessments	We don't currently undertake risk assessments for this yet
Tier 1 suppliers and business partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beyond Tier 1 suppliers and business partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Products/services in your supply chain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Locations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Has COVID-19 had an impact on this? (Please make a brief comment and/or answer Yes/No)

* 12. Has the way your company maps risks in your supply chain changed over the last ten months? Choose the statement that best represents your situation.

- We have increased the number of products/services we map across the supply chain
- We continue to partially or fully map our supply chain with no change from the previous year
- We have decreased the level of supply chain mapping over the last 10 months
- We have mapped our supply chain and do not need to repeat this process yet and/or maintain an ongoing process of supply chain mapping
- We don't currently map our supply chain

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Reasons for decreased levels of supply chain mapping

This page asks you for information about why the level of supply chain mapping in your company has decreased over the last 10 months, based on your answer to the previous question.

* 13. Why has your company decreased the level of supply chain mapping undertaken in the last 10 months?

- Cost concerns
- Covid-19 complexities
- Lack of interest in company to do supply chain mapping
- Difficulty in getting information from suppliers/business partners
- Limited internal resources (e.g. staff/time)
- Not a current priority
- Other (please specify)

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Reasons for not undertaking supply chain mapping

This page asks you for information about why you currently do not undertake supply chain mapping in your company, based on your answer to the previous question.

* 14. What are the reasons for why your company does not carry out full or partial supply chain mapping?

- Limited resources (e.g. lack of staff/time)
- Cost concerns
- Lack of information from suppliers/business partners
- Supply chains are too complex
- Not a priority for the company yet
- It is not required by national law
- We don't have the knowledge on how to do this

Do you think you will start supply chain mapping within the next 12 months (Yes/No/Maybe)

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Reasons for increased levels of supply chain mapping

This page asks you for information about why your level of supply chain mapping has increased in your company based on your answer to the previous question.

15. Can you tell us briefly why you have increased your level of supply chain mapping and for what commodities/products/services?

For example: change in international customer demands and/or regulatory demands from key export markets; internal decisions to implement due diligence.

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 3: Design and implement a strategy to respond to identified risks

The page asks you a question on Step 3 of the 5-step framework in the OECD-FAO Guidance related to whether you adopted a risk management plan over the last 10 months in relation to the Covid-19 pandemic.

* 16. Do you think that Covid-19 will make implementing RBC in your company easier, more difficult, extremely difficult, or about the same over the next 12 months?

- Easier
- About the same as before
- More difficult
- Extremely difficult

* 17. Has your company adopted a risk-based due diligence management plan related to the Covid-19 situation or enacted RBC measures in response to the pandemic?

- Yes
- No

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 3: Design and implement a strategy to respond to identified risks

This page asks you about your risk management in response to Covid-19 relating to RBC, based on your answer to the previous question.

* 18. When developing or implementing risk management in response to the Covid-19 situation, did your company implement any of the following actions? (Check all that apply)

- Consultations with employees on work-related measures
- Impact assessments across the supply chain
- Change working conditions related to health and safety
- Change working conditions related to working hours or location (e.g. home-based)
- Assist the local community through support, additional resources and/or care packages
- Assist workers/employees through additional support, resources and/or care packages
- Reduce, even if just minor, environmental management performance due to constraints (e.g. due to less capacity to monitor, or because of reduced staffing levels)
- Other (please specify)

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 4: Verify supply chain due diligence

This section asks questions on Step 4 of the 5-step framework in the OECD-FAO Guidance related to how RBC policies are currently verified in your company.

* 19. Has your company taken steps to **VERIFY** the effectiveness of due diligence practices on the following cross-cutting standards of the OECD-FAO Guidance over the last 10 months?

Verification may include internal and external audits, on-site investigations, consultations, and/or certification.

Remember, there are no right or wrong answers. For example, you may already have strong verification processes and therefore no changes may have been instigated over the last ten months and/or you may have added additional verification measures. Please just choose the response that best describes your company action.

	Yes, we have increased our verification efforts	Yes, verification efforts have stayed the same	No, we don't have a verification process in place	N/A
Impact assessment (e.g. life-cycle assessment of products/services)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disclosure (e.g. timely accurate information to stakeholders)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consultation (e.g. consultation with external stakeholders)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefit sharing (e.g. fair & equitable sharing of benefits with affected communities, use of indigenous knowledge)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Grievance mechanism (e.g. legitimate, transparent & accessible grievance mechanisms)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender (e.g. non-discrimination, professional advancement opportunities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 20. Has your company taken steps to **VERIFY** the effectiveness of your due diligence practices on the following issue-specific standards of the OECD-FAO Guidance over the last 10 months?

Verification may include internal and external audits, on-site investigations, consultations, and/or certification.

Remember, there are no right or wrong answers. For example, you may already have strong verification processes and therefore no changes may have been instigated over the last ten months and/or you may have added additional verification measures. Please just choose the response that best describes your company action.

	Yes, we have increased our verification efforts	Yes, verification efforts have stayed the same	No, we don't have a verification process in place	N/A
Human rights (e.g. per UN Guiding Principles, Universal Declaration of Human Rights)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labour rights (e.g. OSH, decent wages and working conditions, elimination of forced labour, child labour)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health and safety (e.g. promoting public health, protecting the health and safety of affected communities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food security and nutrition (e.g. ensuring that operations contribute to food security and nutrition)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenure rights over and access to natural resources (e.g. respecting legitimate tenure right holders)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Animal welfare (e.g. five freedoms for animal welfare, high standards of stockmanship)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental protection and sustainable use of natural resources (e.g. pollution management, reducing GHG emissions, protecting biodiversity)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance (e.g. no anti-competitive behaviour, corruption/bribery, taxes)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technology and innovation (e.g. development and diffusion of environmentally-friendly technologies)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Step 5: Report on supply chain due diligence

The page asks you questions on Step 5 of the 5-step framework in the OECD-FAO Guidance in relation

to how your report on RBC and due diligence.

* 21. Has your company, or will your company, publish a report on RBC and due diligence actions in 2020/2021?

Publishing a report on your due diligence process is recommended in Step 5 of the OECD-FAO Guidance. Your company may publish a report by a similar term such as CSR or ESG. For this question, consider this as being equivalent.

- Yes, as a public separate "stand-alone" report
- Yes, but integrated into our annual report
- Yes, but for internal distribution only and not publicly available
- No
- Other

If Yes, please provide a weblink to the latest report.

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

PROJECT RESOURCES: BASELINE REPORT, WEBINARS, INFORMATION-SHARING

The SEA Pilot has involved a comprehensive baseline survey on current RBC implementation within participating companies, 4 webinars, and a summary of resources on various topics. This section asks you questions related to resources produced as part of the SEA Pilot.

Webinars

Webinar 1: Human Rights and Worker Rights

In this webinar, we heard from 3 speakers talking about different aspects of Human Rights and Workers Rights. We heard from Sarah Kerrigan (Deloitte), Adeline Lim & Laili Chairiyah, (Phillip Morris International) and David Camp, (allianceHR).

Webinar 2: Addressing challenges in supply chain mapping and traceability

In this webinar, we heard from 3 speakers talking about different aspects of traceability and transparency across the supply chain, including Gregory Bardies (Barry Callebaut), Petra Meekers (Unilever) and Roel van Poppel, (AtSource, Olam).

Webinar 3: The role of the finance sector in driving responsible agribusiness

In this webinar, we heard from 5 speakers talking about different aspects of the role of the finance sector in driving responsible agribusiness. We heard from Christy Owen (USAID Green Invest Asia), Jean-Yves (JY) Chow (Mizuho Bank), Imke Greven (OXFAM), Erin Sweeney (Grow Asia) and Barbara Bijelic (OECD Centre for RBC).

Webinar 4: Designing and implementing a strategy to respond to risks

In this webinar, we heard from 3 speakers talking about different strategies taken with regards cross-cutting or issue-specific standards set out in the OECD-FAO Guidance. We heard from Richa Mittal (Fair Labor Association) talk about strategies for fair wages, Kate Blaszak (World Animal Protection) on animal welfare policy, and Chase Castaño (Cargill Philippines) outline their work on the Sustainable Certified Coconut Oil Program.

* 22. What overall rating would you give this Webinar series (based on choice of speakers/topics/opportunity to enable your learning of new information and approaches on RBC)?

Would not recommend	Poor	Good	Excellent	Outstanding	N/A (no one from my company attended)
★	★	★	★	★	○

23. Please tell us if there was any webinar and/or speaker that you found particularly interesting or helpful regarding RBC policy?

* 24. How useful did you find the summary page of information and the list of resources and tools that were circulated after each webinar?

Would not recommend	Poor	Good	Excellent	Outstanding	N/A (I did not read them)
★	★	★	★	★	○

Baseline Report

A comprehensive [Baseline Report](#) was produced at the start of the project to provide a snapshot of current RBC policy within agribusiness companies operating in Southeast Asia. This report looked at all aspects of the implementation of the five-step framework of risk-based due diligence and the model enterprise standards as set out in the OECD-FAO Guidance.

* 25. Overall, what is your rating of this Baseline Report based on factors of clarity, comprehensiveness, and relevance to understanding current levels of RBC implementation in agribusiness companies in Southeast Asia who participated in the survey?

Would not recommend	Poor	Good	Excellent	Outstanding	N/A (I did not read it)
★	★	★	★	★	○

Comments

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Learning within the SEA Pilot on Responsible Agricultural Supply Chains in Southeast Asia

In this page, we are interested in how the SEA Pilot supported learning on RBC.

* 26. Please indicate your level of agreement with the following statements

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
I now better understand the 16 RBC standards as set out in the OECD-FAO Guidance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Since this SEA Pilot, I have become more aware of the need for undertaking due diligence on responsible business across our supply chains	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27. Do you have any suggestions of ways to improve the SEA Pilot for future participants?

Examples could include more webinars; workshops; more tools and resource-sharing, company case studies. Alternatively, it could also be nothing more, if you believe it was the right amount of information and time commitment.

28. What do you think could help better promote RBC and supply chain due diligence in the agribusiness sector in Southeast Asia?

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

NEXT STEPS

A final report summarising the learnings from this SEA Pilot project will be shared for your comments and published in Q4 2020.

* 29. Does your company wish to be listed as a participant of the SEA Pilot in the Final Report?

Note that this will be presented as a list, in alphabetical order, of pilot participant companies and will be placed in the introductory section of the Final Report which provides a general background to the SEA Pilot. No specific information related to any individual company's responses from the baseline or followup survey will be published. 13 companies in the SEA Pilot already agreed to list their name as participants.

Yes

No

30. Do you have any other feedback that you would like to share with us?

* 31. Overall, how would you rate the SEA Pilot?

- Excellent
- Very good
- Good
- Fair
- Poor

Follow-up Survey on the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia - June 2020

Thank you

Thank you for your time in completing this survey. We have valued your participation in this SEA Pilot and would like to thank you for your time and commitment in joining us in this important work.

If you have any questions about the survey or would like to discuss the survey in more detail please contact Dr Alison Watson at alisonwatsonnz@gmail.com

Annex 5: Participating Companies Feedback on the SEA Pilot

Understanding of the OECD-FAO Guidance

One of the goals of the SEA Pilot was to increase understanding of the OECD-FAO Guidance and the need for undertaking due diligence on responsible business across agricultural supply chains. In that respect, 75% of respondents on the follow-up survey agreed or strongly agreed that they, “now better understand the 16 RBC standards as set out in the OECD-FAO Guidance”. 81% of respondents agreed or strongly agreed that, “since this SEA Pilot, I have become more aware of the need for undertaking due diligence on responsible business across our supply chains.” Feedback from companies indicated that peer-learning sessions can support and promote a better understanding of a range of RBC standards and due diligence processes.

“All presenters were knowledgeable and delivered materials that were relevant to the topic.”

“Webinars provided a lot of information, understanding and good feedback from other companies.”

Ways to improve the SEA Pilot

Several companies provided feedback on ways to improve the activities under the SEA Pilot. These included suggestions for more case studies and webinars and a continued focus on the sharing of practical examples. The exchange of actions and progress between companies, i.e. peer-learning opportunities, was seen as valuable. It was noted that it takes time to build up knowledge and practices on RBC and therefore it would be beneficial to continue the work over a longer period. The Covid-19 pandemic had also made it more difficult for many participants to engage as one might have liked on the SEA Pilot activities due to time, travel and resource constraints.

“I think the conversation has to continue. The RBC concept is in its incipient stage in many of the markets in SEA. In particular, companies who are homegrown. This concept will take time to digest among many individuals and companies.”

“To promote the RBC and supply chain due diligence, there should be more engagement platforms and linkages between SEA Pilot and the participants, and between SEA participants.”

Participants advice on ways to better promote RBC and supply chain due diligence in the agribusiness sector in Southeast Asia centred around promoting wider and deeper engagement in the region with stakeholders, including governments and within the communities of the companies themselves, on the need for RBC implementation. The provision of more platforms and opportunities for companies to learn from each other and obtain practical information on how to implement RBC policy and practices across supply chains was also important.

“I believe consultation meetings, follow-ups and more close monitoring among organizers and participants would help better promote RBC and due diligence in the agribusiness sector in Southeast Asia.”

“While Agriculture provides livelihoods to billions of people in Asia. We must never forget the responsibility that we have to the environment, to the people. In the field - serious, adverse effects of practices are palpable. If you can open the eyes of individuals and corporations to the degradation of the environment, effect on people - the region will take notice. Don't stop the conversation.”

OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia

FINAL REPORT

The OECD is engaged in promoting the understanding and uptake in Southeast Asia of supply chain due diligence recommendations in the OECD-FAO Guidance for Responsible Agricultural Supply Chains.

This report provides insight into overarching trends and presents gaps and opportunities of how policymakers, business and other stakeholders can further promote responsible business conduct (RBC) along agricultural supply chains in the region.

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