



G7 Sustainable Supply Chains Initiative (G7 SSCI)

Key Takeaways

“Accelerating Sustainability Action along Global Agricultural Supply Chains”

Friday, 2 December 2022, at the German Federal Ministry of Economic Cooperation and Development (BMZ), Berlin / Germany

Background

The G7 Sustainable Supply Chains Initiative (G7 SSCI) launched in December 2021 under the UK's G7 Presidency and supported by the German G7 Presidency through 2022 aims to strengthen global efforts to meet the Sustainable Development Goals (SDGs) and to transform food systems to be more sustainable, inclusive and resilient. The initiative has mobilised CEO-level commitment of food and agriculture companies headquartered in G7 countries who have pledged to improve the environmental, social and nutritional impacts of their operations and supply chains globally. Company performance is tracked and measured by the World Benchmarking Alliance (WBA) through the [Food and Agriculture Benchmark](#).

On December 2, Germany's Development Minister, Ms. Svenja Schulze, German Federal Ministry of Economic Cooperation and Development (BMZ), hosted a hybrid high-level meeting of G7 SSCI participants, policymakers and SSCI partners. A total of 55 people attended including representatives of the German, UK, Italian, French, and US governments, the European Commission, civil society, FAO, investors and representatives from G7 SSCI companies including 2 Sisters Food Group, Associated British Foods, BASF SE, Bayer AG, Compass Group, Danone, Diageo, ED&F Man, InVivo, KraftHeinz, Meiji Holdings, Morrisons, PHW Group, Sodexo, J Sainsbury, Seven & I HLDGS and Unilever.

The meeting was structured in two parts:

- Firstly, a dialogue between G7 policymakers, including the EU and G7 SSCI businesses, on public-private collaboration and the benefits of continued dialogue on transforming food supply chains. During this first part of the meeting, G7 SSCI companies presented a signed CEO [statement with shared commitments](#) towards continued progress on the goals of the initiative.
- Secondly, a meeting with non G7 policymakers, FAO, investors, interested businesses, civil society, philanthropists and other organisations to review progress made by G7 SSCI companies in 2022, discuss areas for improvement and how to scale-up sustainable business practices using existing frameworks such as the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#).

High-level take-aways

Opening remarks

Minister Svenja Schulze, Federal Ministry of Economic Cooperation and Development (BMZ), Germany:

- Highlighted the landmark in global population growth in 2022 and the challenge of feeding 8 billion people, with the world's population projected to reach 9 billion in approximately 15 years.
- Welcomed the pledges from CEOs expressed through the G7 SSCI company statement; and noted that G7 governments and business share many of the same goals, including providing living incomes, addressing climate change, and achieving food security and nutrition.

- Underlined that political and legal frameworks need to be adjusted, and that the German Government is working to further develop policies at the national, European and global level.

Commissioner Jutta Urpilainen, Directorate-General for International Partnerships, European Commission:

- Underlined the need to accelerate progress in transforming the global agricultural sector, to build on the 2022 UN Food Systems Summit and to develop national and regional solutions.
- The EU is working to address supply chain challenges through several legislative proposals, including the EU Corporate Sustainable Due Diligence Directive and the EU Regulation on Deforestation-free products. The EU is also supporting regional efforts through cooperation with the African Union.
- Highlighted the critical role of the private sector and noted that business needs to engage with their suppliers to improve their environmental, social and governance impacts and practices. Welcomed the role of the OECD and FAO in developing international standards that guide business action.

Mr. Yoshiki Takeuchi, Deputy Secretary-General, OECD:

- Underlined the importance of public-private collaboration in delivering sustainable agricultural supply chains and addressing the triple challenge of providing food security and nutrition to growing populations, providing livelihoods to farmers and workers in supply chains, and addressing environmental concerns including climate change.
- Highlighted commitments on transforming agriculture and food systems made by Governments through the [OECD Declaration on Transformative Solutions for Sustainable Agriculture and Food Systems](#) (2022), which align closely with the objectives of the G7 SSCI.
- Commended the UK and German Governments for initiating and supporting the G7 SSCI and stated that the OECD stands ready to support members and partners to move the G7 SSCI forward in 2023.

Mr. Allan Jorgensen, Head, OECD Centre for Responsible Business Conduct

- Agriculture is a vital source of livelihoods for 600 million farmers globally and can contribute significantly to sustainable use of land and water, and to combatting climate change by removing carbon from the atmosphere sequestering carbon in soils and biomass.
- Stressed that achieving the goals of the SSCI will require evidence-based investments in productivity, sustainability, and resilience, and actions to manage trade-offs. This necessitates a balance between private and public actions to promote well-functioning, competitive, and transparent food systems.
- Policies and business practices must take into account broader implications and seek to balance overlapping social and environmental objectives. Strengthening environmental regulations can accelerate progress on the mitigation of agricultural emissions for instance.

Mr. Dirk Meyer and Mr. Sebastian Lesch, Federal Ministry of Economic Cooperation and Development

- Food security, fair trading practices, climate action, livelihoods and living wages are at the core of all our endeavours. We face multiple global crises and action has to be taken now - collaboration is key.
- The G7 has harnessed momentum and brought G7 SSCI companies to the table who have demonstrated a commitment to change. The G7 SSCI could be strengthened as a public-private dialogue platform and should be taken to a global level.
- It is important to review progress and to assess what is needed to make the transformation of our food systems a reality. There are still negative incentives in food systems that we need to tackle.
- Linking this work to the UN Climate Change Conferences (COP 27 and COP 28), as well as the UN Biodiversity Conference, and make concerted efforts alongside ILO and FAO, to manage tradeoffs and contradicting targets is important.

OUTCOME 1: Commitments to sustainable agricultural supply chains and continued partnerships

Developing partnerships and the role of the G7 SSCI:

- Agreement that **the triple challenge is a crisis that requires urgent action from both public and private sector actors**, and that public-private partnerships are needed to shift consumption patterns and to support farmers in adopting sustainable agricultural practices.
- Businesses are taking action to improve the environmental, social impacts of their operations and supply chains, but **more needs to be done to advance on key areas** identified by the WBA Food and Agriculture Benchmark (i.e., deforestation, nutrition, living income/wages).

- **Businesses and policy makers** underlined the value of the G7 SSCI as a platform for policy makers and the private sector to discuss how to achieve systemic change and to harness the collective leverage of companies and investors.
- **Transparent approaches are critical to maintaining public trust** and the G7 SSCI contributes greater accountability across food systems.

Government actions to transform food systems:

- **Governments are developing framework conditions for the transformation of food systems**, for example through the launch of the Global Alliance for Food Security (GAFS), implementation of due diligence legislation, through trade-related initiatives to reduce commodity-driven deforestation and forest degradation, and through regional strategies such as the EU Farm to Fork Strategy and the European Green Deal. Minimum standards at both the national and regional level are required to prevent a race to the bottom.
- **Engagement at the multilateral level** on SDG Goal 2 on Zero Hunger, through the G20 and other forums, has helped coordinate responses to globally identified priorities. The G20 Matera Declaration on Food Security, Nutrition and Food Systems calls for greater investment in food systems for instance.
- **Facilitating responsible investment in agriculture** is essential for enhancing food security and nutrition. Investing in research and development and leveraging private funding is essential for promoting SDG compliance in business models and investment portfolios.
- Stakeholders need to think globally about circular economy challenges, but also to **harmonize national and international approaches** – for instance with regard to smallholder farmers in the global South who require further support to adapt agri-practices.

OUTCOME 2: The need to speed up and scale up actions that work

- **Solutions exist but are not being scaled up at sufficient speed** due to financing blockages, data blockages, problems internalising external costs and difficulties in establishing viable business cases. Government agricultural subsidies often do not support **climate change mitigation** efforts for example which provide a significant opportunity to better incentivise environmentally sustainable practices.
- **Civil society** stressed that whilst important commitments have been made, concrete actions are urgently needed to meet the goals of the Paris Agreement and the SDGs. Civil society expressed regret that action still appears to be lacking in key areas. The WBA is monitoring progress through independent reporting on corporate policies and processes, and will publish its next benchmark ranking 350 food and agricultural companies globally in 2023.
- **Blended finance** can mobilise commercial investments for different geographies, projects and business models that may otherwise struggle to attract financing. **Investors can accelerate change** and are already working with businesses to assess carbon footprints. **Philanthropy** can also provide important financial and other material support through coordination or funding of initiatives and actions.
- Complementary initiatives such as the **FAO Food and Agriculture for Sustainable Transformation Initiative (FAST)** can help enhance national capacities to access climate finance and investment and to develop climate action policy. The Zero Hunger Private Sector Pledge aligns investments with evidence and commitments by donors, governments, and global institutions. **Implementation of the OECD-FAO Guidance for Responsible Agricultural Supply Chains** and adoption of a risk-based approach to due diligence also supports company action to mitigating adverse impacts.

Next Steps

G7 SSCI participants agreed on the need for **targeted and concrete actions in 2023** in the lead up to COP 28 (30th November to 12th December 2023 in Dubai, UAE). Initial ideas include focusing on industry net-zero transition pathways and how they might contribute to national transition plans. It is recommended that this work continues as part of the OECD's on-going work on responsible agricultural supply chains under the leadership of the Working Party on RBC and the multi-stakeholder Agricultural Advisory Group overseeing the implementation of the OECD-FAO Guidance. Policymakers, SSCI companies, the OECD, GIZ, WBA and other technical experts, in coordination with stakeholders such as the FAO and ILO, will engage in consultation to identify: i) priority areas for action in specific supply chains; and ii) how to transition the SSCI from the G7 context to include a broader range of actors internationally to enhance the reach, sustainability and visibility of the initiative.