Responsible Business Conduct in the Agriculture Sector in Latin America and the Caribbean
Foreword

In adopting responsible business conduct (RBC), all enterprises – regardless of their legal status, size, ownership structure or sector – can prevent and address negative consequences of their operations, while contributing to the sustainable development of the countries and communities in which they operate. RBC means integrating and considering environmental and social issues within core business activities, including throughout the supply chain and in business relationships. More concretely, RBC means that firms respect – and contribute to the respect of – human rights; the preservation and restoration of the environment; the protection of consumer interests; the fight against corruption; fair competition; and a just contribution to the treasury, among other areas. RBC also helps facilitate a level playing field among companies and economies by promoting a predictable and rules-based international investment climate.

This report provides an analysis of RBC issues and initiatives to promote and enable the business engagement of responsible agricultural supply chains in the Latin America and Caribbean (LAC) region. The analysis focuses in particular on Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru. It describes trends that are shared across the region, while emphasising that not all RBC issues described in the report are present to the same degree in all countries. The important differences are, wherever possible, illustrated with examples.

The report draws on a review of publicly available literature and data on the agriculture sector in the seven countries considered. The review included both country-specific and issue-specific literature, with the goal of producing a balanced representation of issues and stakeholders. Thirty-two telephone interviews were conducted with experts that have worked or are working as external advisers to government institutions, civil society and industry, to fill gaps in the publicly available data and to verify the results of the analysis. This was further supplemented by responses to the OECD’s 2021 Business Survey on Responsible Business Conduct in LAC, which gathered information from businesses active in the agricultural sector operating in or from the seven participating countries. However, no field research has been conducted to validate the findings. The key RBC issues identified have been communicated by a range of different actors and institutions, including in secondary data and third-party reports. The issues were prioritised using a set of indicators in accordance with the OECD/FAO Guidance for Responsible Agricultural Supply Chains. They cover nine risk areas: 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; and technology and innovation.

The findings in this report can contribute to strengthening the uptake of RBC by businesses operating in the agriculture sector in LAC; furthering collaboration for private sector implementation; informing policymaking in the countries concerned; and, helping target OECD engagement and capacity building activities through its RBC project in LAC.

This report was undertaken within the framework of the Responsible Business Conduct in Latin America and the Caribbean (RBCLAC) project, which promotes smart, sustainable and inclusive growth in the region by supporting responsible business practices in line with international instruments. The RBCLAC project is implemented by the OECD in partnership with the International Labour Organisation (ILO) and the United Nations Office of the High Commissioner for Human Rights (UNOHCHR). For the first time,
these three organisations are joining forces, with the support of the European Union, to promote responsible business conduct within the framework of a joint regional project. The project includes a mix of regional and country-specific activities. The latter are implemented in nine countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru.

Acknowledgements

This publication has been prepared by the OECD Centre for Responsible Business Conduct, led by Allan Jorgensen. The report was supervised by Froukje Boele, Manager for Latin America and the Caribbean at the Centre. It was drafted by Sebastian Weber, Policy Analyst for Latin America and the Caribbean, with guidance from Shivani Kannabhiran, Sector Lead for Supply Chain Due Diligence (Agricultural Sector), and significant contributions from KUMI Consulting Ltd. The report benefited from comments from Santiago Guerrero and Dalila Cervantes-Godoy (OECD Trade and Agriculture Directorate). Further contributions were received from Stephanie Venuti, Germán Zarama, Inmaculada Valencia, Jorge Gálvez Méndez, Roxana Glavanov and Duniya Dedeyn also at the OECD RBC Centre. Randy Holden edited the document.

The Centre expresses its gratitude to the National Contact Points for RBC in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru and their respective agriculture ministries for contributing inputs and comments to the report. The FAO, ILO and UNOHCHR also provided valuable input.

This report was produced with financial assistance from the European Union in the context of the project “Responsible Business Conduct in Latin America and the Caribbean”. The views expressed herein should in no way be taken to reflect the official opinion of the European Union.
# Table of contents

**Foreword** 3

**Abbreviations and acronyms** 7

**Executive summary** 9

1 **The economic and social relevance of the agricultural sector** 11
   1.1 Historical and economic importance 11
   1.2 Responsible Business Conduct and due diligence 14
   1.3 OECD standards on responsible business conduct relevant to the agriculture sector 16
   1.4 Global uptake of OECD due diligence 17

2 **Issues and challenges for responsible business conduct** 19
   2.1 Environmental protection and sustainable use of natural resources 19
   2.2 Labour rights 23
   2.3 Tenure rights over and access to natural resources 26
   2.4 Governance 28
   2.5 Food security and nutrition 28

3 **Business efforts fostering responsible agricultural supply chains** 30
   3.1 Business action and industry initiatives 31
   3.2 Challenges and future needs to scale up RBC practices 40

4. **Conclusion** 42

Annex A: Reference Tables 44

Annex B: Business Survey sample 47

**Glossary** 49

**References** 50

**Notes** 59

**Tables**

Table 1.1. Overview of the contribution of the agricultural sector and key commodities 11
Table 3.1. National and local industry initiatives by country
Table 3.2 National certification/protocol programmes by country
Table 3.3. Commodity-specific certification schemes and initiatives
Table 3.4. International certification programmes and initiatives in the region

Table 0.1. Specific instances in the agriculture sector in Latin America (2000 - November 2020)
Table 0.2. Indicators analysed to prioritise RBC issues in accordance with the OECD-FAO Guidance

Figures
Figure 1.1. The OECD due diligence process and supporting measures
Figure 1.2. Stages of agricultural supply
Figure 1.3. Risks along the agricultural value chain
Figure 1.4. Significant challenges caused by the COVID-19 pandemic
Figure 1.3. Enterprise policies that articulate commitments on RBC issues
Figure 1.4. Companies’ risk assessment practices as part of a due diligence process
Figure 1.5. Companies’ verification of the effectiveness of due diligence practices
Figure 1.6. Public reporting by companies on RBC issues
Figure 1.7. Need for future RBC activities and support

Figure 0.1. Experts interviewed for the analysis of RBC issues and initiatives
Figure 0.2. Responses by business size (numbers of employees)
Figure 0.3. Responses by country of operation
Figure 0.4. Responses by ownership type
Figure 0.5. Responses by position in the supply chain

Boxes
Box 1.1. Understanding risk according to the OECD Guidelines for Multinational Enterprises
Box 1.2. Specific instances referencing the agriculture sector in Latin America
Box 2.1. How climate change may affect food security
Box 3.1. OECD’s 2021 Business Survey on RBC in LAC
Box 3.2. How companies are overcoming traceability issues in the soybean supply chain
## Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAPRESID</td>
<td>Argentinean Association of No Till Producers</td>
</tr>
<tr>
<td>ABC Plan</td>
<td>Low-Carbon Agriculture, Brazil (<em>Agricultura de Baixo Carbono</em>)</td>
</tr>
<tr>
<td>ADERE-MG</td>
<td>Articulation of Rural Employees of the State of Minas Gerais, Brazil (<em>Articulação dos Empregados Rurais do Estado de Minas Gerais</em>)</td>
</tr>
<tr>
<td>APEAM</td>
<td>Association of Avocado Exporting Producers and Packers of Mexico (<em>Asociación de Productores y Empacadores Exportadores de Aguacate de México</em>)</td>
</tr>
<tr>
<td>BPM</td>
<td>Good Manufacturing Practices, Mexico (<em>Buenas Prácticas de Manufactura</em>)</td>
</tr>
<tr>
<td>BSC</td>
<td>Bahia Specialty Cellulose, Brazil</td>
</tr>
<tr>
<td>BSCI</td>
<td>Business Social Compliance Initiative</td>
</tr>
<tr>
<td>CANAEP</td>
<td>National Chamber of Pineapple Producers and Exporters, Costa Rica (<em>Cámara Nacional de Productores y Exportadores de Piña</em>)</td>
</tr>
<tr>
<td>CCPI</td>
<td>Climate Change Performance Index</td>
</tr>
<tr>
<td>CEDHA</td>
<td>Center for Human Rights and Environment (<em>Centro de Derechos Humanos y Ambiente</em>)</td>
</tr>
<tr>
<td>CGF</td>
<td>Consumer Goods Forum</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
</tr>
<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
</tr>
<tr>
<td>EDF</td>
<td>Due Diligence Guidance for Responsible Business Conduct</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
</tr>
<tr>
<td>FDF</td>
<td>Foundation for Fruit Development, Chile (<em>Fundación para el Desarrollo Frutícola</em>)</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FEFAC</td>
<td>European Feed Manufacturers' Federation (<em>Fédération Européenne des Fabricants d’Aliments Composés</em>)</td>
</tr>
<tr>
<td>FSF</td>
<td>Florverde Sustainable Flowers, Colombia</td>
</tr>
<tr>
<td>FTA</td>
<td>Free Trade Agreement</td>
</tr>
<tr>
<td>GAP</td>
<td>Good Agricultural Practices</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GGFSA</td>
<td>Global GAP Farm Sustainability Assessment</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas</td>
</tr>
<tr>
<td>GRSB</td>
<td>Global Roundtable for Sustainable Beef</td>
</tr>
<tr>
<td>ICA</td>
<td>Colombian Agricultural Institute (<em>Instituto Colombiano Agropecuario</em>)</td>
</tr>
<tr>
<td>IEC</td>
<td>International Electrotechnical Committee</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>INCASUR</td>
<td>Industrias Alimenticias Cusco</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>ITUC</td>
<td>International Trade Union Confederation</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>LAC</td>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>MAGyP</td>
<td>Ministry of Agriculture, Livestock and Fisheries, Argentina (<em>Ministerio de Agricultura, Ganadería y Pesca</em>)</td>
</tr>
<tr>
<td>Mha</td>
<td>Million hectares</td>
</tr>
<tr>
<td>MINAGRI</td>
<td>Ministry of Agriculture, Chile, Peru (<em>Ministerio de Agricultura</em>)</td>
</tr>
<tr>
<td>NCP</td>
<td>National Contact Point for Responsible Business Conduct</td>
</tr>
<tr>
<td>ND-GAIN</td>
<td>Notre Dame Global Adaptation Initiative, United States</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NUTRECO</td>
<td>Nutrition, Economy and Ecology, Netherlands</td>
</tr>
<tr>
<td>ODEPA</td>
<td>Agricultural Studies and Policies Office (<em>Oficina de Estudios y Políticas Agrarias</em>)</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OECD Guidelines</td>
<td>OECD Guidelines for Multinational Enterprises</td>
</tr>
<tr>
<td>OECD-FAO Guidance</td>
<td>OECD-FAO Guidance for Responsible Agricultural Supply Chains</td>
</tr>
<tr>
<td>Oxfam-Novib</td>
<td>Oxford Committee for Famine Relief - Netherlands Organization for International Development Cooperation (<em>Nederlandse Organisatie voor Internationale Ontwikkelingssamenwerking</em>)</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RBC</td>
<td>Responsible Business Conduct</td>
</tr>
<tr>
<td>RBCLAC</td>
<td>Responsible Business Conduct in Latin America and the Caribbean</td>
</tr>
<tr>
<td>SAI</td>
<td>Sustainable Agriculture Initiative</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SFE</td>
<td>State Phytosanitary Service, Costa Rica (<em>Servicio Fitosanitario del Estado</em>)</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>SOMO</td>
<td>Centre for Research on Multinational Corporations (<em>Stichting Onderzoek Multinationale Ondernemingen</em>)</td>
</tr>
<tr>
<td>TUDCN-RSCD</td>
<td>Trade Union Development Cooperation Network (<em>Réseau syndical de coopération au développement</em>)</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
</tr>
<tr>
<td>UNGC</td>
<td>United Nations Global Compact</td>
</tr>
<tr>
<td>UNGPs</td>
<td>UN Guiding Principles on Business and Human Rights</td>
</tr>
<tr>
<td>UNOHCHR</td>
<td>Office of the United Nations High Commissioner for Human Rights</td>
</tr>
<tr>
<td>US DOL</td>
<td>United States Department of Labor</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollars</td>
</tr>
<tr>
<td>WBF</td>
<td>World Banana Forum</td>
</tr>
</tbody>
</table>
Executive summary

The agricultural sector in Latin America and the Caribbean (LAC) has been central to the region’s economic growth. The past two decades of rapidly expanding agricultural output have seen the sector’s contribution to the region’s economy almost double; improvement in livelihoods for important shares of rural populations; and increased food security in LAC countries and the rest of the world. The proportion of undernourished population in the entire LAC region was reduced by 60% between 1990 and 2014 – making it the first region worldwide to achieve the Millennium Development Goal of halving the percentage of people suffering from hunger.

In the past 20 years, the countries analysed in this report – Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru – have become among the world’s main exporters of agricultural commodities, including grains, oilseeds, fruit, vegetables and coffee. The sector continues to drive socio-economic development and poverty reduction in LAC. Agriculture remains a significant source of employment across the region, accounting for an estimated 14% of its workforce. This growth has enabled many countries to establish themselves as major players in the international trade of agricultural goods.

Agricultural activities can also create negative environmental, human rights and governance impacts, notably when developed with poor planning, limited risk management or insufficient application of good agricultural practices (GAP). Agribusinesses and farming activities that seek to increase production through land use expansion or increased yields can contribute to environmental degradation such as forest and biodiversity loss as well as soil degeneration, water pollution and overexploitation, and greenhouse gas (GHG) emissions. At the same time, agricultural activities, and the sector as a whole, are threatened by climate change and the heightened demand to feed a growing population that represents increased food consumption. Environmental impacts from agriculture pose risks to ecosystems, livelihoods and the health of communities and rural populations, as well as risks to yields themselves. Agricultural workers in the region – particularly women, Indigenous peoples and migrant workers – are vulnerable to labour rights violations. Agricultural activities are among the most prone to involve child labour: the sector accounts for 70% of child labour globally and 52% in the Americas. While progress has been made to reduce child labour, including through legislation and country efforts, it remains a problem in mostly unpaid subsistence, commercial and family farming and livestock herding. In addition, Indigenous peoples are most at risk of violations associated with land acquisition and displacement.

Policy makers and businesses across the region are aware of the pressing challenges of transforming to a healthier, more equitable and sustainable agri-food system and of meeting the Sustainable Development Goals (SDGs) of the United Nations Agenda 2030. Agribusinesses have committed to bringing about tangible, positive changes to the regional and global food systems. Reflecting trends worldwide, there has been a growing interest among LAC businesses and governments in addressing agricultural sector risks, promoting responsible business conduct, and developing sustainable and resilient food systems. These efforts have been welcomed by regional and international civil society organisations (CSOs) and international organisations, and reflect growing concern among consumers that agricultural products are rooted in responsible business practices, promote farmer well-being, and meet global commitments on sustainability.
Businesses of all types increasingly recognise the importance of RBC, and in particular risk-based due diligence, in promoting the efficiency and resilience of supply chains and in responding to sustainable consumption patterns. LAC businesses, including in the agriculture sector, actively participate in more than 15 networks of the United Nations Global Compact (UNGC) that align strategies and operations with universal principles on human rights, labour, the environment and anti-corruption, and take action that advances societal goals. Several factors on the political, industry and consumer as well as legal and regulatory levels are driving implementation of RBC. Import-related standards, regulations and restrictions in destination countries play a key role in export-oriented agricultural activities from LAC. For instance, regulatory developments on due diligence for RBC, as well as requirements from banks and investors, are paving the way for compulsory risk analysis and sustainability criteria along agricultural supply chains.

RBC standards along agricultural supply chains are essential to ensure that the benefits are widespread and that the sector fulfils its multiple functions, including food security, poverty reduction and economic growth. Companies’ commitment and action to address RBC challenges will be crucial but not enough, as companies alone cannot overcome those challenges. Collaboration and dialogue with governments, civil society, local communities and other stakeholders are needed to advance RBC in the agriculture sector.
1 The economic and social relevance of the agricultural sector

1.1 Historical and economic importance

Building on the abundant natural wealth and enormous biodiversity of the region, farming and livestock have been fundamental to social and economic life in LAC for several hundreds of years (FAO, 2021a). Agricultural practices have changed over time, influenced by technological change, globalisation and investment, and agricultural productivity has increased in many countries (OECD/FAO, 2019). The agricultural and family farming sector represents an important source of livelihood, food security and nutrition across the region.

1.1.1 Increasing contribution to economic development

The region is central to the global supply of food and non-food agricultural products. According to the Agricultural Outlook 2019-2028 published jointly by the OECD and the Food and Agriculture Organization (FAO), by the year 2028 the LAC region will account for 25% of agricultural and fishery exports worldwide (OECD/FAO, 2019). The increasing demand for agricultural products among trading partners outside the region, combined with local demand, has contributed significantly to the expansion of the sector in all seven countries covered in this report. Between 1998 and 2018, the agricultural sector’s value added in the region almost doubled (World Bank, 2021). Although the proportion of the sector’s contribution to the gross domestic product (GDP) of each country has declined with the growing importance of industrial and service sector output, agriculture is still the third largest sector in all seven economies. In the region, agriculture accounted for 4.7% of GDP on average in 2015-17 (OECD/FAO, 2019). Table 1.1 below provides an overview of the sector’s contribution to each country’s economy as a percentage of GDP and of total exports, and the main commodities produced either for national consumption or for export.

<table>
<thead>
<tr>
<th>Country</th>
<th>Agriculture as % of GDP</th>
<th>Agriculture as % of total exports</th>
<th>Top 5 agricultural commodities (in production volume)</th>
<th>Top 5 agricultural commodities (export value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>6.1%</td>
<td>36%</td>
<td>Maize, soybeans, wheat, sugar cane, milk</td>
<td>Soybean cake, maize, soybeans, soybean oil, cattle meat</td>
</tr>
<tr>
<td>Brazil</td>
<td>4.4%</td>
<td>25%</td>
<td>Sugar cane, soybeans, maize, milk, cassava</td>
<td>Soybeans, maize, cattle meat, chicken meat, soybean cake</td>
</tr>
<tr>
<td>Chile</td>
<td>3.5%</td>
<td>21%</td>
<td>Grapes, apples, wheat, sugar beet, milk</td>
<td>Wine, cherries, grapes, prepared fruit, apples</td>
</tr>
<tr>
<td>Colombia</td>
<td>6.7%</td>
<td>14%</td>
<td>Sugar cane, milk, oil palm fruit, potatoes, rice</td>
<td>Green coffee, bananas, palm oil, coffee extracts</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>4.2%</td>
<td>27%</td>
<td>Sugar cane, pineapples, bananas, milk, oil palm fruit</td>
<td>Bananas, pineapples, prepared food, green coffee, prepared fruit</td>
</tr>
<tr>
<td>Country</td>
<td>Agriculture as % of GDP</td>
<td>Agriculture as % of total exports</td>
<td>Top 5 agricultural commodities (in production volume)</td>
<td>Top 5 agricultural commodities (export value)</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------</td>
<td>-----------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.4%</td>
<td>4%</td>
<td>Sugar cane, maize, milk, oranges, sorghum</td>
<td>Beer, avocados, tomatoes, distilled beverages, chillies and peppers</td>
</tr>
<tr>
<td>Peru</td>
<td>7.0%</td>
<td>15%</td>
<td>Sugar cane, potatoes, rice, plantains, milk</td>
<td>Grapes, blueberries, avocados, green coffee, asparagus</td>
</tr>
</tbody>
</table>

Note: Data collated for this table are based on the most recent available data. Data on exports, GDP and commodities are based on statistics from 2019. Export products include vegetable and animal products and exclude foodstuffs.

1.1.2 Increased productivity and output

The performance of the agricultural sector in the region has been characterised over the past twenty years by output growth, with Brazil experiencing the highest numbers (4.1% between 1991 and 2015) (OECD/FAO, 2019). The sector has significantly increased its total factor productivity in that time; the annual average rate between 1991 and 2015 was 2.1%). This has largely been driven by research and development (R&D), increased investment in infrastructure and technology, and the use of agricultural inputs such as seeds or fertilizer (OECD/FAO, 2019). Despite lower levels of investment compared with other productive sectors in the region, foreign direct investment (FDI) contributed to strengthening agricultural output levels through the financing of infrastructure and new technologies such as certified seeds and machinery and equipment. The majority of agricultural FDI has been directed towards the agro-industrial stages of the supply chain and the financing of commercial crops such as grains and oilseeds. In recent years, Brazil, Mexico and Argentina have been the main destinations for agriculture-specific FDI inflow2 in the region (ECLAC, 2019).

1.1.3 Increasing export volumes

While agricultural trade has slowed down globally during the past two decades, LAC has continuously increased its agricultural exports (OECD/FAO, 2019). The combined value of agricultural exports from the region increased from USD 38 billion to USD 127 billion between 1997 and 2017 (FAO, 2021b).3 This was a result of the rapid economic growth of importing markets, in particular among emerging economies such as China. The increasing volumes of agricultural trade in the region can be partly explained by the establishment of trade agreements and increased foreign investment in agriculture. LAC countries participate in over 70 free trade agreements (FTAs) with many countries in the region and in North America, the European Union (EU) and Asia (OECD/FAO, 2019).

1.1.4 LAC countries among the biggest agricultural exporters worldwide

According to FAO statistics, the seven researched countries are top exporters for agro-food products. The largest agricultural and food exporters are Brazil (USD 80 billion in 2019), Argentina (USD 36 billion), Mexico (USD 34 billion) and Chile (USD 12 billion) (OECD/FAO, 2019). Apart from exports to some of the region’s historical trading partners, such as the United States and the EU, there has been a growth in the volume of exports to Asian countries such as China and India. For instance, in 1999 China imported USD 200 million of soybeans from Brazil and Argentina; in 2018, that figure rose to over USD 29 billion (OEC, 2018). The export value of soybean production in Brazil and Argentina has increased by over five times in the past 20 years (OEC, 2021; OEC, 2018; FAO, 2021b). Today, countries in the region are some of the world’s top exporters of grains and oilseeds (such as soybeans and maize), fruit and vegetables (such as bananas, pineapples, asparagus, blueberries and avocados), sugar cane and coffee (FAO, 2021b).
1.1.5 A heterogeneous agricultural sector

The region’s agricultural sector is diverse across countries and commodities with regard to the agro-ecological zone, rural infrastructure, farm size, technology use and economic importance. In terms of farm structure for instance, Argentina and Brazil are characterised more by large and commercial farms, while the rest of LAC is dominated by smallholder and family farms (OECD/FAO 2019). In terms of numbers of establishments, family farming continues to represent the largest contingent. In the whole region, 81.3% of the total number of farms are from smallholdings which occupy 23.4% of the land (OECD/FAO, 2019).

1.1.6 Growth driven by farmland expansion and increased inputs and technologies

Land dedicated to agricultural production expanded in some parts of the region over the past two decades, in particular to support the production of grains, oilseeds and cattle grazing. Between 1997 and 2017, the area of land for soybean production, which is largely concentrated in Argentina and Brazil, increased by over 180%; that includes new lands incorporated for soybean crops, but also from the conversion of mixed or livestock establishments to soy production. Overall, the area of land dedicated to agriculture increased by 8% across the region in this period (World Bank, 2016). In addition to the expansion of farmland, the agricultural sector in most parts of the region experienced an increase in the use of technologies and inputs such as fertiliser and pesticides as well as agro-chemicals. While the level of agro-chemicals used varies among farming and agribusiness operations in the region, their use in absolute terms in the region has grown over that period. Meanwhile, the average use of pesticides per area of cropland has been stable in most of the researched countries since the 2000s (OECD/FAO, 2019). Across the region, the use of pesticides increased by over 60% between 1997 and 2017 and the use of fertilisers increased by over 30% between 2007 and 2017 (FAO, 2021b). Increased use of inputs has contributed to the overall increase in productivity and food production and responds to requirements derived from new crop genetics (OECD/FAO, 2020) in the region. At the same time, the increased and more intense production in the agriculture sector has aggravated environmental issues (OECD/FAO, 2020).

1.1.7 The sector’s contribution to labour and employment

Agriculture is a significant source of employment across the region, particularly in rural areas: it comprises 12% of the formal workforce on average in the seven researched countries in 2019 (World Bank, 2019). The agricultural sector in Peru has the highest percentage of workers (27% of its workforce), followed by Colombia (16%), Mexico (12%), Costa Rica (12%), Brazil (9%), Chile (9%) and Argentina (less than 1%) (World Bank, 2019). However, these figures may be considerably higher when informal labour data are added. The agricultural sector in most countries in LAC is highly dependent on informal labour and smallholder farming, particularly in industries such as fruit and vegetables, cattle, coffee and sugar cane. Almost 80% of the agricultural workforce across the region is estimated to be informal, considerably higher than in the industry (49%) or services (48%) sectors (ILO, 2018). In rural areas in LAC, informal employment accounts for 86% of agricultural workers (ILO, 2021).

1.1.8 A predominantly male formal workforce

With a few exceptions, such as in the flower industry in Colombia, women are considerably underrepresented in the agricultural sector: just 19% of formal workers are female. The highest rates of female employment in the region can be found in Argentina (27%), Peru (26%) and Chile (24%), while in Mexico women represent 11% of the total formal workforce employed in the sector (FAO, 2018). In some countries progress has been made towards generating a higher labour participation of women in the sector, but employment continues to be unequal between men and women. With regard to the informal workforce, the percentage of informality in agricultural employment is higher for women than for men in most countries considered for this report (ILO, 2018).
1.1.9 The impact of COVID-19 on agricultural supply chains in LAC

The pandemic has presented the global economy with an unprecedented crisis and LAC countries have been hit exceptionally hard. For one thing, COVID-19 has exacerbated some of the structural challenges in agricultural supply chains and rural livelihoods (ILO, 2020). At the same time, the crisis has shown that agri-food activities are indispensable for our societies (FAO/ECLAC, 2020). The impact on agri-food companies in the region – in terms of disrupted supply chains and having to ensure workers’ protection – has been profound. The negative global and regional economic outlook has led to sharp declines in the prices of soybeans, sugar cane and coffee – all major products of the region’s agricultural sector (FAO, 2021a). High-value commodities that economies in the region typically export, such as fruit and vegetables, have been affected by a decrease in demand, which has affected workers’ incomes and livelihoods in producing countries (OECD/FAO, 2020). However, based on early evidence with regard to GDP, exports and employment, LAC food systems and agricultural activities have shown greater resilience in the pandemic than other sectors (OECD/FAO, 2020).

Globally, businesses are the engine of the economy. Agricultural enterprises in particular contribute to sustainable development through job creation, development of skills and technology, the provision of goods and services, upgrading in supply chains, and enhancing food and nutritional security. Agribusiness companies operate in a landscape of increasing challenges: commodity price fluctuations, resource scarcity, soil and water degradation, deforestation, biodiversity loss and climate change. At the same time businesses and farmers in the sector are expected to meet the challenge of feeding a world population projected to reach 11 billion by the end of the century (OECD/FAO, 2019a). Agricultural enterprises in the region are developing solutions to address these challenges, by adapting to climate change; by responding to changing consumption, diet patterns and health issues; and by promoting responsible business conduct and due diligence.

1.2 Responsible Business Conduct and due diligence

RBC sets out the expectation that all businesses – regardless of their legal status, size, ownership structure or sector – identify, prevent and address negative impacts of their operations and supply chains, while contributing to sustainable development. The OECD Guidelines for Multinational Enterprises (OECD Guidelines) recognise that businesses create value by generating employment and bringing expertise, technology and financing capacities in order to increase agricultural production, sustainably and upgrading in supply chains. Nevertheless, it is also recognised that business has a responsibility to conduct due diligence to identify and prevent risks impacting people and the planet. The OECD has developed international standards and tools for RBC, including 1) the OECD Guidelines; 2) the OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance); and 3) the OECD Due Diligence Guidance for Responsible Business Conduct (Due Diligence Guidance).

The OECD Guidelines are the most comprehensive international standard on RBC. The OECD Guidelines reflect what governments expect from businesses with regard to acting responsibly. They include the expectation that businesses will conduct due diligence and cover all key areas of business responsibility, including human rights, labour rights, the environment, bribery, consumer interests, information disclosure, science and technology, competition, and taxation. The OECD Guidelines were adopted in 1976 and last updated in 2011. In that update, the OECD Guidelines included a chapter on human rights to be aligned with the UN Guiding Principles on Business and Human Rights (UNGPs). To date, 50 countries have adhered the OECD Guidelines and thereby committed themselves to their implementation, including the seven considered for this report.

The 2011 update contained an expectation that companies incorporate risk-based due diligence into their decision making and risk management systems. Once established, such frameworks could help businesses of all sizes – micro, small and medium-sized enterprises (SMEs) – identify, prevent and
mitigate actual and potential adverse impacts in their operations and supply chains, and moreover account for how those impacts are addressed. The process is one of prioritising adverse impacts caused or contributed to by enterprises as well as those directly linked to their operations, products or services through a business relationship (OECD/FAO, 2016). The steps needed to be taken to perform due diligence are described in Figure 1.1 (OECD, 2018).

Figure 1.1. The OECD due diligence process and supporting measures

![Diagram of the OECD due diligence process](source)

Some business operations, products or services are inherently risky because they are likely to cause, contribute to, or be directly linked to impacts that run contrary to RBC. The term “risk” in the context of OECD due diligence is explained in Box 1.1. In other contexts, business operations may not be inherently risky but circumstances (e.g. rule of law issues, lack of enforcement of standards, behaviour in business relationships) may result in adverse impacts. Due diligence builds a better understanding of company supply chains and business relationships, and that greater knowledge increases business resilience and the ability to take responsible decisions. In some cases, disengagement from a business relationship may be appropriate as a last resort after failed attempts at preventing or mitigating severe impacts. This includes situations where adverse impacts are irremediable, where there is no reasonable prospect of change, or when severe adverse impacts or risks are identified and the entity causing the impact does not take immediate action (OECD/FAO, 2016; OECD, 2018).

Box 1.1. Understanding risk according to the OECD Guidelines for Multinational Enterprises

For many enterprises, the term “risk” primarily means risks to the enterprise – financial risk, market risk, operational risk, reputational risk, etc. Enterprises are concerned with their position in the market in relation to their competitors, their image and their long-term existence, so when they look at risks it is typically risks to themselves. The OECD Guidelines for Multinational Enterprises (OECD Guidelines) however refer to the likelihood of adverse impacts on people, the environment and society that enterprises cause or contribute to, or to which they are directly linked. In other words, it is an outward-facing approach to risk. Enterprises can identify risks on RBC issues by looking for divergences between what is recommended in the OECD Guidelines on the one hand and the circumstances associated with their operations, supply chains or business relationships on the other.
1.3 OECD standards on responsible business conduct relevant to the agriculture sector

The OECD has developed sectoral guidance on due diligence that helps enterprises identify and address risks to people, the environment and society associated with business operations, products or services in particular sectors. The OECD-FAO Guidance for Responsible Agricultural Supply Chains (the OECD-FAO Guidance) provides a due diligence framework for the application of responsible business practices in agricultural supply chains. It was developed through a two-year multi-stakeholder process that included the governments of OECD members and non-members, businesses, unions and civil society representatives, and was adopted in 2016.

The OECD-FAO Guidance covers a broad range of issues and risks faced by agribusinesses and investors along the entire supply chain (Figure 1.2, Figure 1.3) (OECD/FAO, 2016). While the Guidance focuses on all types of agricultural commodities such as crops and livestock, the framework of due diligence can be applied to the whole food system. The OECD-FAO Guidance provides a systematic approach to companies’ implementation of risk-based due diligence into their operations and supply chains. Importantly, it also provides examples of risk mitigation measures which companies can take to prevent and address each of the risks it lists (OECD/FAO, 2019). This Guidance was also integrated into an OECD legal instrument, the Recommendation of the Council on the OECD-FAO Guidance for Responsible Agricultural Supply Chains, through which adhering countries commit to promoting the Guidance to businesses operating in and from their territories, notably through the system of National Contact Points for RBC (NCP). To date 43 countries have adhered to the OECD-FAO Guidance, including Argentina, Brazil, Chile, Colombia, Costa Rica and Mexico.

Figure 1.2. Stages of agricultural supply

Source: OECD/FAO (2016), OECD-FAO Guidance for Responsible Agricultural Supply Chains
Box 1.2. Specific instances referencing the agriculture sector in Latin America

NCPs provide a platform for discussion and assistance to stakeholders seeking a resolution for issues arising from the alleged non-observance of the OECD Guidelines. NCPs must do so in a manner that is impartial, predictable, equitable, and compatible with the principles and standards of the OECD Guidelines. NCPs focus on problem solving – they offer good offices and facilitate access to consensual and non-adversarial procedures (e.g. conciliation or mediation). Complaints handled by NCPs, known as “specific instances”, are not legal cases and NCPs are not judicial bodies.

Between 2002 and 2021, individuals, trade unions and non-governmental organisations have presented eleven specific instances to NCPs related to the agriculture sector in the LAC region (out of the total of 108 specific instances in Latin America). The specific instances were related to the environment, human rights, employment and industrial relations, general policies and disclosure chapters of the OECD Guidelines.

Note: Data based on OECD Database of Specific Instances, accessed on 23 February 2021. See Annex A for a list of all NCP cases referencing the agriculture sector in Latin America filed July 2000 to November 2020.

In 2018 the OECD developed the Due Diligence Guidance for Responsible Business Conduct (OECD, 2018), the first government-backed standard for corporate due diligence for RBC to cover all sectors of the economy. The Due Diligence Guidance addresses a range of risks in business operations and supply chains, including human rights, labour, the environment and corruption. This Guidance provides plain language explanations of the OECD due diligence recommendations along with additional explanations, tips and illustrative examples of due diligence which may be of use to companies, including those in the agricultural sector. The OECD-FAO Guidance meanwhile remains the primary source for companies seeking to implement due diligence and promote responsible agricultural supply chains, as it provides detailed recommendations on steps companies can take to mitigate the range of risks found in the agricultural sector, as well as guidance for engaging with Indigenous peoples in this regard.

1.4 Global uptake of OECD due diligence

In recent years, a combination of regulatory, political and market pressure has driven an uptake of responsible business practices in agricultural supply chains. The OECD-FAO Guidance received government endorsement across the globe, including by the G7 and G20 Agriculture Ministers.
Political support for the OECD-FAO Guidance and the Due Diligence Guidance has come from the countries that adhered to the legal instruments underpinning them. Implementing RBC standards such as the OECD-FAO Guidance and the Due Diligence Guidance can help companies operationalise the SDGs and ensure their most significant impacts are prioritised. Effectively preventing and mitigating adverse impacts also helps an enterprise maximise positive contributions to society, improve stakeholder relationships and protect its reputation. By implementing risk-based due diligence, businesses can systematically manage risks and demonstrate their contribution to the SDGs in a measurable way (OECD/FAO, 2020a). An enhanced positive impact of due diligence is for example linked to SDG Target 2.1 – End hunger and ensure access by all people to safe, nutritious and sufficient food; and SDG Target 12.4 – Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle (OECD, 2020). Due diligence can help enterprises create more value, including by: identifying opportunities for reducing costs; improving understanding of markets and strategic sources of supply; strengthening management of company-specific business and operational risks, and thereby build resilience in supply chains and business operations; decreasing the probability of incidents; and decreasing exposure to systemic risks.

The COVID-19 crisis has dramatically disrupted business and exposed major vulnerabilities in the economy and global supply chains. RBC can serve governments and business by helping to shape responses to the crisis that ultimately create short-term and long-term benefits. Due diligence can also help meet legal requirements pertaining to specific RBC issues, such as human rights, labour, the environment, corporate governance and criminal or anti-bribery laws (OECD, 2018). In the EU for instance, the European Commission announced in May 2020 the development of legislation on mandatory human rights and environmental due diligence for enterprises for 2021 (EC, 2020).
This chapter presents an analysis of key reported trends and challenges for RBC in the agricultural sector in LAC. Drawing from the risks covered by the OECD-FAO Guidance, the chapter analyses a set of five key issues of RBC in the region: 1) Environmental protection and sustainable use of natural resources; 2) Labour rights; 3) Tenure rights over and access to natural resources; 4) Governance; and 5) Food security and nutrition.

2.1 Environmental protection and sustainable use of natural resources

Agri-food businesses and farming face a twin challenge: ensuring food production and environmental sustainability. Globally, agriculture must provide food production for an expanding population that represents increased food consumption and at the same time protect the environment (OECD, 2020). Agricultural production involves the use of land and water, as well as pesticides, fertilisers, livestock and energy. Globally, irrigated agricultural activities cover almost 40% of the area of the planet and 70% of water (OECD/FAO, 2016). In addition, the use of fertilisers and pesticides by farmers and businesses can increase production, but can also contribute to a range of adverse impacts (i.e. depletion and contamination of soil, water, air, forested lands and biodiversity) if responsible agriculture practices are not followed.

With respect to climate change, agricultural businesses contribute up to 22% of GHG emissions globally (through livestock operations, land use change and diverse inputs and processing stages of food systems) (OECD, 2020). As the second-largest contributor to GHG emissions globally (OECD/FAO, 2020), the agriculture sector plays a critical role in responding to the climate crisis. Reviewed reports and stakeholder interviews for this report reaffirm that companies, retailers and investors in the sector increasingly demand innovative production systems and a transition to sustainable agriculture. Agricultural enterprises have the opportunity to mitigate negative environmental impacts and contribute positively to the environment, by using natural resources sustainably, employing good agricultural practices and technologies, adapting to climate change, lowering GHG emissions and protecting habitats for different plant and animal species (OECD, 2019).

In LAC, environmental sustainability is the key challenge to conducting responsible agricultural activities. Agricultural activities and investments in the region have the potential to enhance the sustainable use of natural resources and environmental protection. Agribusiness and farming activities play a central role in ensuring environmental conservation, e.g. by applying sustainable management strategies and innovative technologies and farming practices. Specific challenges for businesses in implementing RBC in the environmental domain exist in the areas of 1) climate change, 2) land use change, forest loss and recovery, and 3) use of agro-chemicals.
2.1.1 Climate change

Climate change has significant adverse impacts on agri-food production in Latin America and the Caribbean. Since agriculture in LAC relies considerably on rainfall for crops, production is vulnerable to the historical and projected effects of climatic change such as droughts, variations in precipitation patterns and higher temperatures (World Bank, 2020). However, the extent of impacts varies across different regions, commodities and agricultural activities in LAC, and the availability of data on climate change impacts is still limited. For example, certain crop varieties and irrigation infrastructure such as for maize are more vulnerable to climatic variations and their effect on the productivity of the sector (OECD/FAO, 2016). This in turn can affect the livelihoods and food security of communities that depend on agriculture (World Bank, 2020). Box 2.1 provides an example of the possible influence of climate change on food security in Mexico. The impacts of climate change on water availability are likely to be varied but with repercussions across the region. More frequent droughts and an increase in average temperatures are likely to exacerbate water scarcity in countries such as Chile and Mexico (OECD/ECLAC, 2016; Climate Reality Project, 2018). This creates concerns that water for agricultural production, which relies on irrigation will be competing with other water-intensive sectors and rural communities seeking access to water for their own domestic consumption. In Colombia for instance, businesses have highlighted that the sugar cane industry is significantly affected by increasing droughts and competes against other industries for water resources. In Chile, studies have estimated that rainfall is expected to decline between 5% and 15% in the coming decades. Because of climatic variations, it is predicted that 10% of the territory will become more arid (Rojas et al., 2019). As stated in interviews and reports, other industries that rely on water-intensive activities, such as mining, may further exacerbate these challenges in agricultural production regions. Conversely, stakeholders have also highlighted that the rise in average rainfall is likely to increase the vulnerability of some areas to floods, which threatens crops such as fruits and vegetables.

Box 2.1. How climate change may affect food security

Maize production comprises close to 10% of the total area dedicated to agriculture in Mexico and plays an important role in the country’s economy and national food security. Maize is the base of Mexicans’ diet and constitutes over 8% of the total food expenditure of households. In 2018 the country produced 27 million tonnes of maize, 98% of which was consumed domestically in addition to the 17.5 million tonnes that were imported in the same year. In rural areas, maize-derived products provide nearly 70% of all caloric intake on average.

However, the effects of climate change could adversely affect maize production in the country. A large proportion of the territory is arid and semi-arid, and in many of these areas soil is already considered too dry for agricultural use. Rising average temperatures, the variability of precipitation and a higher likelihood of severe droughts could reduce maize yields. This could increase the country’s reliance on imports and average prices, and create risks for food security for many Mexican households.

Source: (CIMA, 2020; FAO, 2018; Hellin, Keleman and Bellon, 2010; Bee, 2014; USDA, 2016).

Stakeholders in LAC are taking measures to adapt to and mitigate the impacts of climate change. According to businesses and other stakeholders, adaptation measures and innovation will be critical to maintain output levels and secure livelihoods, address food security concerns, alleviate rural poverty and address climate change. Measures include adjusting practices, processes and infrastructure to respond to actual or potential climatic variations. Business and farmers in several LAC countries have switched to a more environmentally friendly approach in supply chains in order to address the challenge of increasing food production while reducing GHG emissions (OECD/FAO, 2019). However, stakeholders interviewed
for this report highlighted that small- and medium-scale farmers do not always have access to the technical
capacity needed to identify and prioritise the most suitable climate adaptation measures. Obstacles in
accessing financing can further exacerbate such challenges. More rigorous research into conditions in
LAC is needed to ascertain with a higher degree of accuracy the systemic implications of climate change
and variability for agriculture (OECD/ECLAC, 2016). Both governments and businesses in the region have
already taken action to promote sustainable agricultural practices and to adopt technologies for sustainable
and resilient farming practices. Companies and start-ups in LAC have developed practices to reduce
climate vulnerability such as more than 450 Agtech start-ups in the region, which focus on technological
innovation to increase productivity, sustainability, and resilience to climate change (IDB, 2019). While
businesses are developing innovative and technical solutions, governments are developing policies to
address the mitigation of and adaptation to climate change. One example of a government initiative in the
region is the Low-Carbon Agriculture (ABC, Agricultura de Baixo Carbono) Plan in Brazil, which was
initiated in 2010 and includes a USD 1.6 billion fund to encourage farmers to introduce climate-smart
agricultural practices. Further examples for business initiatives are covered in Chapter 4 of this report.

2.1.2 Land use change and forest loss and recovery

The expanded area of agricultural production may lead to a change in land availability. Production from
the agriculture sector uses almost 40% of the area of the planet and the unsustainable use of land has
adverse impacts on the environment and on people (OECD/FAO, 2020). In LAC, production growth has
been driven mostly by productivity improvements rather than land use change (OECD/FAO, 2019). Agricultural
productivity growth is linked to investments in innovation, research and development, and the
building of human and social capital. Over the past two decades, the pasture area in the region has
remained mostly stable at 570 million hectares (Mha), while cropland has increased by 1.2% yearly to
188 Mha in 2018 (OECD/FAO, 2019). The change in land use was driven mainly by the search for new
agricultural frontiers to supply the local and global demand for food and to meet people’s daily needs.
Between 1997 and 2017, a change in the rural producers’ mentality and local governments’ policies created
a unique situation in LAC. On the one hand the area of land that was harvested for soybeans in the region
increased by over 180% from a mix of land and crop conversion, while the area of land for agriculture
increased by 8%. Land use for agriculture (pasture and cropland) is expected to increase by 5 Mha (0.7%)
in Latin America and the Caribbean over the next ten years (OECD/FAO, 2020), which is less growth than
in previous decades.

Land conversion for agricultural use is reportedly a major cause of forest loss in the region. Although in
recent decades agricultural producers in LAC have sought to expand their agricultural production through
the conversion of pastures and degraded areas into cropland and improving productivity to increase yields
and profits (Conab, 2017) (Conab, 2017[1]); land conversion for agricultural use is a major direct and
indirect cause of forest loss (FAO, 2020a). Forestland, especially in the Amazon region, has declined
significantly over the past 30 years. At the same time, deforestation rates have decreased over past years
due to the introduction of policies and the establishment of actions by the private sector to preserve forests.
However, overall annual deforestation rates in the region remain among the highest in the world (OECD,
2018a). The area of forested land declined in Brazil by almost one million hectares between 2010 and
2015, while Paraguay, Argentina and Bolivia lost around 300 000 hectares each (OECD/FAO, 2019).
According to reports from the Brazilian Space Agency, deforestation of the Amazon rainforest surged in
2020 to its highest level since 2008 (INPE, 2020). At the same time, positive developments include the
increasing designation of forests as protected areas in the region (FAO, 2021a).

Forest loss remains one of the greatest pressures on biodiversity and ecosystems in LAC, with wide-
ranging repercussions for the planet. While the region has the world’s richest arable land area, it is also
home to unique ecosystems and biodiversity. This is particularly the case for the forests in Brazil, Colombia
and Peru. For example, the Cerrado region in Brazil and the Gran Chaco region in Argentina represent
57% of primary forest on earth (FAO, 2020b). The conversion of land into areas for agricultural production,
especially beef and soy, runs the risk of losing these forest areas and ecosystems and their capacity to absorb GHG emissions from the atmosphere (Lovejoy and Nobre, 2018). For instance, the expansion and intensification of soybean cultivation can in some areas make the natural landscape and ecosystem less heterogeneous (Gavier-Pizarro et al., 2012). In addition, land use change may be associated with the restriction of Indigenous people’s rights and other social conflicts. Indigenous peoples’ livelihoods are dependent on forest resources, and their cultural heritage is closely associated with these areas (Venencia et al., 2012; The Guardian, 2019; Defensoría del Pueblo Lima, 2017; Chirif, 2019; Observatorio del Desarrollo, 2017). Moreover, the region is confronted with challenges of soil and water degradation: 20% of the territory across LAC is at risk of soil erosion and there is a high risk of desertification in countries such as Chile, where 62% of the territory is in jeopardy (OECD/FAO, 2019). The agricultural sector is responsible for 70% of total water extractions, which have doubled in LAC in the past three decades (FAO, 2020c).

Agriculture companies have committed to eliminating deforestation from their supply chains, but implementation gaps remain. The corporate sector has set sustainable commodity commitments, such as the voluntary and self-regulatory aim for zero net deforestation supply chains in LAC (FAO, 2017a). Moreover, several public and industry initiatives aim at fighting deforestation in LAC, as highlighted in Chapter 4 of this report. However, agricultural enterprises in many reported cases do not include forest-related issues in their risk assessments, and are not fully transparent with regard to their sourcing locations and suppliers (CDP, 2019). In many reported cases, companies investing in the agriculture sector appear to lack the tools, capacity or commitment to implement adequate traceability and certification systems as well as control mechanisms to address deforestation risks (CIFOR, 2018).

2.1.3 Use of agro-chemicals

The use of agro-chemicals has increased steadily, both globally and in the region. Agro-chemicals such as a fertiliser, pesticide or soil conditioner are used in farming to increase yields and agricultural productivity. According to the FAO, pesticide use augmented by 46% worldwide between 1996 and 2016 (WHO-FAO, 2019). While the level of agro-chemicals used varies among countries in the region, their overall use in LAC has grown over the past two decades. Across the region, the use of pesticides increased by over 60% between 1997 and 2017 in some countries, and the use of fertilisers increased by over 30% between 2007 and 2017. Over the past 20 years some LAC countries have been among some of the largest consumers of agro-chemicals in total terms in the world (FAO, 2021b). The intensity of fertiliser and pesticide use per area of cropland increased in most LAC countries, but generally the levels remain lower than the OECD average (OECD, 2018a).

The use of agro-chemicals contributes to increased productivity and production of food. The use of fertilisers has had considerable benefits for crop yields across the world. In Latin America, use of agro-chemicals and improved farming practices has had an important role in crop productivity over the past two decades. In the region, agricultural output growth has been driven by an increase in agricultural total factor productivity at a rate of 2.1% annually in the period 1991-2015 (OECD/FAO, 2019). Between 2007 and 2016, Brazil has had the highest productivity growth (2.8%) in the region and one of the highest in the world, shifting from a net food importer in the 1960s to one of largest food exporters today (Financial Times, 2020; OECD, 2020c).

Inappropriate use of agro-chemicals presents risks such as the contamination of water, soil and air. The inadequate application of pesticides, fertilisers, nutrient applications and livestock operations poses a serious risk to human health as well as water and soil pollution (OECD, 2018a; FAO/UNEP, 2021; FAO, 2018a). Interviews with stakeholders for this report have highlighted practices in the agricultural sector that potentially have adverse effects. Unsafe use and overuse of agro-chemicals without proper monitoring or technology has raised concerns in relation to the pollution of soil, air and water resources (OECD, 2019b). In particular, the use of pesticides can affect the biodiversity of local ecosystems, limit the availability of...
potable water for local communities, and increase the likelihood of soil erosion (Rekow, 2019; Anguiano and Ferrari, 2019). Concerns have been raised by different stakeholders about the application of agro-chemicals through aerial spraying, which has been reported to increase risks of contamination by wind (Rekow, 2019). In some reported cases, the impacts of the wrong use of pesticides without proper protection, infrastructure and technology have adverse impacts on workers, which is expanded upon in the section on health and safety below.

Companies and other stakeholders are working on techniques to use agro-chemicals sustainably. Industry and governments are developing new management systems and agricultural techniques to reduce the use of agro-chemicals or to change to products of biological origin such as biological nitrogen fertilisation with lower impacts while maintaining high levels of productivity. However, stakeholders have reported that data sources on the use of agro-chemicals and the management of water, soil and air quality are limited, which creates challenges to preventing pollution. Business stakeholders interviewed for this report reported insufficient implementation of environmental management systems, which they attribute to a lack of access by farmers to technical assistance and capacity building to support the establishment of effective environmental protection measures. One initiative to improve the management of agro-chemicals is the publication in 2010 of the Pineapple Best Agricultural Practices Guide in Costa Rica; the guide includes recommendations for monitoring and controlling levels of agro-chemical residues in the water (MAG, 2019). Other initiatives aimed at addressing these issues are considered in the following chapter on business efforts fostering responsible agricultural supply chains.

2.2 Labour rights

The agriculture sector contributes substantially to labour and employment in LAC. Agriculture is one of the most important sources of employment; it represents one in three of all workers worldwide. In the region, 14.1% of workers were employed in the agriculture sector in 2018. Among the seven countries researched for this report, Peru has the highest proportion of its labour force in agriculture, amounting to more than 25% (OECD/FAO, 2019). Agricultural businesses can help create employment opportunities, improve living standards and reduce poverty. However, respecting and promoting labour rights in agricultural supply chains and farming can be a challenge. RBC challenges in the agricultural sector in the region mainly relate to 1) labour informality, 2) child labour, migrant workers and Indigenous peoples, 3) gender-based issues, and 4) occupational safety and health.

2.2.1 Labour informality

Labour informality is particularly high in the agriculture sector in LAC. In 2018, the total informal employment rate across all sectors in the region was 53.1% according to the ILO. In the agriculture sector, labour informality is estimated to be 79.2% across the LAC region and 82.3% in South America (ILO, 2018). At country level, there are varying reports on the size of the informal agricultural economy. In Colombia, trade unions estimate that the percentage within the agricultural sector ranges from 85% to 90% (FNC, 2019; TUDCN-RSCD, 2018); this is significantly higher than the estimated rate of informality across the country’s total workforce, 62% (LO/FTF Council, 2018). In Peru, the agricultural sector has the highest proportion of informal labourers in the country, estimated at over 95% (Camara de Comercio de Lima, 2018; World Bank, 2017a). In many cases, labour informality is prevalent because of the irregularity and concentration of agricultural work during a specific season, as well as the large number of small and medium-sized companies that face difficulties covering the cost of formality (ILO, 2020a).

Agricultural labour informality exposes workers to poor working conditions and various labour rights violations in LAC. High levels of informality and types of non-standard employment such as subcontracting are reportedly exposing workers to precarious contractual agreements and are increasing their vulnerability to labour rights violations due to a lack of legal protection. This can result in lower and unstable incomes
and exposure to inadequate and unsafe working conditions. The widespread use of subcontractors exacerbates these challenges in LAC (SOMO & ENS, 2016). In labour-intensive sub-sectors, such as the coffee, fruit and vegetable and flower industries, verbal agreements are widespread. Partially as a result of high rates of informality, many agricultural workers experience barriers to collectively negotiate formal contractual agreements and better working conditions. This increases their precariousness, as collective bargaining is one of the fundamental principles and rights at work and a means by which workers can ensure compliance with contractual agreements, the payment of minimum wages, and the enforcement of health and safety standards. In some regions in LAC, workers’ ability to unionise is limited in businesses where subcontracting is widespread – as well as in industries with a high proportion of migrant workers, as the mobility of workers can restrict their ability to bargain collectively (FNC, 2016).

Agricultural companies in LAC can promote labour standards and help improve working conditions of informal workers. According to reports and interviews for this publication domestic buyers, distributors and exporters sourcing agri-food products from smallholder farmers are for the most part linked to informal labour (ILO, 2020a). The risk of labour rights violations is highest in informal supply chains with several stages of subcontracting. Illegal and informal work on plantations and smallholder farms linked to global agri-food supply chains often excludes workers from social protection. In some cases in LAC, companies reported a lack of capacity to address labour issues in business operations and with contractors. This challenge concerns both producing and buying companies which have limited awareness of labour rights violations along the agricultural supply chain (ILO et al., 2019).

2.2.2 Child labour, migrant workers and Indigenous peoples

The agricultural sector accounts for the largest share of child labour, globally and in the region. Globally, 70.9% of all child labourers work in the agricultural sector (ILO, 2017a). In LAC, 5.7 million children work under the minimum age, mostly in agriculture. Child labour occurs when persons under the age of 18 years are engaged in economic activities that harm their safety, health and well-being and/or hinder their personal development (ILO, 2020b). This is distinct from family labour, in which a child contributes to activities that are non-hazardous and appropriate for the child’s age; that can support the family in accessing income and food security opportunities; and that promotes the transfer of intergenerational skills (ILO, 2011a). Small-scale farms represent a large proportion of the number of farms across the region, although they comprise a small proportion of agricultural land compared to large-scale farms. Small-scale producers largely rely on the workforce of family members, which is often unpaid labour. Risks may arise in those cases where children work with family members under conditions that are detrimental to their development. A key challenge in identifying instances of child labour is that cases are largely underreported. Stakeholders interviewed for this report commented that child labour is a prevalent issue among migrant workers, as children usually work alongside their parents. In the coffee industry in Colombia, it is common for children of migrant workers not to be able to attend school. Parents who cannot afford or have limited access to childcare have no other option but to bring their children to work. The risk of child labour is also higher among Indigenous peoples. It has been reported that a high proportion of children engaged in child labour in the sugarcane industry in Colombia, for instance, are Indigenous male adolescents (ILO, 2017b). In some regions and supply chains, children are involved in the production of agri-food goods for export both in downstream and upstream activities. In agricultural companies in LAC, children are working mainly in upstream industries in Tier 1 activities serving as supply for the food industry, and in domestic production and consumption, particularly in family-based subsistence agriculture (ILO et al., 2019). Both businesses and governments in the region have however joined forces to eradicate forced labour and child labour. One example is the multi-stakeholder initiative National Pact for the Eradication of Slave Labour in Brazil (OECD, 2019b).

Migrant workers and Indigenous peoples are reported to be exposed to precarious working conditions. Migrant workers are crucial for the agricultural sector in LAC. An example is workers who travel to the north of Mexico for fruit and vegetable harvesting. Migrant labour often faces particular challenges in the
agricultural business, such as precarious conditions in terms of wages, social protection, housing, and health and safety standards. In many cases, migrant workers are hired by contractors that are accustomed to sourcing additional labour during peak periods such as harvest season; they do not have a direct employment relationship with the individual or enterprise that employs them, liberating employers from legal obligations. For instance, in Costa Rica the production of fruit, in particular in the northern regions of the country, relies on migrant workers from Nicaragua for labour-intensive activities such as harvesting. Workers in the fruit industry are often paid low wages, in line with minimum wages but often below living wage levels (Campos et al., 2018; ILO, 2011b). This issue has been highlighted by the stakeholders consulted as part of this project; they have also pointed to the demand that tropical fruits remain affordable in consumer markets – such as European countries – as one of the challenges associated with remuneration of workers on fruit farms in Costa Rica. Language barriers including illiteracy contribute to workers’ vulnerability and can pose obstacles to accessing relevant information regarding their labour rights and to negotiating better employment agreements and working conditions. In the case of Mexico, for instance, many of the migrant workers are of Indigenous origin and speak little or no Spanish. These conditions exacerbate their exposure to inadequate recruitment or contractual practices. Language barriers also pose a challenge to whether and how grievances are reported to senior management within farms or to government officials (ILO, 2018a; Reuters, 2017; Polaris, 2020). According to stakeholders, a common obstacle faced by migrant workers across the region is linked to housing and living conditions. This has become known amid the impacts of the COVID-19 pandemic. Often agricultural workers are reported to be provided with inadequate and overcrowded housing facilities, and lacking sufficient ventilation, sanitary facilities or potable drinking water, all of which enhances the spread of diseases. Indigenous peoples have been reported as particularly exposed to precarious working conditions in agriculture, exacerbated by their systemic challenges and the violation of their rights in the region (OECD, 2019b; ILO, 2020c).

2.2.3 Gender-based issues

Gender-based discrimination is reported frequently as a widespread issue in the sector. The formal workforce in agricultural production in the region is predominantly male: considerably more men (81%) work formally in the sector than women. Nevertheless, agriculture is the most important sector for female employment in many LAC countries (ILO, 2019). Gender discrimination is a challenge in many companies operating across the region, and women working in the agricultural sector generally face higher informality rates and lower wages compared to men (World Bank, 2019; Corporación Cactus, 2016; World Bank, 2012). This is partly a result of the limited provision of education and training opportunities provided to girls, resulting in fewer skilled labour opportunities in adulthood. As a result, women are more likely to be engaged in less highly valued activities (OECD, 2019b). (An exception is the flower industry in Colombia.) Stakeholders highlighted that the limited number of employment opportunities available to women can increase the pressure to accept precarious contracts. According to reports, under more uncertain contractual conditions, the risk of gender-based violence in the workplace can be much higher (SOMO & ENS, 2016; Miller, 2017; ILO, 2018a; Reuters, 2017). In addition, reports and interviews confirmed existing gender pay inequality in the agriculture sector in LAC (OECD, 2019b).

Agricultural businesses in the region are increasingly addressing gender-based discrimination. Several businesses have highlighted that they have started to work on tailored capacity-building programmes for female farmers and workers, for instance on participation in decision making and access to finance. In reports and interviews, female workers’ vulnerability to harassment and gender-based violence or discrimination in agribusinesses has been raised as a key concern in several commodity supply chains, particularly in the flower industry in Colombia and the fruit and vegetables industry in Mexico. In addition, limited access to information can increase the risk of gender-based violence, as female workers may lack adequate knowledge about their labour rights and access to protection systems.
2.2.4 Occupational safety and health

Agricultural work is, along with construction and mining, one of the most hazardous activities for occupational safety and health. The sector involves physical work in different environments, under potentially challenging weather conditions and with different materials, animals, plants and heavy or dangerous machinery. The numerous risks can include exposure to extreme temperatures and contact with hazardous or harmful chemicals. In LAC, agriculture is the economic sector with the second highest number of fatal injuries at 10.7 deaths per 100,000 workers (ILO, 2020d).

In some countries of the region there is poor adherence to worker health and safety standards in agro-businesses. This is especially true with the production of fruits, vegetables and coffee, as well as with non-mechanised sugar cane production and in meat processing plants. The issue affects both workers and farmers (ILO, 2017c; SOMO & ENS, 2016; Pesticide Action Network – UK, 2016; Cipa, 2019; DIEESE, 2016; Metropoles, 2018; Wilson Center, 2019). For example, trade unions and CSOs have reported that workers in agro-businesses suffer from occupational accidents and illnesses due to prolonged exposure to extreme weather conditions; the wrong, unadvised and extensive use of agro-chemicals; difficult working postures; lengthy hours; psychological stress; and the use of hazardous tools and machinery. Moreover, according to stakeholders, the wrong use of agro-chemicals can be associated with occupational accidents and illnesses. In Argentina and Brazil, civil society has reported instances of unadvised use of aerial spraying, which increased the health and safety risks not only among workers but also for local communities due to the agrochemicals being carried by the wind to adjacent regions (Human Rights Watch, 2018; Pesticide Action Network – UK, 2016). According to the World Health Organization, the health and safety of consumers can be affected by the overuse of agro-chemicals stemming from ill-judged handling of the products, as their residue on food can have both acute and chronic health effects (WHO, 2018).

Companies in the agricultural sector in LAC can strengthen adherence to occupational safety and health standards. It has been reported in particular that small-scale farmers and workers struggle with access to personal protective equipment (PPE) and lack adequate training on the safe handling of hazardous materials. Reports have highlighted the inadequate management of occupational safety and health by companies and farmers (OECD, 2019b). Companies that produce and process agricultural products interviewed for this study reported that promotion of occupational health and safety, investments in PPE training and other advisory projects are priority actions (Bayer, 2018).

2.3 Tenure rights over and access to natural resources

Land tenure is a common cause of grievances and disputes concerning agricultural activities in LAC. Tenure, which defines and provides security over the use of natural resources, is crucial to the livelihoods and food security of billions of people (OECD, 2019b). Overlapping land claims can create disputes over tenure rights and access to other natural resources such as water. Acquisition of land and conditions for land use rights can affect both local communities and agribusiness activities and investments. Tenure rights complaints and grievances are mainly due to land acquisition (22%), compensation (33%) and resettlement (32%) as reported in projects by the World Bank Group (CAO, 2013). In the region, agricultural business activities and investments are closely linked to the respect of tenure rights. In some of the seven countries analysed for this report, such as Mexico and Peru, Indigenous peoples make up a significant proportion of the population, and they depend heavily on land and nature for their livelihoods (OECD, 2019b).

Informal, insecure and unclear land tenure is reportedly having a disproportionate impact on Indigenous peoples. Land tenure informality in the region can be a major barrier to securing access to tenure rights; farmers who do not possess legal land ownership may be prevented from accessing government benefits. Such benefits can include payments for ecosystem services or financial services such as credit and...
agricultural insurance. Issues related to land ownership, formal registration and tenure pose challenges for the alleviation of rural poverty and the achievement of environmental protection objectives, such as limiting deforestation and curbing GHG emissions (OECD, 2019b). As highlighted in reports, Brazil, Colombia and Peru present high levels of informality over land ownership and the existence of multiple titles or claims on the same property is commonplace (IBGE, 2019; INEI, 2015; DANE, 2014). Lack of access to land titling can affect rural women disproportionately and restrict their access to productive inputs and economic opportunities (World Bank, 2012). Stakeholder interviews for this report found that Indigenous peoples, women and afro-descendants are particularly vulnerable to issues relating to land tenure and access to natural resources. CSOs have raised concerns that illegal land acquisition has been linked to tensions between Indigenous peoples and producers and the loss of Indigenous peoples’ land in Peru (Defensoría del Pueblo Lima, 2017), in Argentina (Human Rights Council, 2019; IWGIA, 2011; The Guardian, 2018), and in Colombia (USAID, 2017). Stakeholders have also highlighted high inequality in access to land in Brazil. While Indigenous peoples call for respecting their rights to own, use and control lands and resources, a lack of recognition and awareness by the private and public sector of traditional territories and land affects Indigenous peoples’ access to that land, and vulnerability (OECD, 2019b; World Bank, 2017b). Land tenure issues arise and affect business in the sector when they connect to domestic supply chains, as well as when new greenfield agri-investors come in and acquire land. Insecure land tenure has been reported to be mutually detrimental to both companies and local communities. Land-related violence and issues concerning land tenure and Indigenous peoples’ rights are highlighted in particular in relation to informal and illegal land acquisition in LAC (OECD, 2019c). There are reports that in some cases, agricultural companies and investors have not given adequate attention to processes of consultation and consent in land acquisition in the region (Oxfam, 2016).

**Conflict exacerbates insecurity over land tenure for agriculture.** According to stakeholder interviews, insecurity over land tenure in agriculture is exacerbated in areas affected by conflict and violence. These challenges are particularly concerning in areas where there is a high risk that local communities will perceive land acquisition as illegitimate, and where there are allegations of corruption and state capture with regard to the sale of land (United Nations, 2016). The prevalence of rural violence committed by criminals against local communities and Indigenous peoples can negatively impact investments in perennial crops and productive capital, as producers may fear losing long-term investments (Arias, Ibáñez and Zambrano, 2014). As stated by an one business interviewed, cases of violence, armed conflict and looting observed in Colombia and Mexico for example can affect the quality of public and private assets and increase the risk of human rights abuses. In Colombia, businesses highlighted challenges such as rural violence and insecure land tenure, which has resulted in high levels of informal land ownership. Small-scale farmers and Indigenous peoples have been directly impacted by this: according to stakeholders, in many cases companies sourcing from informal small-scale farmers have not taken significant action to prevent or mitigate issues related to conflict and land tenure. According to the Colombian National Land Agency, 48% of rural properties in the national cadastre do not have registered titles and in all almost 2 million rural properties do not have registered legal titles (USAID, 2017; Agencia Nacional de Tierras, 2018; Bischler and Parra-Peña, 2015). The country’s National Land Agency recognises that the lack of accurate information about land ownership, the lack of legal clarity on the ownership of rural properties, and the existing inequalities related to access to land are significant challenges that remain to be addressed in rural Colombia. In addition, insecurity over land tenure can force small-scale farmers and businesses to invest less in perennial products such as coffee or cattle but instead opt for seasonal crops, which are less risky but also less profitable, as well as opting for illicit crops such as coca (Muñoz-Mora, 2018).
Governance-related risks are a sensitive but crucial issue for companies operating in the agriculture sector. Governance refers to practices related to bribery, anti-competition, corruption and fraud. Key governance issues include for instance access to land, provision of subsidies or credits, and the price of agricultural inputs. In LAC, scandals such as Operação Lava Jato (Operation Car Wash) and the Panama Papers raised the level of attention paid to corruption issues in the region in recent years. Corporate governance and public integrity are issues critical for ensuring RBC and investment in the agriculture sector.

Corruption and bribery are reported as high risks to agricultural business conduct in LAC. In the agribusiness sector, challenges associated with land governance can be exacerbated by corruption and lack of transparency. Land governance involves rules, processes and structures through which decisions about the use of and control over land are made. Businesses in the sector have been reported to be associated with serious allegations of corruption and bribery in the acquisition of land, e.g. in order to get preferential rights or to expedite approval processes (ICAR/Global Witness, 2016). Furthermore, corruption in the sanitary inspection process can pose risks to the safety of consumers, as protocols might not be followed adequately. This may compromise trade agreements, as importing countries may turn to other countries if it is believed that existing trading partnerships are unreliable or corrupt (Oxford Analytica, 2017[2]).

Integrity and governance issues are high on the agenda of governments and businesses. In recent years the private and public sectors have developed approaches to tackling governance issues and fostering transparency in the region – for instance, by revising and strengthening control systems and risk-based inspections, approving new anti-corruption laws, and developing international partnerships. On the business side, companies have introduced internal policies, adhered to industry initiatives such as the UN Global Compact, and signed international pacts on integrity.

Food security and nutrition

Malnutrition and inadequate diet pose challenges to improving health in LAC. While food availability has increased significantly in the region over the past decades, food and agriculture companies reportedly reveal there is room for improvement to address nutrition issues and in fact a lack of public disclosure on nutrition (WBA, 2020). Furthermore, nutritional patterns have changed in LAC. The excessive consumption of fat and sugar has increased, causing malnutrition risks such as overweight, obesity and diet-based illness. Obesity already affects 24% of the region’s population, almost double the world average. The proportion of people with obesity tripled since 1975, and according to estimates 600 000 people die in LAC every year due to diet-related diseases such as hypertension, cardiovascular diseases and diabetes (FAO/OPS/WFP/UNICEF, 2019).

Agricultural business and farming are critical to ensuring food security and nutrition. Food security and adequate nutrition are part of the right to food and to be free from hunger, as highlighted in the OECD-FAO Guidance and SDG 2 on zero hunger. Agriculture and food production play a substantial role in ensuring the quantity and quality of food for a rising global population. According to the United Nations Department of Economic and Social Affairs (UNDESA) (2019), the global population is expected to reach 9.7 billion by 2050, an increase of 2 billion people from 2019. To meet this fast growth, global food production will need to increase by an estimated 60% from its current levels. Increased food production will inevitably have substantial impacts on societies, including labour, food security and human rights – but also on the environment, including the availability of natural resources, land and water. LAC countries have made enormous progress in eradicating extreme hunger: the agricultural sector contributed to increasing food security and reducing the proportion of undernourished people by 60% between 1990 and 2014 (FAO, 2021a). The prevalence of undernourishment decreased to below 7% in the region; however, it has been
rising slowly again since 2015, and there will thus be a need to see what role business and policy makers can play to address this trend (FAO, 2019).

**Small-scale farmers continue to face challenges to increasing food productivity in LAC.** Rural poverty and food insecurity persist across the region, particularly among small-scale farmers (ILO, 2020a). A recurring challenge to food security and nutrition raised by stakeholders was the high input cost combined with low prices for commodities. This decreases the profitability of production for farmers and limits access to agricultural equipment to improve productivity, which in turn can lead to poverty and lack of access to food. The low profitability and productivity of small-scale farms can be exacerbated by the lack of access to markets and their dependence on middlemen, as well as by their lack of direct access to buyers, price information, storage, financial services, technical assistance and credit. According to stakeholders, the absence of physical bank branches in rural areas, high interest rates and high levels of informality over land ownership are the main factors preventing farmers from accessing credit. That inadequate access constrains farmers’ ability to invest in technology and equipment to increase productivity.

**Livestock production is increasing in the region with mixed consequences for food security and nutrition.** Expansion of the livestock sector in LAC has been important as a basic source of food for local populations and for world demand, especially for beef and poultry. Companies’ production of livestock such as poultry and pigs in Brazil and Chile, as well as cattle in Argentina, has largely shifted from extensive farming systems that reared animals on natural landscapes to intensive systems where animals are kept in high-density livestock farms relying on feed. This has resulted in improved production efficiencies and increased availability of meat as a source of protein at affordable prices for consumers. However, the intensification has been accompanied in certain areas by inadequate management of organic waste generated in livestock farms. According to reports, businesses’ unsustainable management of livestock can lead to soil and water contamination and air pollution, since manure and urine contain high concentrations of antibiotics, pathogens, nitrogen and other nutrients from animal feed (FAO, 2017b). The contamination in turn creates risks for the quality and safety of food produced in surrounding areas, and raises concerns about other adverse impacts on businesses, local communities and surrounding ecosystems (FAO, 2009). Some countries in the region have responded with investments in sanitary controls and the creation of waste treatment, strengthening the sustainability of livestock production.
Business efforts fostering responsible agricultural supply chains

Businesses in LAC have stepped up efforts to address environmental and social issues in the agriculture sector, adopting international commitments and pursuing initiatives related to responsible business, sustainability risks, and the SDGs. In the seven countries covered by this report, over 150 companies in the agri-food sector are participants in the UNGC and have committed to working towards achieving the SDGs by 2030. In addition, numerous industry initiatives are under way to implement corporate policies, management structures and certification systems – at both the sectoral and territorial level – to foster responsible agricultural supply chains. These actions are taking place in the context of LAC government support to promote responsible business practices, including efforts by NCPs.

This chapter provides insight into company-specific efforts to foster RBC and implement due diligence in the agricultural sector in Latin America, drawing from the results of the OECD 2021 Business Survey on RBC in LAC (Business Survey) (Box 3.1), stakeholder interviews and desk-based research on industry initiatives and good practices in the region. The chapter is structured into two parts: Section 3.1 analyses business actions and industry initiatives around the five-step framework for risk-based due diligence as outlined in the OECD-FAO Guidance for Responsible Agricultural Supply Chains; Section 3.2 identifies challenges and future needs to scale up RBC practices in the agricultural sector in LAC.

Box 3.1. OECD’s 2021 Business Survey on RBC in LAC

The OECD conducted a Business Survey on RBC in the region from November 2020 to January 2021 with a view to collecting data on RBC practices of and challenges for businesses operating in or from LAC countries. The Business Survey was disseminated on line in English, Spanish and Portuguese, and acquired a total of 501 responses from companies operating in a range of sectors. Responses were collected from 71 businesses operating in the agriculture sector in the seven countries analysed for this report. In terms of company size, 54% of those responses were provided by large companies (with over 250 employees) and 46% by SMEs (18% by microenterprises with less than 10 employees, 15% by small enterprises with 10 to 49 employees, and 13% by medium-sized enterprises with 50 to 249 employees). The respondent companies operate at different stages of the agricultural supply chain: 41% operate in production, 30% in processing, manufacturing and packing, 20% are input suppliers, 17% traders, 14% distributors and wholesalers, and 11% are retailers and supermarkets or are operating in hospitality.

The findings of the Business Survey are a useful supplement to the data used in this report for understanding RBC practices in the region and gaining insights into the impact of the COVID-19 crisis and its connection to RBC, as well as illustrating best practices and future needs of companies operating in the sector. There are limitations to the survey approach however, in terms of representativeness; these are due to the variation and number of responses from the agriculture sector, the geographic distribution of the supply chain actors, and their share of national/regional production across different commodities. Moreover, the survey data relied on self-reporting, which is a factor to take into account in interpreting its results and findings.

1 See Annex B for detailed information.
3.1 Business action and industry initiatives

3.1.1 The COVID-19 crisis and RBC

Business operations in the agricultural sector have been profoundly disrupted by the COVID-19 pandemic and the ensuing crisis, which have posed additional environmental, social and human rights challenges. Importantly, concrete business efforts to foster due diligence practices have proved to have strengthened the resilience of agribusiness amid the crisis in the seven countries researched for this report.

RBC practices generally strengthened resilience during the COVID-19 crisis. According to the Business Survey, 60% of respondent companies operating in the agricultural sector in the seven countries analysed for this report stated that the COVID-19 crisis affected their company’s operations more than moderately. Eighty percent indicated that the pandemic caused particular challenges with regard to human rights issues (see Figure 3.1). More than two-thirds of businesses (68%) – 83% of large companies, 43% of SMEs – indicate that having responsible business practices in place such as due diligence has helped the company amid the pandemic, in particular with the mitigation of risks (72%). RBC practices have also helped companies’ supply chain management, financial situation, productivity, equity value and market capitalisation, as well as worker retention (see Figure 3.2).

Figure 3.1. Significant challenges caused by the COVID-19 pandemic

Note: How to read: 80% of respondents operating in the agriculture sector reported that the COVID-19 pandemic and the ensuing crisis triggered specific challenges for their company with respect to human rights issues. Based on 20 responses. Multiple response option.

Figure 3.2. RBC practices that helped to manage those challenges

Note: How to read: 72% of respondents operating in the agriculture sector reported that having RBC practices in place has helped their company amid the COVID-19 pandemic with respect to mitigating operational, legal or market risks. Based on 20 responses. Multiple response option.
The OECD-FAO Guidance for Responsible Agricultural Supply Chains (OECD-FAO Guidance) provides a five-step due diligence framework for applying responsible business practices in agricultural supply chains. The recommendations in the Guidance apply to all companies in the sector operating along the various stages of the agricultural value chain. The OECD-FAO Guidance lays out how all enterprises should undertake risk-based due diligence according to their position and type of involvement in the supply chain (e.g. on-farm, downstream or financial enterprises) and the context and location of their operations, as well as their size and capacities. The framework consists of: 1) establishing strong enterprise management systems for responsible supply chains; 2) identifying, assessing and prioritising risks in the supply chain; 3) designing and implementing a strategy to respond to the risks identified; 4) verifying supply chain due diligence; and 5) reporting on supply chain due diligence.

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

Clear policy commitments and strong management systems are fundamental in helping companies articulate their company-wide vision and strategy, assign responsibility, support relevant business units and ensure accountability for responsible supply chains.

Businesses in the agriculture sector in LAC have adopted or integrated enterprise policies for RBC in their activities. Businesses in all seven countries have committed to establishing strong enterprise management systems for responsible supply chains. Based on information provided in stakeholder interviews, most agribusinesses that own or manage production or source from the region are increasingly developing and strengthening policies for RBC and have robust management systems to identify, assess and manage risks in their supply chains. In addition, companies have reported that building long-term relationships, providing training and disclosing information to direct suppliers are important for ensuring implementation of RBC policies. For instance, in the coffee industry, these actions are particularly critical for mitigating labour-related risks such as child labour and poor working conditions. According to the results of the Business Survey, over half of the companies operating in the agricultural sector in the seven researched countries have embedded RBC issues in policies and management systems. With respect to these policies, 40% of businesses indicate that they incorporate the SDGs, 31% the UNGPs, and 14% the core conventions of the ILO. However, there is clearly room to improve the uptake of the OECD-FAO Guidance, as only 11% of respondents reference Guidance recommendations in their policies. On average, 60% have adopted an RBC policy on at least one of the following issues: human rights; employment and labour rights; the environment; combating bribery; consumer interests; disclosure. Most of these company policies focus on environment (83% have a full or partial policy on this issue), while the issue of human rights is comparatively less well addressed with 60% of respondents having a full or partial policy on this issue; policy commitments on human rights thus rank below commitments on other issues such as combating bribery and disclosure (see Figure 3.3).

Figure 3.3. Enterprise policies that articulate commitments on RBC issues
3.1.3 **Step 2: Identify, assess and prioritise risks in the supply chain**

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

*Companies implement mapping and tracking systems to identify, assess and manage risk along the supply chain.* Downstream companies in the region map suppliers both directly and indirectly. Companies interviewed highlighted that traceability in complex supply chains such as coffee, soybeans and beef is a key challenge (see Box 3.2) Companies use different tools to trace products, including certification and digital technologies. For instance, the Brazilian Coalition on Climate, Forests and Agriculture (see Table 3.1) is a multi-sector partnership that aims to respond to the challenges of climate change; to that end, it has conducted a study on beef chain traceability in Brazil. Among other technologies, blockchain can enable the mapping and improve traceability in agricultural supply chains in Latin America (OECD/FAO, 2020). For instance, the Chilean company Agricom has begun using the blockchain platform IBM Food Trust to track its fruit produce and exports (see Table 3.1).

---

**Box 3.2. How companies are overcoming traceability issues in the soybean supply chain**

The ability to follow the movement of agricultural products through specific stages of production, aggregation, processing and distribution is key to identifying, assessing and managing risks such as deforestation and labour rights abuses. However, traceability of products in complex supply chains such as soybeans is a common challenge reported by stakeholders consulted for this report. Companies that are several tiers removed from the production stages in the supply chain reported that suppliers may not always be able or willing to provide information on the origin of certain products or the conditions under which they were produced or transformed. Lack of data can limit companies’ capacity to detect risks in their supply chains and the leverage they can exert to ensure suppliers manage these upstream. One way that enterprises can assess business relationships is through identifying and engaging control or “choke” points such as traders in the supply chain, as outlined in both the OECD-FAO Guidance and the OECD Due Diligence Guidance for RBC.

Stakeholders reported that the traceability of soybeans in the region could be an issue as traders have a large number of indirect suppliers that often do not have the capacity, incentive or adequate training to monitor and enforce traceability requirements in their own supply chains. Companies are attempting to overcome these traceability challenges through a number of initiatives. For instance, the Soft Commodity Forum brings together six major agribusinesses that aim to achieve full traceability to farm for direct sourcing by the end of 2020 in the Matopiba region in Brazil.

In Brazil, the traders consulted for this report aim to build long-standing business partnerships to ensure that suppliers will apply the same traceability requirements to their own supply chain. In strengthening business relationships with suppliers, traders can progressively incorporate RBC considerations into contracts and agreement. To ensure the compliance of direct suppliers with RBC policies, traders have also adopted sophisticated tools such as satellite monitoring to ensure that the soybeans purchased are not linked to illegal deforestation.
Multinational enterprises as well as domestic companies increasingly recognise their responsibility to identify, assess and prioritise risks in the supply chain. Risk assessments should be undertaken for operations, suppliers and other business relationships that are high risk; these could 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. Interviews with companies highlight that many of them have a detailed understanding of how risks of adverse environmental, social and human rights impacts affect their business.

That understanding is less common among small-scale and medium-scale producers. Some companies operating in the region have developed their own framework for sustainable production, such as the livestock company Caldenes in Argentina or the food-processing company Grupo Nutresa in Colombia (see Table 3.1). Some companies have developed these frameworks as part of their industry initiatives or in partnership with CSOs, which are also responsible for assessing producers’ compliance with the frameworks’ requirements.

Table 3.1. National and local industry initiatives by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Initiative Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Companies and farmers have adopted and pioneered the application of Siembra Directa (No Till Farming). Implementation of the zero tillage methodology aims at increasing sustainability of farming practices (OECD, 2019a). No till farming is widely applied in Argentina and in other parts of the world, in particular as a response to water and wind erosion. According to the Argentinian Association of No Till Producers no till production occupies more than 90% of the land surface in Argentina.</td>
</tr>
<tr>
<td></td>
<td><strong>Caldenes</strong> (n.a., n.d.b) is a leading company in the Argentine agricultural and livestock market. The company is certified by the Round Table for Responsible Soy and has joined the Roundtable of Sustainable Beef. Caldenes has put external and internal auditing in place to evaluate and monitor environmental and social impacts of production.</td>
</tr>
<tr>
<td>Brazil</td>
<td>In order to contain illegal deforestation linked to soybean production in the Amazon region, industry associations, companies, CSOs and the government set up the Soy Moratorium (Moratória da Soja) in 2008. Signatory companies commit to not buying, trading or financing soybeans cultivated in farms that had cleared forest illegally after July 2008. The Soy Moratorium was largely accepted by the soybean industry and made a permanent measure in 2016.</td>
</tr>
<tr>
<td></td>
<td>The <strong>Brazilian Coalition on Climate, Forests and Agriculture</strong> (n.a., n.d.c) (Coalizão Brasil Clima, Florestas e Agricultura) is a multi-sector partnership formed currently by 220 member organisations in Brazilian agribusiness, civil organisations in the environment and climate area, and representatives from academia. The main objective of the coalition is to articulate and facilitate actions to promote a new economic development model based on a low-carbon economy and in doing so respond to the challenges of climate change. Among others, the coalition conducted a study on beef chain traceability in Brazil.</td>
</tr>
<tr>
<td>Chile</td>
<td>The <strong>Manual of Good Labour Practices</strong> (n.a., n.d.d) (Manual de Buenas Prácticas Laborales) is a voluntary guide developed in 2009 by the Foundation for Fruit Development (Fundación para el Desarrollo Frutícola, FDF) that outlines good labour practices for topics that fall under labour rights: contracts, internal procedures, capacity building, seasonal labour, child labour, workers’ protection, and right of collective association.</td>
</tr>
</tbody>
</table>
Clean Production Agreements (n.a., n.d.e) (Acuerdos de Producción Limpia), signed between companies and the public sector, aim at promoting voluntarily clean production and an environmental strategy in companies that includes due diligence goals; building on the OECD instruments for the first time in 2020.

Colombia

The Florverde Sustainable Flowers Certification (n.a., n.d.f) (Certificación Florverde Sustainable Flowers – FSF) covers fourteen topics, including management systems, labour rights, workers’ education, health and safety, environmental management and traceability. The Colombian-based standard is built upon the ISO/IEC 17065 standard, with audits carried out by independent third parties.

Grupo Nutresa (n.a., n.d.g) is a food-processing company based in Colombia that also operates in Chile, Mexico and Peru. One of the company’s programmes aims at ensuring a responsible value chain and managing risks that are not under the company’s direct control, by incorporating economic, social and environmental variables into the supply chain management. Among others, this includes identification and management of environmental and social impacts, such as human rights and climate change risks, along the value chain.

Costa Rica

The National Chamber of Pineapple Producers and Exporters (Cámara Nacional de Productores y Exportadores de Piña, CANAPEP) developed a Technical Manual for the Sustainable Production of Pineapple (n.a., n.d.h) (Manual Técnico para la Producción Sostenible de la Piña, MT-PSP). The core issues addressed within the manual relate to legal compliance, water management, management of hazardous products and agrochemicals, waste management, environmental protection, soil management and conservation, community relations, adolescent workers, health and safety of workers, and capacity building. CANAPEP is responsible for assessing and granting certification to its members.

Mexico

The Association of Exporting Producers and Packers of Avocado of Mexico (n.a., n.d.j) (Asociación de Productores y Empacadores Exportadores de Aguacate de México, APEAM) works with actors in the supply chain and stakeholders from other countries, particularly the United States, to promote the exportation of avocados from Mexico. To belong to APEAM members must fulfil a set of requirements, including certification with the Good Agricultural Practices Guide (Manual de Buenas Prácticas Agrícolas, BPA) or the Good Manufacturing Practices (Buenas Prácticas de Manufactura, BPM) for processors. In 2020 APEAM joined the UN Global Compact as the first Mexican agricultural association to commit explicitly to enhancing its members’ contributions to sustainable development, including decent work and responsible production.

Peru

The industry association Peruvian Chamber of Coffee and Cocoa (Cámara Peruana del Café y Cacao) works in the cocoa and coffee sectors in Peru with producers, exporters and industrialists. The group works with actors in the coffee supply chain to implement measures for climate change adaptation, such as the Coffee and Climate project (n.a., n.d.i) (Proyecto Café y Clima), which aims to improve the management of climate change in the country’s coffee value chain.

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

A risk management strategy should be designed and implemented to effectively prevent and mitigate actual or potential adverse impacts on RBC issues.

Agribusinesses have started to adopt risk management plans but can improve on implementing risk-based due diligence in practice. Among companies producing in and sourcing from the region, due diligence actions vary depending on their position in the supply chain and their capacity to implement them. The Business Survey shows that in the seven countries analysed for this report, only one-third of the respondent companies operating in the agriculture sector always adopt an enhanced due diligence process when risks are identified. Around 38% require all Tier 1 suppliers and business partners to fulfill RBC expectations as part of a contract or agreement. Companies provide technical assistance on the ground in order to assess the production processes, environmental and social management, and implementation.
of risk mitigation. In the case of the sugar cane supply chain – according to the Brazilian Sugarcane association and the certification Bonsucro – companies in LAC have developed programmes to provide technical assistance to suppliers, assess compliance with the company’s RBC policies, and provide support for the adoption of corrective plans. Meanwhile, according to the Business Survey results, equal to or fewer than 30% of respondent businesses organise training sessions on RBC or due diligence for suppliers and business partners. Moreover, fewer than 35% of companies carry out risk assessments as part of a supply chain due diligence process on all suppliers and business partners. Only 15% report that they conduct risks assessments beyond Tier 1 or on products, commodities or services in the supply chain. This shows that the implementation of due diligence requires further efforts, in particular with respect to the complexity of supply chains and the need for better transfer of data among supply chain actors and beyond Tier 1 (see Figure 3.4 ).

Figure 3.4. Companies’ risk assessment practices as part of a due diligence process

Note: How to read: 35% of respondents operating in the agriculture sector carry out risk assessment as part of a due diligence process with respect to its high-risk suppliers or business partners.

Based on 20 responses. Multiple response option.

3.1.5 Step 4: Verify supply chain due diligence

Enterprises should take steps to verify that their due diligence practices are effective, i.e. that risks have been adequately identified and mitigated or prevented. Tracking implementation and effectiveness can provide valuable lessons to be learned and help improve these processes in the future.

Businesses continue to lack capacity to verify risk-based due diligence processes. Business Survey results indicate that companies’ verification of the effectiveness of their due diligence practices is carried out mostly via internal audits (33%), external audits (23%) and certification processes (20%). However, 24% of the companies indicated they had no follow-up process in place (Figure 3.5, Figure 3.4). In terms of RBC issues, verification of due diligence processes is highest for environmental issues, combating bribery, and disclosure (81% of companies conduct verification), followed by human rights (76%) and employment and labour rights (71%), and is lowest for consumer interests (67% of companies follow up).
The use of industry certification schemes is crucial to address supply chain risks but varies considerably amongst products and countries. In some cases, government entities have developed certification standards for agricultural products, which can be used to identify risks or to provide confidence that potential risks have been mitigated (see schemes by country in Table 3.2 by commodity in Table 3.3 and international initiatives in Table 3.4). According to the Business Survey, certification is used by 20% of companies operating in the agricultural sector. Certification schemes can include environmental and social aspects for different supply chains and commodities. These certification programmes are an important tool for addressing supply chain risks but need further international alignment and a common understanding of due diligence expectations, as described in the OECD-FAO Guidance. The perception of companies interviewed on the effectiveness of certification schemes in identifying and mitigating risks is also varied. Stakeholders suggested that in some cases the costs of implementing measures required by certification standards are not economically viable for producers, especially small- and medium-scale farmers. In other cases, the costs associated with verification itself are a burden to producers, who may not have enough cash reserves to pay for audits. Some downstream companies reported that they bear verification costs to minimise the economic impact on farmers. A concern with the use of global certification schemes is that they do not always take into account local characteristics, such as legal and regulatory frameworks or market dynamics. This reportedly may pose a challenge for LAC companies and producers planning to be certified.

Table 3.2 National certification/protocol programmes by country

<table>
<thead>
<tr>
<th>Programme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Argentinian Food Stamp</strong> (n.a., n.d.k) (Sello Alimentos Argentinos)</td>
<td>Led by the Ministry of Agriculture, Livestock and Fisheries (Ministerio de Agricultura, Ganadería y Pesca, MAGyP), this stamp for food produced in Argentina requires compliance with a food safety and quality protocol that is audited.</td>
</tr>
<tr>
<td><strong>Brazil: +Integrity seal</strong> (n.a., n.d.l) (Selo +Integridade)</td>
<td>Established within the Integrity Program of the Ministry of Agriculture, Livestock and Supply, the Selo +Integridade was launched in 2018 to promote, recognise and reward integrity practices by agribusiness companies from the perspective of social responsibility, sustainability, ethics, and the commitment to mitigate fraud, bribery and corruption practices.</td>
</tr>
<tr>
<td><strong>Brazil: Soja Plus Programme</strong> (n.a., n.d.m) (Programa Soja Plus)</td>
<td>The Soja Plus Programme for all soy producers in Brazil was initiated in 2010 by Brazilian business associations and civil society organisations. The programme focuses on training soy producers in good agricultural and financial practices, and on helping them comply with national legislation.</td>
</tr>
</tbody>
</table>
### Chile: Sustainable Agriculture Protocol

*Protocolo de Agricultura Sustentable*

Led by Ministry of Agriculture (Ministerio de Agricultura, MINAGRI), the Dry Fruit Sustainability Standard (Estándar de Sustentabilidad en la Producción de Frutos Secos) and the Agricultural Studies and Policies Office (Oficina de Estudios y Políticas Agrarias, ODEPA), the Sustainable Agriculture Protocol was developed to help farmers improve their sustainability performance in ten priority areas: water use, human rights and labour conditions, waste management, agrochemicals use, health and sanitation, local communities, biodiversity, energy, soils and animal welfare.

### Colombia: Good Agricultural Practices

*Buenas Prácticas Agrícolas, BPA*

Led by the Colombian Agricultural Institute (Instituto Colombiano Agropecuario, ICA), Good Agricultural Practices are a set of principles, standards and technical recommendations aimed at reducing physical, chemical and biological risks in production, harvesting and packaging in agriculture; they cover the production chain from planting crops to the harvesting of products.

### Costa Rica: Practices Guide for Sustainable Pineapple Production

*Manual de Buenas Prácticas Agrícolas para la Producción Sostenible del Cultivo de la Piña*

Led by the State Phytosanitary Service (Servicio Fitosanitario del Estado, SFE), the Good Practices Guide for Sustainable Pineapple Production is a tool for risk management in pineapple production. It promotes the protection of worker health, safety and welfare in the field, as well as protection of the environment, compatible with sustainable and environmentally friendly agriculture.

### Peru: Participatory Guarantee System

*Sistema de Garantía Participativo, SGP*

Led by the Ministry of Agriculture (Ministerio de Agricultura y Riego, MINAGRI) the System is a means of certifying organic products from small producers for the domestic market; it requires producers to adopt principles linked for instance to the environment, gender equality and governance.

### 3.1.6 Step 5: Report on supply chain due diligence

Enterprises should publicly report on their supply chain due diligence policies and practices, with due regard given to business confidentiality and other competitive concerns. 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 – enables companies to build trust in their actions and decision making, and demonstrate good faith.

**Companies in the region are increasingly taking action to report on RBC issues.** Drawing from the results of the Business Survey, more than half of the companies conduct reporting on RBC practices. Around 57% of respondent companies operating in the sector publish a report on RBC, while approximately 40% of businesses do not publish any such report (see Figure 3.6.).

**Figure 3.6. Public reporting by companies on RBC issues**

No report (40%)

Report (57%)

Report for internal distribution (3%)

Published in integrated report (31%)

Public stand alone report (29%)

**Note: How to read:** 57% of respondents operating in the agriculture sector publish a report on RBC. Based on 35 responses from businesses operating in the seven Latin American countries researched.
3.1.7 Collaboration on RBC

International industry initiatives play an important role in supporting the development and implementation of RBC. There is general recognition among businesses in the agricultural sector in the region that environmental and social risks might translate into different impacts depending on each country’s historical, political, legal, economic and social context. For instance, land tenure issues faced by Indigenous peoples vary across the region. To address this challenge, some international initiatives provide general principles and good practice frameworks that can be used to set out specific goals, key performance indicators (KPIs) and verification mechanisms relevant to their country. For instance, Global GAP (Good Agricultural Practices, see Table 3.4) is an international voluntary certification scheme accredited by third parties that covers among others traceability, health and safety, worker welfare and animal welfare.

Table 3.3. Commodity-specific certification schemes and initiatives

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar cane</td>
<td><strong>Bonsucro</strong> (n.a., n.d.p) is an international not-for-profit, multi-stakeholder governance group established in 2008 to promote sustainable sugar cane. Bonsucro is a production standard that includes compliance with national law, human rights and labour standards, biodiversity and ecosystem management, adherence to EU directives and organisation of small-scale farmers. Compliance with the standard is monitored through third-party audit and certification.</td>
</tr>
<tr>
<td>Soy</td>
<td><strong>Round Table for Responsible Soy</strong> (n.a., n.d.q) is a certification standard for stakeholders in the soybean value chain, such as producers, investors and CSOs. The certification covers issues such as governance, human rights, labour rights, health and safety, engagement with local communities and the environment.</td>
</tr>
<tr>
<td></td>
<td>The <strong>Collaborative Soy Initiative</strong> (n.a., n.d.r) is a collaborative framework of different stakeholders with the vision of 100% conversion-free, sustainable soy production and market uptake on a global scale.</td>
</tr>
<tr>
<td></td>
<td>The <strong>FEFAC Soy Sourcing Guidelines</strong> (n.a., n.d.s) were released in 2021 as an upgraded version of the Soy Sourcing Guidelines, initially presented in 2015 by the European Feed Manufacturers’ Federation (FEFAC) to contribute to a mainstream transition towards responsible soy. The guidelines contain a large set of criteria on agricultural, environmental and social items, representing the European feed industry’s requirements for responsible soy.</td>
</tr>
<tr>
<td>Beef</td>
<td>The <strong>Global Roundtable for Sustainable Beef (GRSB)</strong> outlines the general principles for the sustainable production of beef, including considerations for natural resources, people and communities, animal health and welfare, food and efficiency, and innovations.</td>
</tr>
<tr>
<td>Coffee</td>
<td>The <strong>Sustainable Coffee Challenge</strong> (n.a., n.d.t) is a multi-stakeholder partnership of companies, governments, NGOs and research institutions that works to increase the transparency and sustainability of the coffee sector as an industry-wide commitment.</td>
</tr>
<tr>
<td>Fruit &amp; Vegetable</td>
<td>The <strong>World Banana Forum</strong> (WBF) (n.a., n.d.u) brings together the main stakeholders of the global banana supply chain to foster collaboration and share best practices on sustainable production and trade. The WBF has 40+ members representing retailers, importers, exporters, producers, governments, trade unions, civil society organisations and research institutions. It has a strong commitment to RBC and encourages structural change through sustainable sourcing practices among company and industry representatives.</td>
</tr>
</tbody>
</table>

Multi-stakeholder co-operation is key to addressing RBC issues. Overall, companies and CSOs interviewed for this report commented that improving RBC in the LAC agricultural sector does not and cannot realistically depend on the individual action of one company. Therefore, the industry has joined forces with stakeholders through multi-stakeholder collaborative initiatives on certain topics and/or commodities. Yet multi-stakeholder co-operation on issues such as climate change and GHG emissions, which brings together agricultural enterprises, co-operatives, NGOs, governments and other actors,
remains rare. Companies and CSOs indicated that it is difficult to make sense of the numerous internationally agreed frameworks, protocols, certification schemes and commitments in a way that satisfies the expectations of stakeholders such as investors, governments and customers. Companies interviewed for this report highlighted the engagement with multi-stakeholder initiatives, such as those involving industry associations and CSOs, as an important source of support for companies’ “social licence” to operate among local communities. Companies might seek support from and collaborate with CSOs that are experts in addressing specific issues such as potential conflicts with communities and land tenure. The stakeholders interviewed commented that other actors such as development finance institutions (DFIs) can also be important drivers of RBC in the region. Through the inclusion of environmental, social and governance targets as well as RBC considerations – notably the OECD-FAO Guidance – in financial agreements, these investors can play a significant role in advancing the RBC agenda in the agricultural sector.

Table 3.4. International certification programmes and initiatives in the region

<table>
<thead>
<tr>
<th>Certification scheme/protocol</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairtrade (n.a., n.d.v)</td>
<td>is an arrangement designed to help producers in developing countries achieve sustainable and equitable trade relationships. Fairtrade is a certification scheme that aims to build sustainability by improving income, building up food security and reducing economic vulnerability, improving working conditions, strengthening environmental protection, widening access to basic services and enhancing gender equality.</td>
</tr>
<tr>
<td>Global GAP (n.a., n.d.w)</td>
<td>is a farm assurance programme, for translating consumer requirements into Good Agricultural Practices. The protocol, a voluntary scheme accredited by third parties, is equally applicable to the aquaculture sector. Certification covers traceability, health and safety, worker welfare and animal welfare. In addition, Global GAP and the Sustainable Agriculture Initiative (SAI) have developed the joint solution Global GAP Farm Sustainability Assessment (GGFSA) (n.a., n.d.x), which combines sustainability requirements in one international standard.</td>
</tr>
<tr>
<td>Rainforest Alliance (n.a., n.d.y)/UTZ Sustainable Agriculture Standard</td>
<td>is a voluntary scheme used to certify farms and producer groups involved with crops and cattle. Certification is used to support effective planning and management systems, biodiversity and natural resource conservation, as well as to improve livelihoods and human well-being and advance sustainable cattle production.</td>
</tr>
<tr>
<td>Industry initiative</td>
<td></td>
</tr>
<tr>
<td>The Consumer Goods Forum (CGF) (n.a., n.d.z)</td>
<td>is a CEO-led organisation of consumer goods retailers and manufacturers that drives various commitments for responsible supply chains, such as to prevent deforestation.</td>
</tr>
<tr>
<td>The Food Chain Partnership (n.a., n.d aa)</td>
<td>is an initiative from Bayer AG that brings together farmers, food processors, retailers, traders, and others along the food value chain to work together for sustainable agriculture. The aim of the initiative is to help small-scale farmers access global export markets and ensure that this can be done successfully by helping build capacity around good agricultural practices. In Brazil, Chile, Colombia, Costa Rica, Mexico and Peru, the food chain partnership focuses on different crops including fruits and vegetables, sugar cane and soy.</td>
</tr>
<tr>
<td>IBM Food Trust (n.a., n.d.bb)</td>
<td>is a data-sharing platform that uses blockchain technology to improve transparency and traceability in agri-food supply chains. The tool connects growers, processors, distributors and retailers through a permission-based, permanent and shared record of traceability data.</td>
</tr>
</tbody>
</table>

3.2 Challenges and future needs to scale up RBC practices

The majority of companies need further support and training to address human rights, social and environmental risks, and to implement risk-based due diligence practices. The majority of companies participating in the Business Survey (58%) indicated the need for future capacity building and training in RBC and OECD RBC instruments. Likewise, 58% pointed to the need for capacity building in supply chain due diligence in the agriculture sector; 37% specified support for developing policy manuals and staff training manuals; and 37% indicated labour and environmental impact assessments (Figure 3.7.). In some
cases, companies and CSOs suggested that businesses need more assistance to help them understand the multiple guidance documents – including those from the OECD, protocols and certification schemes – and translate them into action to effectively mitigate and manage risks in a due diligence process. Companies commented that policies and guidance documents on RBC can be difficult for staff or suppliers to understand in particular for small-scale and medium-scale farmers. To address these challenges, some companies work closely with local stakeholders and provide specific training for staff to communicate policies and expectations effectively. Despite actions being taken by companies to identify, assess and manage risks, there is an overall need to strengthen risk-based due diligence practices as outlined in the OECD-FAO Guidance, to mitigate the ongoing challenges associated with agricultural production in all seven LAC countries.

Figure 3.7. Need for future RBC activities and support

| Training on RBC and OECD RBC instruments | 58% |
| Capacity building on sectoral due diligence | 58% |
| Assistance from NCPs | 42% |
| Support in developing policy manuals and staff-training | 37% |
| Training on labour/ environmental impact assessments | 37% |

Note: How to read: 58% of respondents operating in the agriculture sector indicate the need for training in RBC and OECD RBC instruments. Based on 19 responses from businesses operating in the seven Latin American countries researched. Multiple response option.

SMEs and smallholder farmers face challenges to implementing RBC practices and due diligence processes, and need specialised assistance. SMEs, as well as smallholder and family farmers, are responsible for an important share of the food production in the region. They play a crucial role in the production of agri-food lead companies and are confronted with a range of environmental and social challenges. However, they often lack resources, capacity and support to build awareness and to implement responsible and sustainable business practices. According to the findings of the Business Survey, SMEs operating in the agricultural sector in LAC generally have fewer policies or less reporting on RBC, and show a significantly weaker implementation of supply chain due diligence and risk assessment. For instance, while three-quarters of large companies have written policies on RBC in place, only 43% of the SMEs had the same response. Similarly, among large companies, 84% report on RBC issues, whereas among SMEs only 25% carry out such reporting. The results were similar with respect to due diligence practices: 50% of large enterprises and 11% of the SMEs consistently adopt an enhanced due diligence process when risks are identified. In addition, 64% of large companies and 11% of SMEs carry out risk assessments as part of a supply chain due diligence process on all suppliers and business partners.

Visibility of the NCP system for business operating in the agriculture sector in LAC can be improved. NCPs exist in all seven countries researched and can play an important role in the promotion of RBC and related due diligence guidance such as the OECD-FAO Guidance (see “OECD standards on responsible business conduct relevant to the agriculture sector” in Chapter 2. The Business Survey finds that only around 37% of the respondent companies with agricultural operations in these countries are familiar with the NCPs, while 57% do not have any knowledge of them. A higher number (47%) of MNEs have general knowledge of the NCPs, while among SMEs the percentage is only 25%. The experience of engaging with NCPs was rated on average 3.7 out of 10. A significant number of businesses (42%) indicated the need for improved assistance from the NCPs.
4. Conclusion

Business and government efforts in Latin America and the Caribbean can and indeed already play a major role in ensuring sustainable and responsible agricultural supply chains. Governments and agribusiness have taken action to commit to and implement responsible business practices in their policies and decisions. This is exemplified by the many technological innovation initiatives, roundtables and certification schemes, as well as by companies’ own risk management and due diligence systems that the report has highlighted. Businesses in the region are aware of the need to demonstrate that they are taking the calls to address RBC issues seriously, and are integrating this awareness into business strategies and practices. They are progressively taking action to adapt to climate change, lower GHG emissions, strengthen transparency in supply chains, and enhance protection of workers’ rights. However, the analysis undertaken for this report, the stakeholder interviews conducted and the responses of the Business Survey show that many initiatives and business actions are still at early stages, and that gaps remain in existing responses to social, environmental and governance challenges. Moreover, major difficulties remain with respect to formalising, productively including and integrating small companies, subsistence farmers, informal labour and the most vulnerable economic actors in the value chain.

This report has highlighted the economic and social importance – as well as the complexity – of agricultural activity in the region. Agricultural supply chains and global food systems are facing a triple challenge: ensuring food security and adequate nutrition for a growing world population; protecting livelihoods along the full value chain; and using natural resources sustainably, adapting to climate change and lowering GHG emissions. Climate change is having a severe negative effect on agricultural activities in LAC. At the same time, unsustainable agricultural activities and business practices contribute to environmental degradation and endemic labour and human rights challenges. Investors, consumers, civil society, governments and businesses themselves are calling for increasing commitment and action towards engaging in RBC. The impacts of COVID-19 have greatly exacerbated the challenges: the pandemic has demonstrated the fragility of the agri-food value chain by intensifying the risks to both it and many workers in the sector. Responsible business practices and implementation of due diligence processes create opportunities to foster a sustainable recovery post-pandemic and increase efficiency and resilience in agricultural supply chains so they are better prepared for future emergencies.

This report identified five areas of focus for implementing RBC in the agriculture sector in LAC: 1) environmental protection and sustainable use of natural resources; 2) labour rights; 3) tenure rights over and access to natural resources; 4) governance; and 5) food security and nutrition. It is up to agribusinesses in the region to address these areas and to contribute to sustainable solutions.

While many businesses may be keen to meet RBC expectations, all companies – and especially SMEs – require training in what due diligence is and how to implement those recommendations into their operations and supply chains. With improved expertise in risk-based due diligence as set out in the relevant OECD standards, businesses can identify and prioritise key risks in the sector and develop actions to address these issues in country- and region-specific contexts. The focus needs to be on better awareness, integration and alignment of due diligence if companies and industry initiatives (such as certification schemes) are to effectively prevent and mitigate risks in the sector and meet the Sustainable Development Goals. Business face the challenge of understanding and systematising the different internationally agreed frameworks, protocols, certification schemes, guidance documents and commitments. Therefore,
companies need further support as well as training to address human rights, social and environmental risks in their supply chain.

Understanding and implementing OECD risk-based due diligence as part of business decision making is key to developing responsible agricultural supply chains in the region. Businesses are not alone in their efforts to implement the recommendations of the OECD-FAO Guidance. All seven LAC country governments analysed for this report are adherents to the OECD Guidelines. They have established National Contact Points, which promote the OECD due diligence guidance and take a mediation role as a non-judicial grievance mechanism in these countries. Argentina, Brazil, Chile, Colombia and Mexico have in addition adhered to the Recommendation of the Council on the OECD-FAO Guidance for Responsible Agricultural Supply Chains, which means that these countries have made a commitment to actively promote use of the Guidance by enterprises operating in or from their territories.

In light of growing global problems such as climate change, inequality and persistent human rights risks in agricultural supply chains, significant action from all stakeholders is needed. While business action and innovation is a crucial part of the equation to address RBC challenges, governments and public institutions must build an enabling environment, legal systems and policy frameworks that support RBC. By working together, business, government, workers’ organisations and civil society can drive forward the agenda on RBC and build the foundation for a prosperous, sustainable and responsible agricultural sector in LAC.
## Annex A: Reference Tables

Table 0.1. Specific instances in the agriculture sector in Latin America (2000 - November 2020)

<table>
<thead>
<tr>
<th>Description</th>
<th>Lead NCP</th>
<th>Supporting NCP</th>
<th>Host Country</th>
<th>Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salmon farming in Chile&lt;sup&gt;1&lt;/sup&gt; NGOs Ecocceanos (Chile) and Friends of the Earth (Netherlands) regarding the activities of Marine Harvest, a Chilean subsidiary of the multinational enterprise NUTRECO operating in Chile.</td>
<td>Chile</td>
<td>Netherlands</td>
<td>Chile</td>
<td>2002</td>
<td>Concluded</td>
</tr>
<tr>
<td>Agriculture sector in Argentina&lt;sup&gt;2&lt;/sup&gt;: Trade union Unión Obrera Molinera Argentina regarding the activities of CARGILL S.A., a multinational enterprise operating in Argentina.</td>
<td>Argentina</td>
<td>Argentina</td>
<td>Argentina</td>
<td>2006</td>
<td>Concluded</td>
</tr>
<tr>
<td>Agricultural sector in Argentina&lt;sup&gt;3&lt;/sup&gt;: NGOs CEDHA, SOMO, Oxfam-Novib and INCASUR regarding the activities of Nidera Holdings B.V., a multinational enterprise operating in Argentina.</td>
<td>Netherlands</td>
<td>Argentina</td>
<td>Argentina</td>
<td>2011</td>
<td>Concluded</td>
</tr>
<tr>
<td>The Articulation of Rural Employees of the State of Minas Gerais (ADERE-MG) concerning alleged non-observance of the Guidelines by Nestlé, Jacobs Douwe Egberts, McDonald’s, Dunkin’ Donuts, Starbucks, and Illy&lt;sup&gt;4&lt;/sup&gt;.</td>
<td>Brazil</td>
<td>Italy, Netherlands, Switzerland, United States</td>
<td>Brazil</td>
<td>2018</td>
<td>Partly concluded</td>
</tr>
<tr>
<td>Individuals alleging that Bahia Specialty Cellulose (BSC)/Copener Florestal, Bracell Group did not observe the OECD Guidelines&lt;sup&gt;5&lt;/sup&gt;.</td>
<td>Brazil</td>
<td>Brazil</td>
<td>2018</td>
<td></td>
<td>In progress</td>
</tr>
</tbody>
</table>

**Note:**
1. The UN ISIC classification includes agriculture, forestry and fishing in section A. It should be noted that the scope of this report covers only agriculture and therefore this particular case, which corresponds to fishing, is not part of the economic sector analysed. [http://mneguidelines.oecd.org/database/instances/cf0001.htm](http://mneguidelines.oecd.org/database/instances/cf0001.htm).
4. This specific instance was divided into six different cases. It should be noted that two of them are already concluded. Please see [www.gov.br/produtividade-e-comercio-exterior/pt-br/assuntos/camex/pcn/produtos/alegacoes-de-inobservancia/descrip-alegacoes-de-inobservancia-das-diretrizes-da-ocde](http://www.gov.br/produtividade-e-comercio-exterior/pt-br/assuntos/camex/pcn/produtos/alegacoes-de-inobservancia/descrip-alegacoes-de-inobservancia-das-diretrizes-da-ocde) and [http://mneguidelines.oecd.org/database/instances/br0026.htm](http://mneguidelines.oecd.org/database/instances/br0026.htm).

Sectors defined by the UN ISIC top-level industry sectors, data corresponds to cases filed between 2000 and November 2020

### Table 0.2: Indicators analysed to prioritise RBC issues in accordance with the OECD-FAO Guidance

<table>
<thead>
<tr>
<th>Governance and corruption issues</th>
<th>Transparency International Corruption Perceptions Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>World Justice Rule of Law Index</td>
</tr>
<tr>
<td></td>
<td>Legatum Prosperity Index – Governance</td>
</tr>
<tr>
<td></td>
<td>Legatum Prosperity Index – Open Economies</td>
</tr>
<tr>
<td></td>
<td>Enabling the Business of Agriculture</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
<tr>
<td>Human rights</td>
<td>Amfori-BSCI Country Risk Classification</td>
</tr>
<tr>
<td></td>
<td>Global Food Security Index</td>
</tr>
<tr>
<td></td>
<td>Freedom of the Press Index</td>
</tr>
<tr>
<td></td>
<td>ND-GAIN (Agriculture Capacity)</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
<tr>
<td>Employment and industrial relations</td>
<td>Global Slavery Index (Vulnerability to modern slavery)</td>
</tr>
<tr>
<td></td>
<td>Legatum Prosperity Index – Freedom from forced labour (Personal Freedom)</td>
</tr>
<tr>
<td></td>
<td>US DOL Child Labour Reports – Working (% and population)</td>
</tr>
<tr>
<td></td>
<td>ITUC Index</td>
</tr>
<tr>
<td></td>
<td>UL Safety Index</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
<tr>
<td>Indigenous peoples</td>
<td>LandMark Map – Country average</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
<tr>
<td>Gender</td>
<td>WEF Gender Gap Index</td>
</tr>
<tr>
<td></td>
<td>Gender Inequality Index</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
<tr>
<td>Environment</td>
<td>ND-GAIN – Water</td>
</tr>
<tr>
<td></td>
<td>Environmental Protection Index – Air pollution</td>
</tr>
<tr>
<td></td>
<td>Environmental Protection Index – Ecosystem vitality</td>
</tr>
<tr>
<td></td>
<td>CCPI – GHG emissions</td>
</tr>
<tr>
<td></td>
<td>Food Sustainability Index – Sustainable Agriculture</td>
</tr>
<tr>
<td></td>
<td>Environmental Protection Index – Agriculture</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
<tr>
<td>Animal welfare</td>
<td>World Animal Protection Index</td>
</tr>
<tr>
<td></td>
<td>Other sources and relevant information</td>
</tr>
</tbody>
</table>
Note: The RBC issues were prioritised using a set of indicators in accordance with the Guidance for Responsible Agricultural Supply Chains issued by the OECD and the Food and Agriculture Organization (FAO).

Figure 0.1. Experts interviewed for the analysis of RBC issues and initiatives

Note: Thirty-two telephone interviews were conducted with experts that have worked or are working as external advisers to government institutions, civil society and industry from the seven countries, to fill gaps in the publicly available data and to verify the results of the analysis.
Annex B: Business Survey sample

The OECD’s 2021 Business Survey on RBC in LAC collected responses from 71 businesses operating in the agriculture sector in the seven countries researched for this project. In terms of company size, 54% of these responses were provided by large companies (over 250 employees) and 46% by SMEs (18% by microenterprises with less than 10 employees; 15% by small enterprises with 10 to 49 employees; and 13% by medium-sized enterprises with 50 to 249 employees) (Figure 0.1.). However, the response rate varied considerably by country (Figure 0.2.). The majority of responses were provided by privately owned enterprises (Figure 0.3). As for the position in the supply chain, almost half of the companies that responded are active in agricultural production (Figure 0.4.). Limitations, however, exist in the variation and the number of responses for the agriculture sector, which need to be considered for proper interpretation of the results and findings.

**Figure 0.1. Responses by business size (numbers of employees)**

Note: How to read: 54% of respondent businesses operating in the agriculture sector are large enterprises with more than 250 employees (micro: less than 10; small: 10 to 49; and medium: 50-249 employees). Based on 71 responses from businesses operating in the seven Latin American countries researched.

**Figure 0.2. Responses by country of operation**

Note: How to read: 45% of respondent businesses in the agriculture sector operate in or from Colombia. Based on 71 responses from businesses operating in the seven Latin American countries researched. Multiple response option.
Figure 0.3. Responses by ownership type

- Private enterprise: 77%
- Publicly listed: 21%
- Other: 4%
- Joint-venture: 4%
- Collectively owned: 3%
- State-owned: 1%

Note: How to read: 77% of respondent businesses operating in the agriculture sector are private enterprises. Based on 71 responses from businesses operating in the seven Latin American countries researched. Multiple response option.

Figure 0.4. Responses by position in the supply chain

- Production: 41%
- Processing/manufacturing/packaging: 30%
- Input supplier: 20%
- Trader: 17%
- Distributor/wholesaler: 14%
- Retailer/supermarket/hospitality: 11%

Note: How to read: 41% of respondent businesses in the agriculture sector operate at the production stage in the supply chain. Based on 71 responses from businesses operating in the seven Latin American countries researched. Multiple response option.
**Glossary**

*Responsible business conduct* – RBC means that business should: i) make a positive contribution to economic, environmental and social progress with a view to achieving sustainable development; and ii) should prevent and address adverse impacts, either arising from their own activities or directly linked to their operations, products or services by a business relationship.

*Due diligence* – This is a crucial element of RBC, and should be an integral part of business decision-making and risk management systems. Businesses perform due diligence by undertaking analyses to identify, prevent and mitigate their actual and potential adverse impacts, and by accounting for how those impacts are addressed. The impacts could be caused or contributed to by the enterprises, or be directly linked to their operations, products or services through a business relationship.

*The agriculture sector* – The assessment covers crops and livestock while excluding fishing and aquaculture. For the purposes of this report, the analysis focuses on the primary production level of the supply chain.

*Risk* – In accordance with the OECD Guidelines, in this report the term “risk” means the likelihood of adverse impacts on people, the environment and society that agriculture sector activities cause or contribute to, or to which they are directly linked.

*RBC issues* – The risk assessment covers a subset of five key issues in line with the OECD-FAO Guidance: environmental protection and sustainable use of natural resources; labour rights; tenure rights and access to natural resources; governance; and food security and nutrition.
References


Financial Times (2020), “Nigerian businessman targets Brazil-style farming revolution at home”, [www.ft.com/content/1bc033a6-4647-44d1-a7ca-047f64f84643](http://www.ft.com/content/1bc033a6-4647-44d1-a7ca-047f64f84643).


ILO (2017c), *Cadenas mundiales de suministro en la agricultura: Incentivos y limitaciones para mejorar la seguridad y la salud en el trabajo*, International Labour Organization,


INEI (2015), Magnitud y Características del Trabajo Infantil en Perú, ILO and Ministerio de Trabajo y Promoción del Empleo del Perú (MTPE).


Pearshouse, Richard (2018), “You Don’t Want to Breathe Poison Anymore”: The Failing Response to Pesticide Drift in Brazil’s Rural Communities, Human Rights Watch,


Notes

1. The agricultural sector’s contribution refers to the value added in current US dollars of the seven countries in this report. It includes agriculture (crops and livestock), forestry and fishing. Agriculture, forestry and fishing do not include agricultural markets, commercialisation or agribusiness, which are included under industry according to the World Bank definition.

2. The inflow of agricultural FDI includes agriculture, forestry and fishing. FDI statistics reflect the immediate origin of capital, so the ultimate origin of all FDI is not always identifiable if it enters through another country.

3. The value of agricultural exports is the sum of the export value base prices of the seven countries in this report.

4. Agricultural land refers to the share of land area that is arable, under permanent crops and under permanent pastures.

5. Agro-chemicals is the collective term used in this report for chemicals such as pesticides, fertilisers, insecticides, and herbicides (this list is not exhaustive). When statistics about agro-chemicals are given, the specific agro-chemical is mentioned.

6. Unless stated otherwise, the data on employment in this report refer to formal employment. The official World Bank definition of persons in formal employment is as follows: employees are all those workers who hold paid employment jobs, i.e. jobs where the incumbents hold employment contracts that give them a basic remuneration not directly dependent on the revenue of the unit for which they work.

7. The Guidance was integrated into the Recommendation of the Council on the OECD Due Diligence Guidance for Responsible Business Conduct and currently 43 countries have adhered to this legal instrument: https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0428.

8. The OECD-FAO Guidance refers to governance-related issues such as corruption, taxation and competition.

9. While the concept of food security includes the need for nutritious food in terms of quantity, nutrition refers to the sufficient quality of food. Malnutrition includes undernutrition, overweight and obesity.

10. Due diligence is understood as 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. It concerns adverse impacts caused or contributed to by enterprises as well as adverse impacts directly linked to their operations, products or services through a business relationship (OECD-FAO Guidance for Responsible Agricultural Supply Chains, 2016, p. 21).