SHINING A SPOTLIGHT

A critical assessment of
food and beverage companies'
delivery of sustainability
commitments

EXECUTIVE SUMMARY

The coronavirus pandemic is exacerbating inequality and has further exposed vulnerabilities in the food system. In 2020, more than 270 million people experienced acute hunger, a staggering increase of 82% from before the pandemic.[1] Farmers and workers capture a fraction of the value of what they produce, yet food and beverage companies' revenues continue to skyrocket. While the food system is complex and its problems multifaceted, the world's largest food, beverage and agribusiness companies, as well as their suppliers and customers, have enormous influence over how that value is distributed and the power to elevate critical issues.

Eight years ago, motivated by food price spikes and these long-standing challenges, Oxfam set out to change how the world's largest food and beverage companies do business. Between February 2013 and April 2016, the Behind the Brands campaign called on the world's 10 biggest food and beverage companies to adopt stronger social and environmental sourcing policies and spurred significant commitments on women's empowerment, land rights and climate change.[2] Mars, Mondelez and Nestlé committed to tackling gender inequality in their cocoa supply chains. The Coca-Cola Company (TCCC), PepsiCo and others declared zero tolerance for land grabs across all their supply chains. General Mills and the Kellogg Company pledged to fight climate change, setting science-based targets for reducing greenhouse gas emissions and eliminating deforestation in their sourcing.

THE CORONAVIRUS PANDEMIC IS EXACERBATING INEQUALITY AND HAS FURTHER EXPOSED VULNERABILITIES IN THE FOOD SYSTEM.
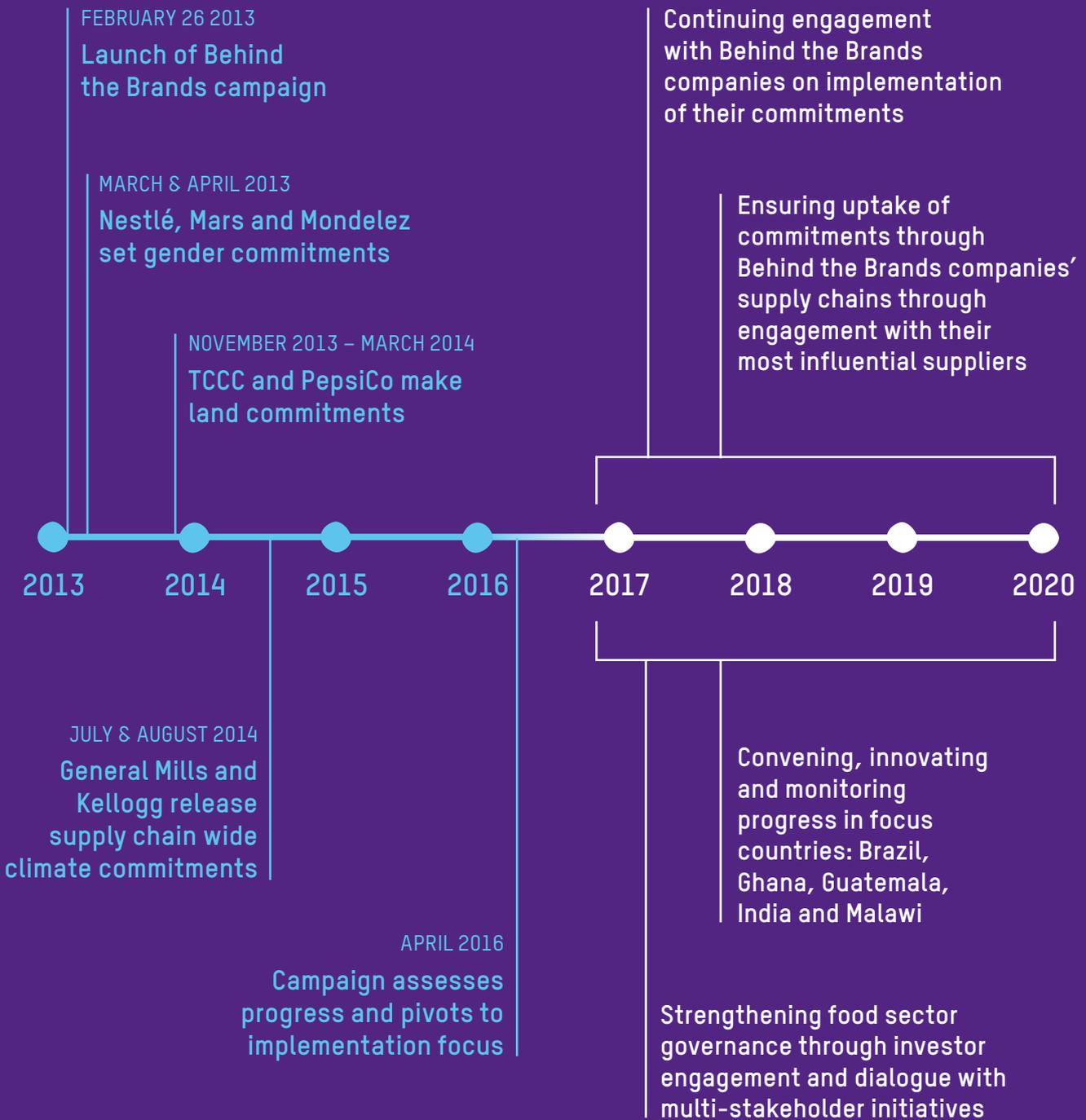
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Figure 1

KEY MILESTONES IN THE BEHIND THE BRANDS JOURNEY

● CAMPAIGN
● IMPLEMENTATION

FEBRUARY 26 2013
Launch of Behind
the Brands campaign

MARCH & APRIL 2013
Nestlé, Mars and Mondelez
set gender commitments

NOVEMBER 2013 – MARCH 2014
TCCC and PepsiCo make
land commitments

Continuing engagement
with Behind the Brands
companies on implementation
of their commitments

Ensuring uptake of
commitments through
Behind the Brands companies'
supply chains through
engagement with their
most influential suppliers

2013   2014   2015   2016   2017   2018   2019   2020

JULY & AUGUST 2014
General Mills and
Kellogg release
supply chain wide
climate commitments

APRIL 2016
Campaign assesses
progress and pivots to
implementation focus

Convening, innovating
and monitoring
progress in focus
countries: Brazil,
Ghana, Guatemala,
India and Malawi

Strengthening food sector
governance through investor
engagement and dialogue with
multi-stakeholder initiatives

Etchi Avla, age 43, poses for a portrait as a manual labourer she hires opens cocoa pods on her cocoa farm in Botende, Côte d'Ivoire.
© Peter DiCampo/Oxfam America

Companies made landmark commitments, but have they taken action to make them a reality? For the past five years, we have advised and monitored companies and agribusinesses on the implementation of their commitments in Brazil, Ghana, Guatemala, India and Malawi specifically – recognizing that commitments are only a first step.

To shine a spotlight on companies' progress, Oxfam commissioned four external evaluations (two on women's economic empowerment, and one each on land rights and climate change) and updated our 2019 agribusiness scorecard. On women's economic empowerment, companies have produced gender assessments and action plans of variable quality that leave persistent gaps in addressing gender equality in supply chains. On land rights, companies have made significant progress in adopting and utilizing available frameworks and guidance at the global and headquarters level, but implementation is uneven within specific supply chains and geographies, as the task becomes increasingly complex. On climate change, companies have made progress on delivering targets in line with a 2°C global warming scenario by addressing agricultural emissions, and have also improved data and disclosure. But not all companies have kept pace with a 1.5°C global warming scenario, and serious action on deforestation remains elusive.

Implementation of commitments requires policy and practice change from suppliers, especially large-scale agribusinesses. As traders and processors of key commodities, agribusinesses command a huge global footprint and many dominate market share, yet several have policies that lag behind those of their peers and customers in the food and beverage sector. Oxfam first assessed seven agribusinesses' policies in 2019, using an adapted version of the Behind the Brands scorecard.[3] In our 2020 assessment, we have seen some small improvements in scores, particularly in the 'small-scale producers' and 'transparency and accountability' themes. However, the divide between the top performers and those at the bottom is widening.

GREATER TRANSPARENCY IN GLOBAL SUPPLY CHAINS PAVES THE WAY FOR NEW BUSINESS MODELS THAT EMPOWER SMALL-SCALE PRODUCERS AND WORKERS.

Implementation requires stamina from companies. Overall, we have found that while companies have taken important steps at the global level, progress stalls in translating those approaches to countries and through supply chains. There are positive examples and innovations happening in key sourcing countries. Particularly promising are implementation efforts that are locally owned and involve engagement between multinational and national companies, civil society, labour unions and governments. But key blockages must be addressed – including by providing the right incentives, disclosing suppliers, supporting suppliers to take up the agenda and advocating for more regulation – to create change at scale.

Transparency remains a core challenge. Companies largely treat transparency as a reporting requirement, rather than an opportunity to drive innovation and improvements and become more resilient through sharing and learning with peers and stakeholders. Greater transparency in global supply chains paves the way for new business models that empower small-scale producers and workers. It enables stakeholders to tailor context-specific and locally relevant solutions that respond and adapt to complex local realities. Without transparency, companies cannot hope to meet their human rights due diligence obligations.

Expectations that companies will meet these obligations continue to increase, driven by consumers, civil society organizations, investors, employees, governments and inter-governmental bodies. On human rights performance, the gap between the goals we need to meet and actual practice remains very large. As a result, a number of countries, particularly in the European Union, are crafting new laws to require human rights due diligence across companies operating in Europe. Specific regulations for supply chain human rights issues are already legally binding in California (US), the UK, France and Australia.

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Eight years on from the start of Oxfam's campaign to fix the broken global food system, some of the ingredients of progress are there, but transformative action by big corporations and governments remains to be seen. A more resilient global food system requires urgent, systemic change. This change demands a move away from current business models, which are founded on short-term profit maximization, towards more holistic ones which internalize social and environmental performance and good governance. During the next decade – already dubbed the 'decade of delivery' by the United Nations – we must make progress on the systemic drivers of this inequality to protect the only planet we have and to ensure that small-scale farmers and workers get their fair share of the value they create. The global pandemic brings an opportunity for industry to recognize workers' and farmers' true value, and has shown that doing so would minimize food supply chain disruptions and strengthen business continuity.[4]

A MORE RESILIENT GLOBAL FOOD SYSTEM REQUIRES URGENT, SYSTEMIC CHANGE.

NOTES

1   https://www.wfpusa.org/news-release/wfp-to-assist-most-hungry-people-ever-due-to-coronavirus/ This figure is an estimate as final figures for 2020 were not yet available at time of publication.

2   Oxfam. (2013). Behind the Brands: Food justice and the 'Big 10' food and beverage companies. https://www-cdn.oxfam.org/s3fs-public/file_attachments/bp166-behind-the-brands-260213-en_2.pdf

3   Oxfam. (2014). The Behind the Brands Scorecard Methodology. https://www.behindthebrands.org/images/media/Download-files/BtB%20Methodology%20document_final_Sept%202014.pdf

4   Oxfam. (2020). From Risk to Resilience: A good practice guide for food retailers addressing human rights in their supply chains, p.5. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621029/dp-from-risk-to-resilience-210720-en.pdf;jsessionid=EBD07D554B1D762CBDA9893FD9623047?sequence=1