



OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia

BASELINE REPORT



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Foreword

The OECD is engaged in promoting the understanding and uptake in Southeast Asia of supply chain due diligence recommendations in the OECD-FAO Guidance for Responsible Agricultural Supply Chains. This report presents the findings of a baseline survey conducted amongst companies along agricultural and seafood supply chains to understand how they are implementing responsible business practices and in particular risk-based due diligence across agricultural supply chains. The survey was shared with agribusiness companies in the region beyond the pilot participants to capture broader trends of responsible business conduct in Southeast Asia. Twenty-eight companies, including twenty-three pilot participants, completed the survey.

This report was prepared by Dr Alison Watson working as a consultant for the OECD Centre on Responsible Business Conduct. It was undertaken within the framework of the ILO-EU-OECD “Responsible Supply Chains in Asia” programme with funding by the EU.

About the OECD-FAO Guidance Responsible Agricultural Supply Chains

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

About the Responsible Supply Chains in Asia programme

A partnership between the European Union (EU), the International Labour Organization (ILO) and the OECD, with funding by the EU, the programme works with partners in Asia to promote respect for human rights, including labour rights, and responsible business standards in global supply chains. The three-year programme (2018-2020), carried out in collaboration with Japan, China, Myanmar, Philippines, Thailand and Viet Nam, has two broad objectives to promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding of corporate social responsibility; and to create policy environments conducive to promoting RBC and increased opportunities for dialogue. Under this programme, the OECD implements a pilot project with companies in Myanmar, Philippines, Thailand and Viet Nam to understand how application of international recommendations and standards in supply chain due diligence can help strengthen management practices, promote responsible agricultural supply chains and support business contribution to achieving the Sustainable Development Goals (SDGs). Find out more at <http://mneguidelines.oecd.org/Overview-of-activities-Pilot-Project-on-Responsible-Agricultural-Supply-Chains-in-Southeast-Asia.pdf>

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Executive Summary

This baseline assessment carried out as part of the OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia¹ (SEA Pilot) provides an overview of how certain agribusiness companies operating in Southeast Asia are currently implementing the recommendations of the OECD-FAO Guidance for Responsible Agricultural Supply Chains² (OECD-FAO Guidance).

Companies who participated in this survey represent a diverse group of Southeast Asian agribusiness companies operating across the supply chain, with 82% of companies involved in cross-border trade. This diversity in size, focus, and scope of operations across agricultural supply chains provides valuable insight into the challenges and opportunities for improving responsible business conduct (RBC) and supply chain due diligence.

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

The following seven overarching points set out the main conclusions of the report which are recommended for further consideration in the work of the SEA Pilot, and for in-depth discussions amongst pilot participants.

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

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

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

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

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

Despite the many international frameworks on responsible agricultural practices available (e.g. the UN Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), and the OECD-FAO Guidance for Responsible Agricultural

¹ The SEA Pilot is part of the ILO-EU-OECD "Responsible Supply Chains in Asia" programme with funding by the EU. The SEA Pilot works with 23 of these companies with operations in Myanmar, the Philippines, Thailand and Viet Nam in line with the target countries and sectors in the programme. <http://mneguidelines.oecd.org/Overview-of-activities-Pilot-Project-on-Responsible-Agricultural-Supply-Chains-in-Southeast-Asia.pdf>

² <https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm>

Supply Chains), there is a low awareness of these instruments and consequently a low level of these instruments being referenced in company policies. It is valuable to understand why many companies are not using or referring to such guidance. Discussion on ways to better integrate and increase awareness of these resources would be useful.

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

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

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

Companies tend to focus responsible business efforts on issue-specific standards (e.g. Labour rights or Environmental issues) compared to the cross-cutting standards (e.g. Benefit sharing) listed under the model enterprise policy.³ Cross-cutting standards are, however, crucial to enabling responsible business across all areas of company operations. Developing a deeper understanding of the ways that cross-cutting standards can enhance overall business performance, including performance on issue-specific standards, could promote their implementation. The development of policy on Grievance mechanisms is one example identified where the development of policy would reinforce efforts towards improved risk-based due diligence across other standards such as Human rights.

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

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

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

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

³ The model enterprise policy consists of nine issue-specific standards (Human rights, Labour rights, Health and safety, Food security and nutrition, Tenure rights over and access to natural resources, Animal welfare, Environmental protection and sustainable use of natural resources, Governance, Technology and innovation) and six cross-cutting standards (Impact assessment, Disclosure, Consultations, Benefit sharing, Grievance mechanisms, Gender).

Section I. Background

The OECD-FAO Guidance for Responsible Agricultural Supply Chains

In 2016, the OECD and Food and Agriculture Organization of the United Nations (FAO), with the support of a multi-stakeholder advisory group, developed the OECD-FAO Guidance for Responsible Agricultural Supply Chains (the OECD-FAO Guidance). The OECD-FAO Guidance provides a common framework on due diligence and benchmark for the implementation of responsible business practices across agricultural supply chains globally.

The OECD-FAO Guidance incorporates a number of long-standing standards for responsible business conduct (RBC), including the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), the UN Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security of the Committee on World Food Security (VGGT), the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Organisation Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO MNE Declaration).

It also provides a five-step risk management framework to help companies operationalise these high-level normative expectations into day-to-day business management systems and operations. It provides a flexible and practical approach which can be tailored to companies' position in the supply chain, context and location of operations, as well as size and capacity.

The OECD-FAO Guidance is structured around:

1. A **model enterprise policy** outlining the RBC standards that enterprises should observe to build responsible agricultural supply chains. These include issue-specific standards and cross-cutting RBC standards and are illustrated in Figure 1.
2. A **five-step framework for risk-based due diligence** which recommends that companies:
 - Step 1: Establish strong enterprise management systems for responsible agricultural supply chains
 - Step 2: Identify, assess and prioritise risks in the supply chain
 - Step 3: Design and implement a strategy to respond to identified risks
 - Step 4: Verify supply chain due diligence
 - Step 5: Report on supply chain due diligence
3. Annexes that set out recommended **measures for risk mitigation and prevention along agricultural supply chains** and guidance on **engagement with indigenous peoples** to obtain their free prior and informed consent (FPIC).

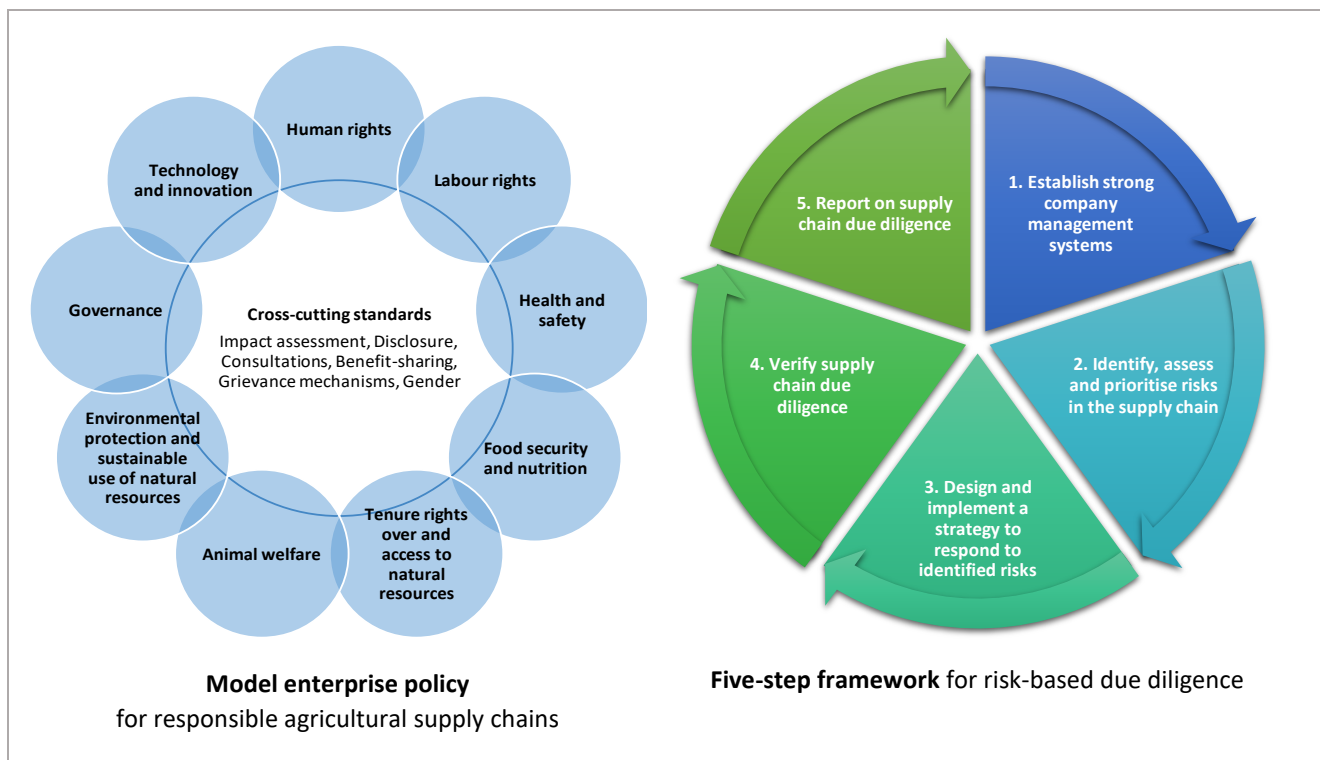


Figure 1: Two major components of the OECD-FAO Guidance for Responsible Agricultural Supply Chains

The OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia

The OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia (“SEA Pilot”) was launched in mid-2019 to promote awareness of the OECD-FAO Guidance in the region, and to increase knowledge on how agri-businesses can implement risk-based due diligence across the supply chain to meet international RBC expectations.

With the support of governments, business and civil society among others, the OECD and the consultant broadly informed companies in the region about this unique opportunity, including during the Responsible Business and Human Rights Forum in June 2019 in Thailand. The Forum took place during Bangkok Business and Human Rights Week and was co-organised by the Royal Thai Government, OECD, United Nations Development Programme (UNDP), United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), ILO and with the participation of the UN Working Group on Business and Human Rights.

The SEA Pilot is not an evaluation or audit of participants’ existing due diligence practices. Rather, it aims to support participants to collectively identify potential gaps and opportunities to strengthen their approach to risk-based due diligence and promote good practices and learnings for implementing the OECD-FAO Guidance and related international standards for RBC in agricultural supply chains. The SEA Pilot promotes ‘learning by doing’ and encourages communication among supply chain actors to advance responsible business actions.

SEA Pilot Project approach

Twenty-three companies are currently participating in the SEA Pilot. Pilot participants are companies operating in Myanmar, Philippines, Singapore, Thailand and Viet Nam. The Pilot remains open to new members and interested companies operating in the region should contact the OECD Secretariat.

Participants include agribusiness companies across the supply chain and reflect a very diverse group of companies in terms of company size, focus of operations, commodities and services, as well as level of RBC knowledge and maturity. More detail on the profile of pilot participants can be found in Section III of this report.

The SEA Pilot consists of three major components:

1. Baseline survey

The first component is the completion of a baseline survey by agribusiness companies. The survey evaluates existing responsible business practices across companies in comparison to the recommendations of the OECD-FAO Guidance. Company representatives were also invited to participate in a brief interview to provide further explanation on their practices. The survey was open to all companies in the region who wanted to participate, hence the results from the baseline survey indicate a response beyond the SEA Pilot participants. A total of 28 companies participated in the survey.

2. Peer-learning

In 2020, companies in the SEA Pilot will have the opportunity to participate in a series of peer-learning webinars to address gaps identified through the baseline analysis. The webinar sessions will explore challenges and opportunities for improving responsible business in the region. Companies will have the opportunity to engage with subject-matter experts, discuss successes and challenges with peers, share learnings, test their approach to addressing critical social and environmental impacts with others and incorporate feedback to strengthen their management systems, approaches and decisions.

3. Final survey and recommendations

A final survey will be undertaken towards the end of 2020 to capture pilot participants' learnings, as well feedback on the Pilot. It will also identify areas for resource development to aid companies in future RBC efforts. Key takeaways from the SEA Pilot will be highlighted with a final report published at the end of 2020.

Section II. Survey Approach and Methodology

Structure of the baseline survey

The aim of the baseline survey is to assess how enterprises in Southeast Asia are implementing the recommendations of the OECD-FAO Guidance and identify potential gaps and opportunities for improvement in risk-based due diligence. 28 companies completed the survey. The survey responses from governments, research institutions, civil society and international organisations have been noted and will feed into wider activities, such as the peer learning webinars. However these responses were not considered in the analysis given the aim of the baseline survey above.

The baseline survey (Annex 1) comprised of six sections consisting of 31 multiple-choice, Likert and open-ended style questions as summarised in Table 1.

Section	Description
Introduction	Purpose of the survey, key dates and confidentiality provisions.
Definitions	Key definitions.
General	General information about each company, including name, geographical scope, size and operational focus of activities managed.
Policy development and communication	Questions related to implementation of Steps 1 and 5 of the five-step framework for risk-based due diligence
Risk assessment and due diligence	Questions related to implementation of Steps 2, 3 and 4 of the five-step framework for risk-based due diligence.
Next steps	Questions related to participation in the SEA Pilot.

Table 1: Structure of the baseline survey

One-on-one Interviews

Companies participating in the survey were invited to share further information in a brief 25-minute interview with the consultant. A total of 7 companies participated in these one on one interviews.

Organisation

The survey was open for approximately six weeks from 6 September 2019 using the SurveyMonkey tool. Invitations to complete the survey were sent to all pilot participants, along with other OECD agribusiness industry and sector contacts in the region. An explanatory webinar session was offered on 10 September 2019. Additional sessions with the consultant were also undertaken with companies to clarify any aspects. Invitations for interviews were sent to all pilot participants and companies who indicated interest in participating in such sessions.

Data

Quantitative and qualitative data was collected. Quantitative information provided by survey participants was used to analyse key trends, issues and present data on participants' approach to supply chain due diligence. Qualitative data supplied by respondents provided additional detail of existing practices, tools and approaches adopted by companies.

All information provided by participants has been anonymised and analysed in aggregate form. Survey results presented in this report are therefore not attributed to any individual respondent or their company.

However, anonymous quotes taken from interview sessions and responses to survey questions have been used to provide further detail of company perspectives.

Limitations

The survey provides a 'snapshot' of current implementation and perceptions of responsible business policy and action of a selection of (28) agribusiness companies operating in Southeast Asia. It does not represent a comprehensive study as the sample size is small and focuses only on the response of companies who self-selected to participate in the survey. Quantitative data may, therefore, not always be statistically significant.

Efforts were made to address possible areas of survey ambiguity. For example, one page of the survey was devoted to key definitions with explanatory links to help secure a common understanding of terms used. The presence of policy was also deliberately asked in such a manner as to help differentiate efforts on policy development between full written policy, partial policy, no policy and not applicable. Where possible, interview sessions were also used to clarify any responses on the survey.

The results, however, cannot provide any conclusions on actual levels of implementation of responsible business practice within companies. It is also important to stress that no judgment on the quality of policy is undertaken and no verification or assessment of the accuracy of any responses has been undertaken. At this level, the survey is primarily interested in whether policy is present or not, and to help identify potential gaps and opportunities generally across companies.

The sample is also diverse, representing companies of all sizes, from on-farm enterprises to global fast-moving consumer goods (FMCG) brands. This diversity can also be viewed positively as it introduces a variety of different perspectives on how to implement and improve responsible business across the supply chain. It does limit, the comparability of data that would be possible, for example, if multiple companies of similar size or at the same stages of the supply chain were participating. This offers an opportunity for further targeted research.

Section III. Survey Results

Section III presents the results of the baseline survey. The results are analysed against the five-step framework for risk-based due diligence as detailed in the OECD-FAO Guidance.

Respondents profile

Respondents are primarily senior-level experienced managers

89% of respondents held a senior position in the company. For example, manager level (39% of respondents) and senior director level (29%) reporting directly to a corporate executive leader or corporate-level executive. 21% of respondents represented individuals at corporate executive-level (e.g. CEO, CIO, CFO). This demonstrates a high level of engagement from senior leaders in companies that took part in the survey.

The geographical scope of company operations is mostly global

68% of respondents describe the geographical scope of the company they work for, as having a global focus (Figure 2). Another 14% trade within the broader Asian region. The survey results, therefore, include companies with a heavy international and regional cross-border trade focus. 18% of companies operate at a national level, operating and/or trading within one country only.

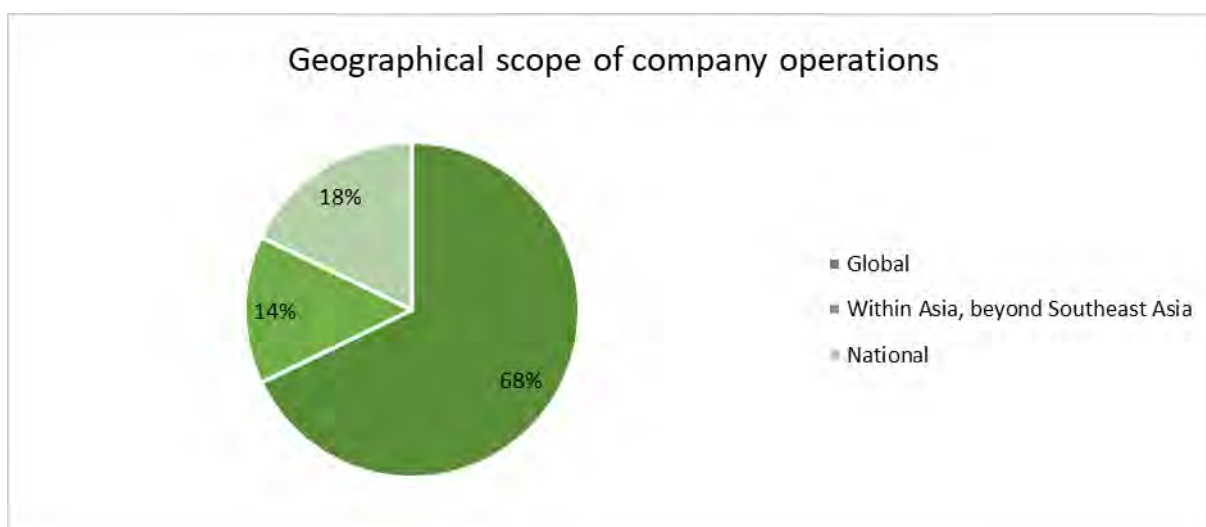


Figure 2: Geographical scope of companies

Company operations are spread across Southeast Asia

Operations by 28 companies are spread across the Southeast Asian region. Figure 3 shows that companies have operations in Viet Nam (43%), Philippines (57%) and Thailand (54%). Approximately 29% of companies have operations in Myanmar.



Figure 3: Geographical scope of company operations within Southeast Asia

Size of company (number of employees) are fairly evenly split between SMEs and large companies

Figure 4 shows that 43% of companies represent enterprises of below 250 employees, normally considered as small and medium-sized enterprises (SMEs)⁴. 43% of companies represent large scale operations involving 1001+ workers.

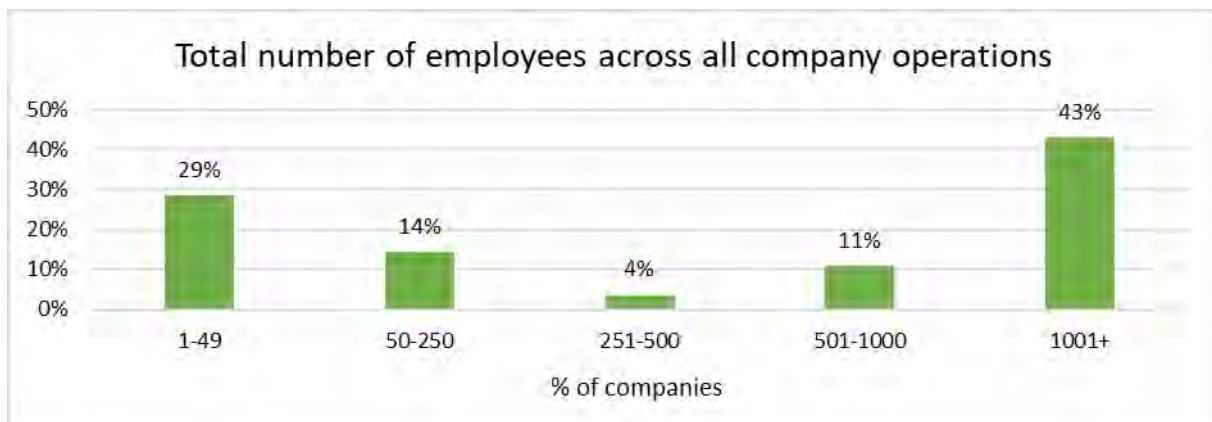


Figure 4: Total number of employees per company

Location of company head office is mostly within Southeast Asia

Head offices of respondent companies are located mainly in Southeast Asia, in particular in the Philippines and Thailand. Five companies had head offices based outside the region, in China, France, Germany and the United States.

⁴ The category of micro, small and medium-sized enterprises (SMEs) is defined as an enterprises which employ fewer than 250 persons ([EU recommendation 2003/361](#)). For the purposes of this Report company revenue as a consideration of the SME definition was ignored.

Diverse involvement across the agricultural supply chain

Figure 5 illustrates the position of companies along the agricultural supply chain. 64% of companies are involved in processing and manufacturing, and trading and distribution. One-third of companies are involved in upstream activities of input provision, primary production, and post-harvest handling. Research and development, along with retailing and marketing also feature as activities that companies are significantly involved in.

The diversity of different activities of the supply chain managed by companies in this survey highlights the complexity of many agricultural supply chains whereby a single company may be operating at multiple positions along the supply chain, as well as the use of different forms of integration to control certain aspects of the supply chain critical to company operations.

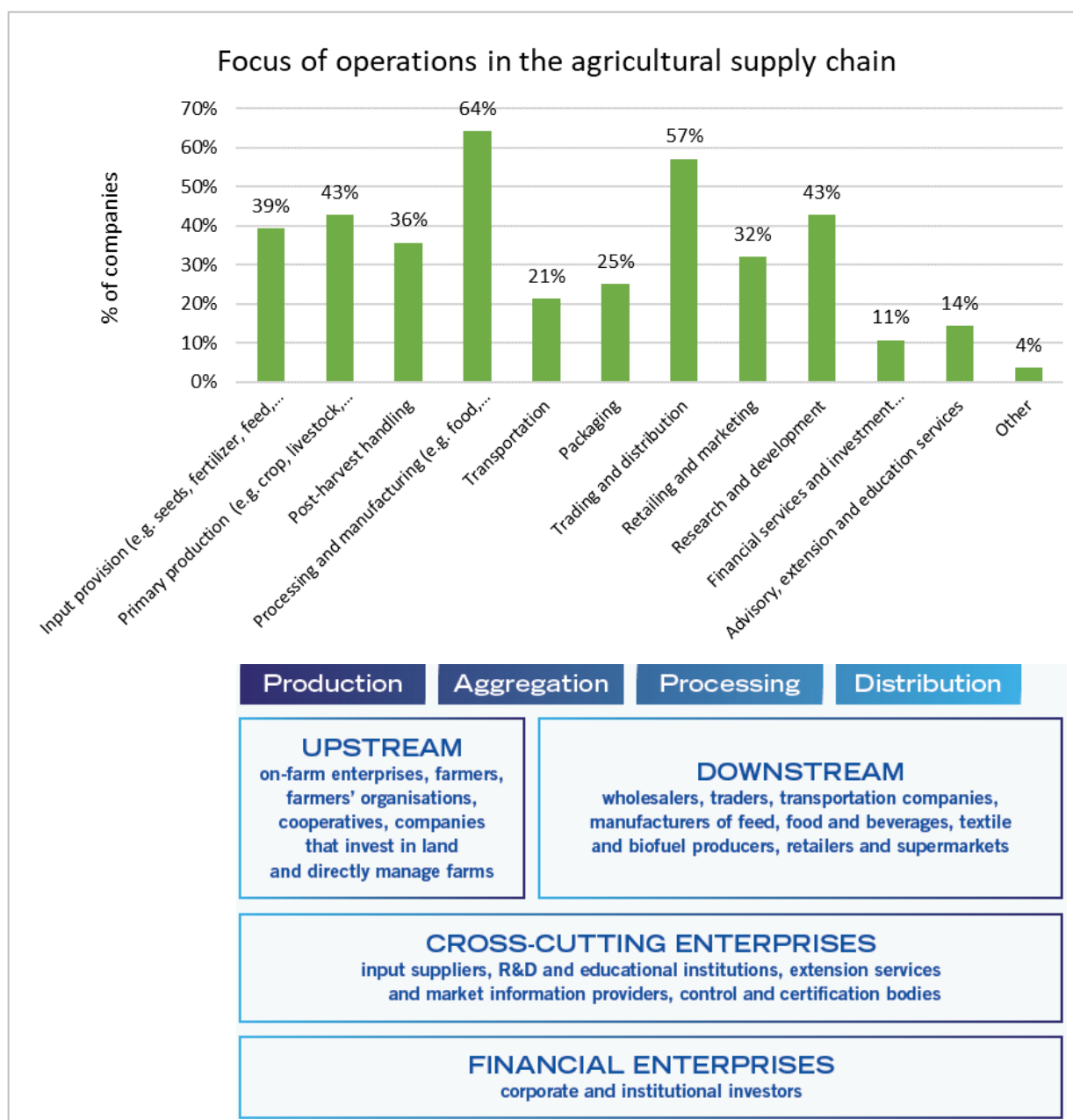


Figure 5: Focus of company operations along the agricultural supply chain

Diverse involvement across the agricultural sector (products/commodities)

Figure 6 illustrates that companies focus, or interact with, a broad range of agricultural commodities and products. More than one-quarter of companies list rice, nuts and coconut, livestock, grains/pulses/root crops, fruit and berries, fresh vegetables, fisheries and aquaculture, as well as animal feed and fodder products, as a focus of their business.

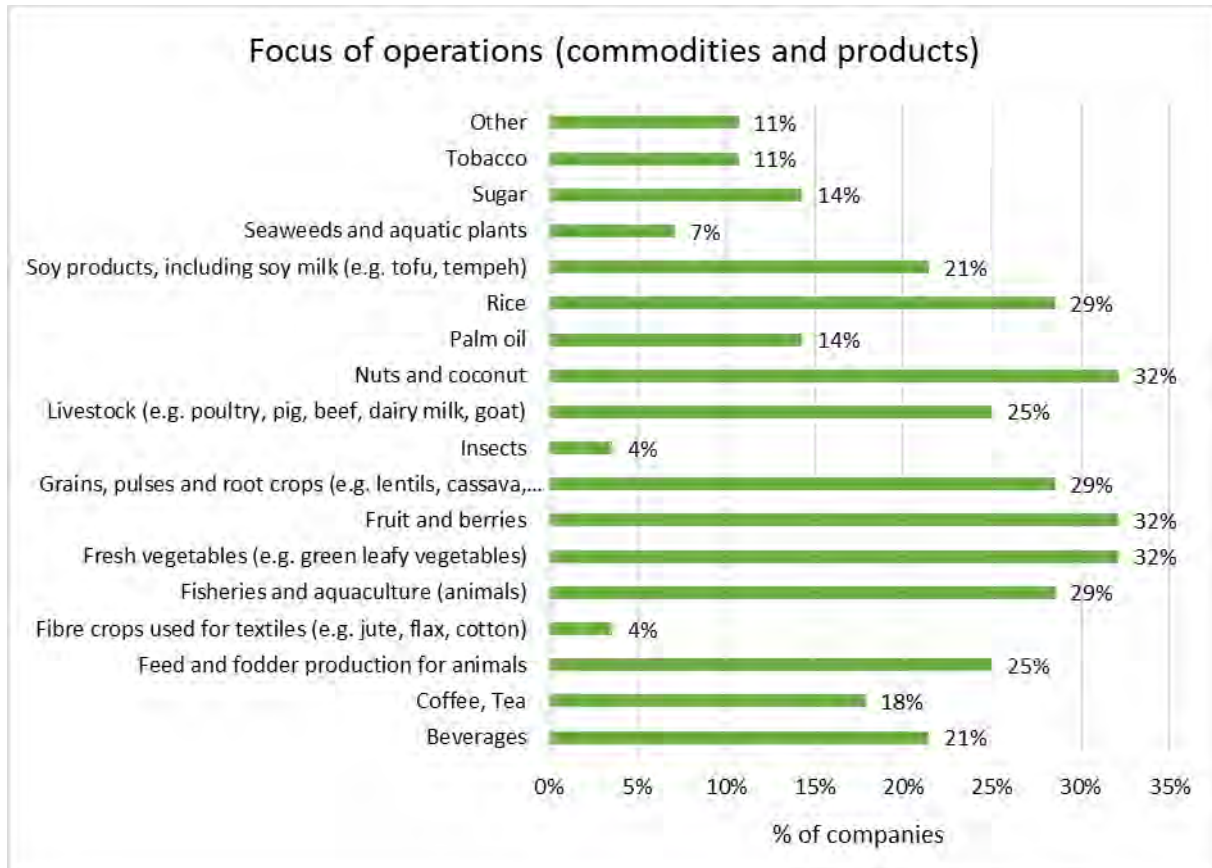


Figure 6: Focus of operations associated with products/commodities within agribusiness

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

Key findings

- The use of, or reference to, international guidance, frameworks and standards, is low.
- Cross-cutting standards have lower rates of policy development compared to issue-specific standards, with on average 61% of companies having some form of policy across the six standards. The presence of comprehensive written policy was, however, low across the standards. This was particularly evident for standards on Consultation (14% of companies have full written policy), Benefit sharing (25%), Disclosure (30%) and Grievance mechanisms (32%). Gender, however, was an outlier, with 75% of companies having written or partial policy commitments.
- Companies showed higher levels of policy development for issue-specific standards. 70% of companies indicated the presence of full written or partial policy on Labour rights (70%), Health and safety (71%), Governance (71%), Environmental protection and sustainable use of natural resources (75%), and Food security and nutrition (79%). The existence of a written policy was lower for Tenure rights over and access to natural resources (56%), and Human rights (61%). Animal welfare also scored low at 32%, with an additional third of companies indicating that Animal welfare was not applicable to their company.
- External drivers, such as increased regulation demands by private and public actors were viewed as important motivators for action.
- 64% of companies reported that they integrate RBC contractual expectations into commercial agreements with Tier 1 business partners.
- Many companies offer regular or ad-hoc training sessions with Tier 1 business partners/suppliers, however, 46% of companies currently provide no training.

Adoption and integration of RBC policies

Respondents were asked to provide information as to whether they had an internal written policy/s that set out expectations and obligations for management across the fifteen policy standards in the model enterprise policy of the OECD-FAO Guidance.

Cross-cutting standards

75% of companies currently have written or partial policy commitments on Gender. A significant number of companies (over 50%) are also making commitments across the other five cross-cutting standards: Impact assessment, Disclosure, Consultations, Benefit sharing, and Grievance mechanisms. 63% of companies state they have full written or partial policies on Disclosure.

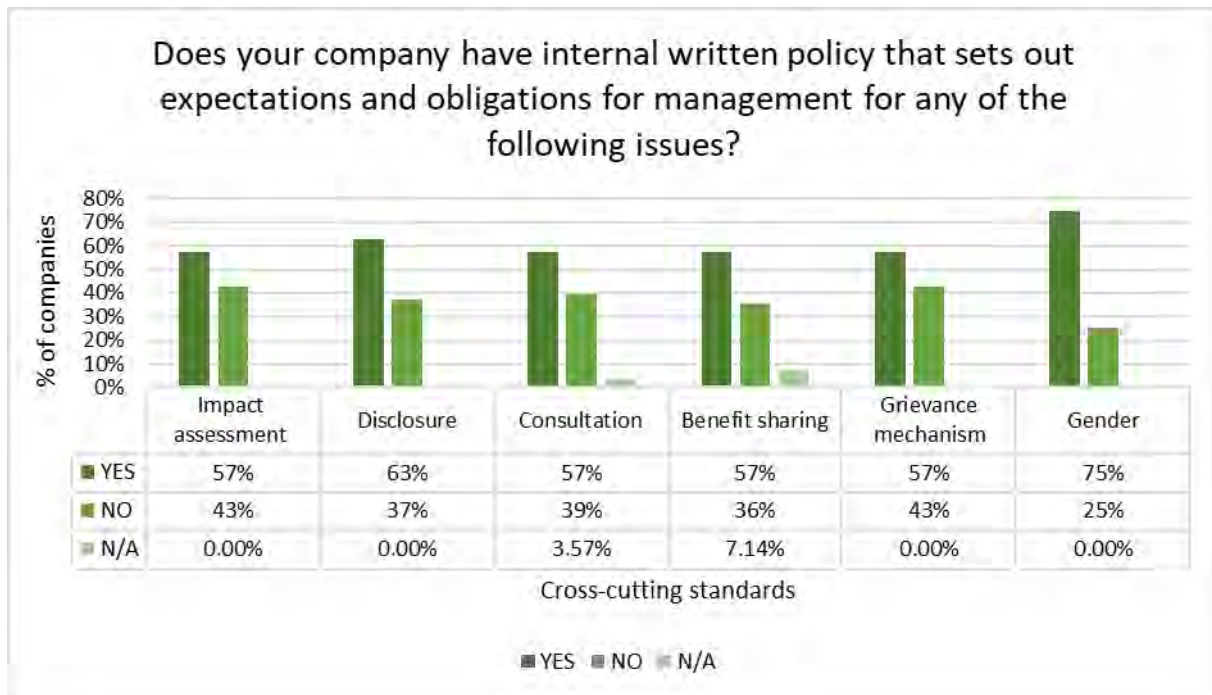


Figure 8: Policy on cross-cutting standards

In respect to those companies which have a policy on the cross-cutting standards, Figure 9 demonstrates the difference between companies that have a full written policy and those that have partial policies.

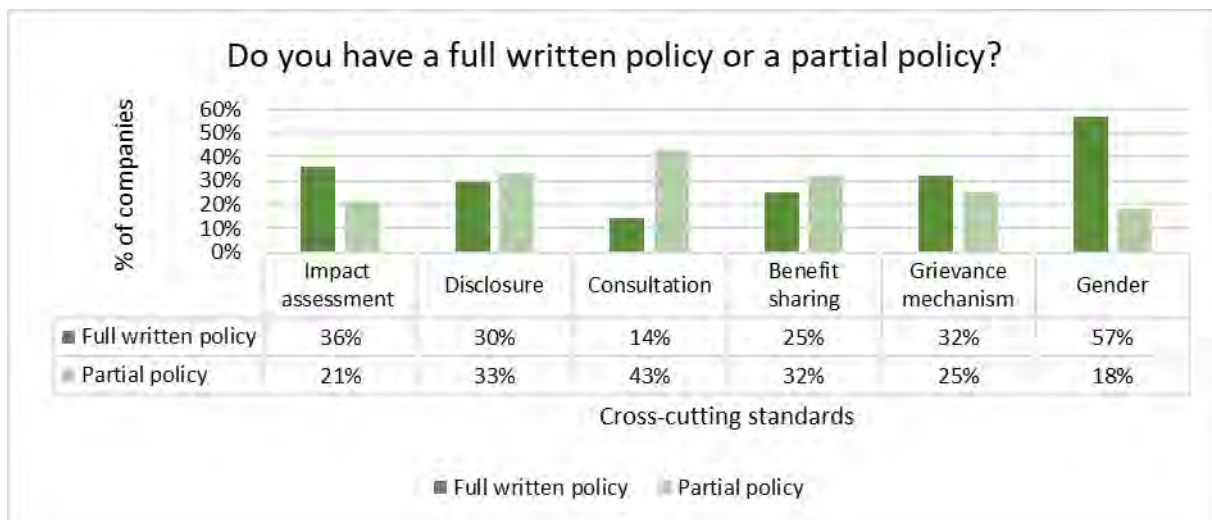


Figure 9: Companies with full written policy and partial policy

Many companies which indicated that they do not currently have any formal or partial policy in place, with regards to the cross-cutting standards, indicate that they in the process of developing one or have started internal discussions.

Figure 10 shows that 22% of companies have started internal discussions on developing a policy on Impact assessment and Disclosure. A further 18% of companies are at the stage of starting internal discussions on

Benefit sharing. Of particular note is that 21% have no current activity towards the development of policy on Grievance mechanisms.

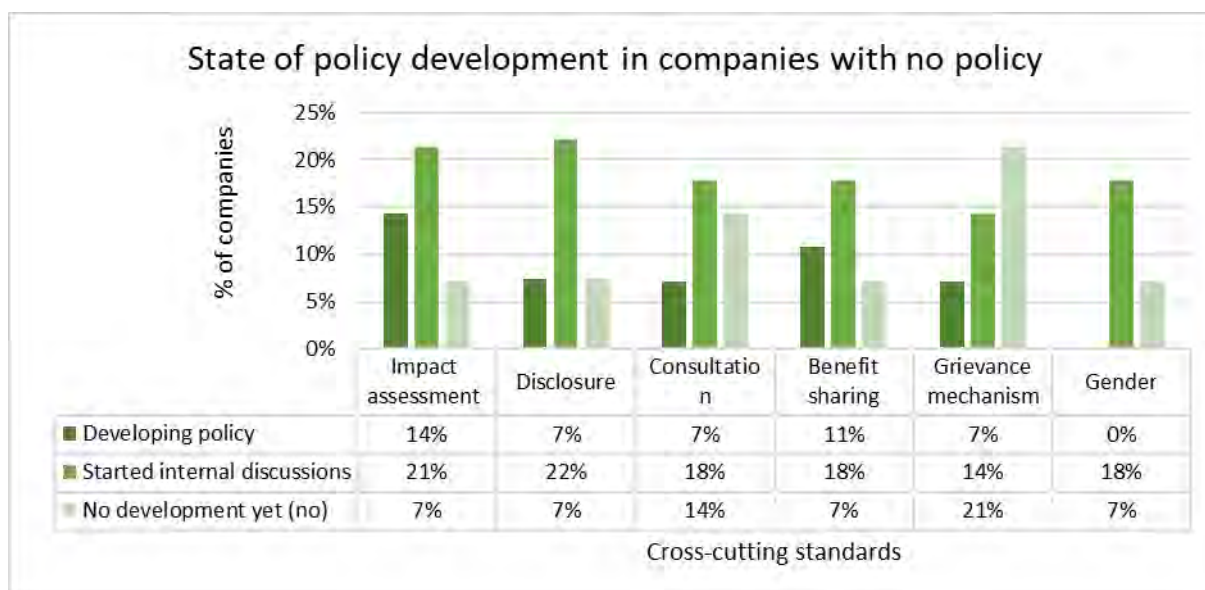


Figure 10: State of developing policy in companies with no policy

Issue-specific standards

Companies were asked to indicate whether they had full written policies or partial policies on the nine issue-specific standards listed in the OECD-FAO Guidance.

Figure 11 shows that a significant number of companies had policies on Food security and nutrition (79%), Environmental protection and sustainable use of natural resources (75%).

However, 39% of companies had no policy on Human rights and 30% had no policy on Labour rights. Animal welfare was not seen as a relevant policy area for over one-third of companies (32%). Tenure rights over and access to natural resources also scored low with just over half (56%) of companies having a policy.

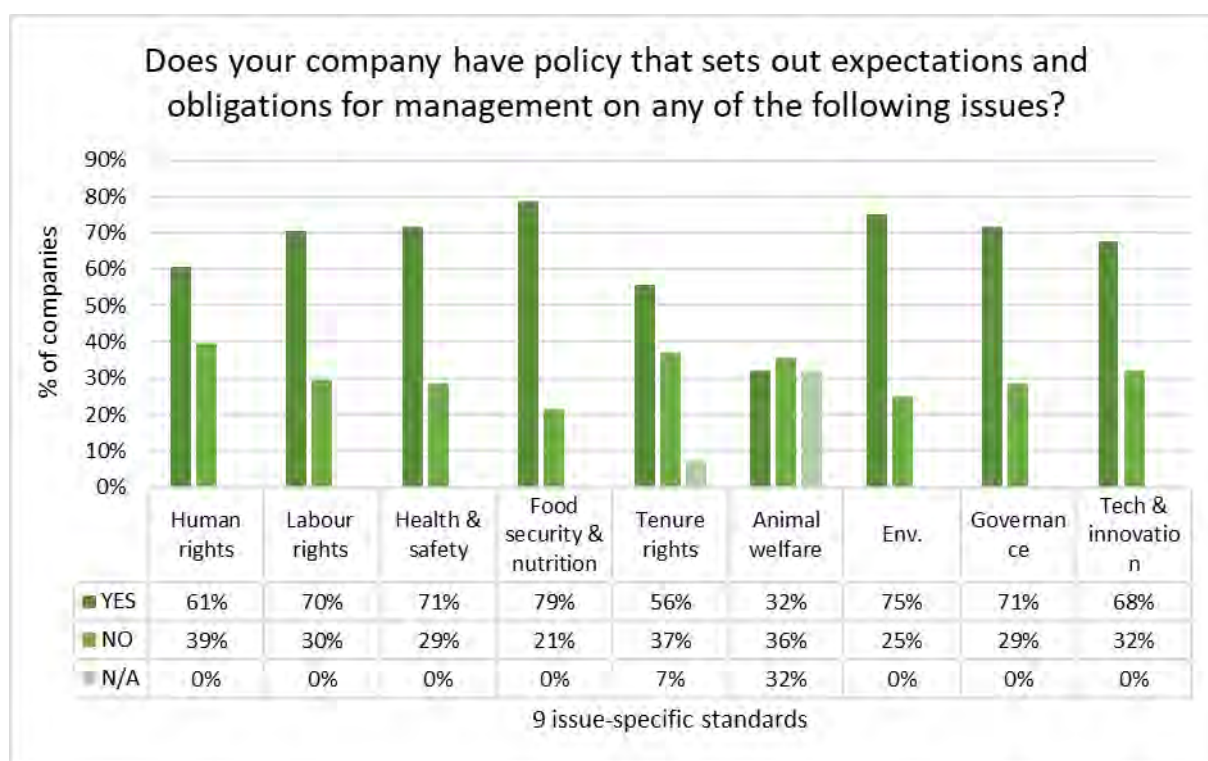


Figure 11: Policy on issue-specific standards

Companies indicating the presence of issue-specific policy/s were further differentiated between those who had developed full written policies and those with partial policies (Figure 12). Companies indicated they had full written policies on Food security and nutrition (79%) and Environmental concerns (75%). Of the companies with a policy on Human rights (61%), only 43% have a comprehensive (full) policy.

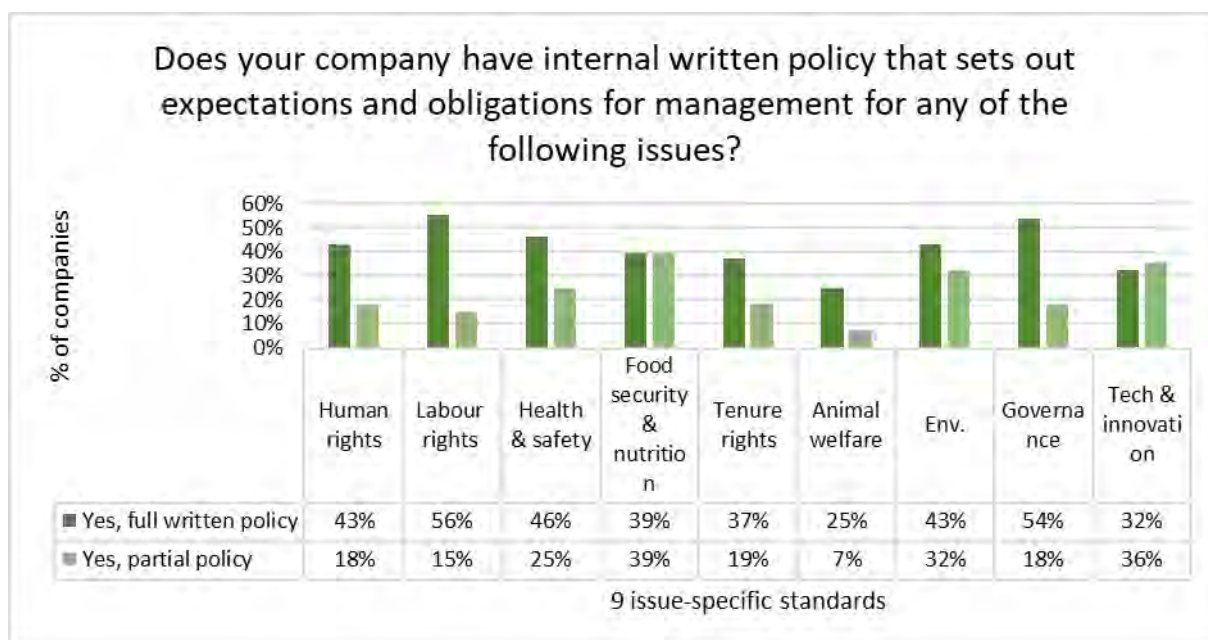


Figure 12: Companies with full written policy and partial policy

In the absence of any policy, many companies indicated that they were currently developing one, or beginning internal discussions, demonstrating an active interest by companies to develop future policy as illustrated in Figure 13.

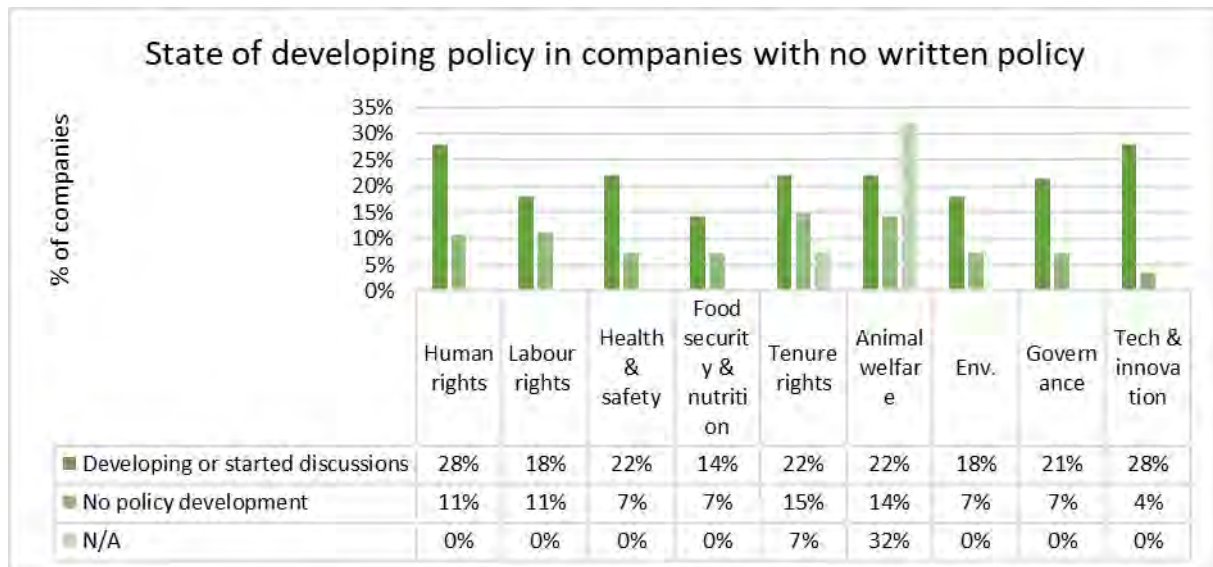


Figure 13: State of developing policy in companies with no policy

This interest in developing policy was emphasised in interviews, in particular by companies based in the Philippines who were faced with aligning policy with national reporting regulations expected in 2020 for publicly listed companies.

Box 1: Example of new regulation driving new RBC policy and reporting

New Sustainability Reporting Guidelines for Publicly Listed Companies in the Philippines

In February 2019, the Securities and Exchange Commission (SEC) in the Philippines made it mandatory for publicly listed companies to submit their Sustainability Report together with their Annual Report. The rules will apply to all 2019 Annual Reports that are to be submitted in 2020. For the first 3 years of the submission of the required Sustainability Reports, the SEC will adopt a 'comply or explain' approach. This means that PLCs will be required to provide information but that the SEC will allow explanations for the items where the company cannot supply answer if there is no available data yet. Companies will be expected to report publicly on significant economic, environmental and social impacts in accordance with globally accepted standards. The reporting requirements are designed to enable more transparent communication with stakeholders, and to help companies identify, evaluate, and manage their material Economic, Environmental and Social risks and opportunities. See <http://www.sec.gov.ph/wp-content/uploads/2019/02/2019MCNo4.pdf>

Further analysis of environmental policy

75% of companies have some policy related to Environmental protection and sustainable use of natural resources which indicated high level of interest on this issue. This can be compared to Human rights which 61% of companies have policy on. Figure 14 shows the sub-issues within Environment protection and sustainable use of natural resources that companies focus on. Waste management (54%), water usage (46%), and the use and management of restricted substances/chemical management (43%) were the top three environmental issues that companies had written policies on. However emerging issues such as

Green House Gas (GHG) emissions as well as Recycling/Plastic usage scored quite low at only 21% and 25% respectively having a written policy.

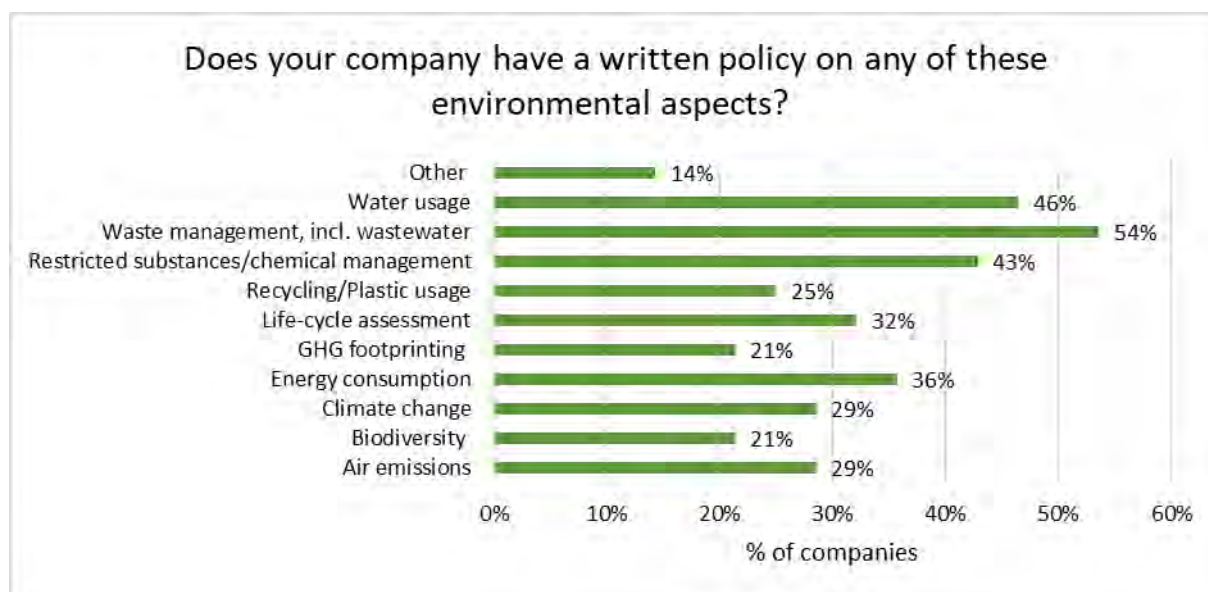


Figure 14: Companies with written policies on specific environmental issues

Consideration of international standards and guidance

Companies were asked if they used or referred to international and regional-level standards, guidance and frameworks in RBC policy. A comprehensive list of relevant examples was provided, and respondents were also given the opportunity to name any that were not listed.

Table 2 shows that 40% of companies draw upon the 2030 Agenda for Sustainable Development (UN SDGs), 32% on the Principles of the UN Global Compact, and 28% refer to or consider the UNGPs.

The level of awareness of agriculture specific standards such as the CFS-RAI, OECD-FAO Guidance and VGGT were very low at 12%, 4% and 4% respectively.

International Guidance, Standards, Frameworks	% of companies
The 2030 Agenda for Sustainable Development (UN SDGs)	40%
The Principles of the UN Global Compact	32%
UN Guiding Principles on Business and Human Rights (UNGPs)	28%
Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI Principles)	12%
ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy	16%
Any of the ISO 14000 series (e.g. ISO14001 Environmental management systems)	12%
Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI)	8%
The ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry	8%
OECD Guidelines for Multinational Enterprises	4%
OECD-FAO Guidance for Responsible Agricultural Supply Chains	4%
Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)	4%
IFC Performance Standards on Environmental and Social Sustainability	4%

ISO 26000 Social responsibility	4%
The Convention on Biological Diversity (CBD), including the Akwé: Kon Voluntary Guidelines	0%
The Aarhus Convention	0%
None of the above	18%
Don't know	29%
Other (not listed above)	25%

Table 2: The use of, or reference to international guidance, standards and frameworks in RBC policy

25% of companies also listed other standards or frameworks as listed in Table 3.

Other guidance, frameworks and standards	% of companies
EU (EC) no. 834/2007 and 889/2008 (Organic production and labelling of organic products with regard to organic production, labelling and control)	4%
ISO 22000 Food Safety Management System (FSMS)	4%
Hazard Analysis and Critical Control Point (HACCP), Good Agricultural Practices (GAPs) & Good Animal Husbandry Practices (GAHP) programmes	4%
Roundtable on Sustainable Palm Oil	4%
BSCI, Sedex, SMETA	8%

Table 3: The use of, or reference to other international guidance, standards and frameworks in RBC policy

18% of respondents stated that their companies did not refer to, or integrate any of the guidance, frameworks and standards listed. 29% of companies (equal mix of SMEs and large companies) indicated they do not know what international or regional frameworks or standards they may be using.

A few companies (8%) referred to the use of private auditing systems such as BSCI, Sedex, SMETA.

Internal management structure and support for RBC implementation

Companies were asked to indicate their level of agreement with statements concerning the level of support inside the company on RBC policy, including the involvement of senior management, employee incentives for implementation, and the internal resourcing of RBC capability within the company.

Statements	Strongly Agree/ Agree (x% = % of strong agreement)	Strongly Disagree/ Disagree (x% = % of strong disagreement)	Neither Agree or Disagree	Weighted Average SD = 1 SA=5
Employees are trained and are incentivised to comply with the responsible business standards and requirements set out in company policy(s)	77% (33%)	4% (4%)	19%	4.0
There is an individual or team in the company with well-defined responsibilities for overseeing the implementation of the RBC policy(s)	65% (29%)	18% (7%)	18%	3.7
There is a corporate-level executive on the management board (e.g. CEO, CSO) that takes an active role in RBC policy at my company.	74% (41%)	8% (4%)	19%	4.0
Adequate financial resources are available to support due diligence and responsible sourcing	68% (29%)	7% (0%)	25%	3.8

Table 4: Perceptions of internal management support in companies towards RBC policy

77% of respondents had strong to very strong confidence that their companies trained employees and incentivised compliance, with RBC standards, where these were set out in company policy. Likewise, many respondents (74%) felt that senior leadership at the corporate executive level took an active role in RBC policy. 41% strongly agreed with the statement, which might reflect that 50% of the respondents answering the survey on behalf of companies classified themselves in positions at corporate executive-level or directly reporting to this level.

Analysis using a weighted average considering the full range of answers showed agreement with the statement, but not strong agreement. 68% agreed that “Adequate financial resources were available to support due diligence and responsible sourcing,” however, there were higher levels of neutral responses.

There was less agreement on the issue of well-defined responsibilities for individuals or teams within the company to oversee implementation of RBC policy, with a high dissatisfaction rating (18%), and lower weighted average, slightly below agreement level. This could point to some gap existing between high-level statements or support of policy and the actual implementation of policy. This is also relevant to the implementation of Step 3 in the five-step framework.

Internal training was discussed in one-on-one interview sessions. Most companies interviewed described employee training typically occurring at certain key moments such as the initial induction, the introduction of new regulations, or the on-boarding or development of new customers or contracts. This indicates the importance of using those moments efficiently and effectively to embed RBC policy as part of the culture or expectations of the company. Training also tended to focus on certain elements, such as the company-wide Code of Conduct, worker health and safety guidance, and labour rights, pay and contract terms of the employee-employer relationship.

Engagement with business partners

Contracts

64% of companies reported that they integrate RBC contractual expectations in commercial agreements with Tier 1 business partners/suppliers. Table 5 shows that companies use a range of contractual provisions.

40% of respondents indicate their company requires written confirmation that suppliers have read the company’s Supplier Code of Conduct and a ‘right to audit’ provision. 36% of companies require written agreement that suppliers will comply with a company’s RBC/CSR/ESG policies and programmes, and 32% use contract provisions that include a contractual right of termination in case of a breach of national environmental protection laws.

36% of respondents indicate their companies do not currently use any provisions in contracts relating to RBC practice expectations. Such contractual provisions, while not enough by themselves to ensure RBC compliance, can help set clearer expectations to suppliers of expected conduct, as well as serve as a useful step in enabling communication on RBC behaviour expected by companies of their suppliers and business partners.

Contractual terms	% of companies
A contractual right of termination in case of breach of anti-corruption laws	32%
A written agreement to comply with your company's RBC/CSR/ESG policies and programmes	36%
A written confirmation that they have read your company's Supplier Code of Conduct and agree to satisfy its requirements	40%
A ‘right to audit’ provision, providing access to relevant records of the supplier	40%
A contractual right of termination in case of a breach of national environmental protection laws	36%

Provisions limiting their ability to act on behalf of your company and/or to have interactions with government officials	28%
A provision obligating your supplier or business partner to maintain accurate books and records, and an effective system of internal controls	28%
A contractual clause setting out due diligence obligations by the Tier 1 supplier or business partner towards any of their suppliers and business partners which contribute to the services or products provided to your company.	20%
No such provisions relating to RBC	36%
Other	8%

Table 5: Contractual terms related to RBC policy used by companies

Training and support for business partners and suppliers

Figure 15 shows that 47% of companies run training sessions with Tier 1 business partners/suppliers. Training sessions are predominantly offered on an ad-hoc basis with only 18% hold training sessions regularly. Companies explained in interviews that training sessions with business partners were normally considered on a case-by-case basis depending on factors such as the product, service, business partner and location.



Figure 15: The use of training sessions with Tier 1 business partners

46% of companies carried out no training sessions with Tier 1 business partners/suppliers. A number of companies noted that their company did not always have access to resources or capability internally to offer any training sessions with Tier 1 business partners. The willingness of Tier 1 business partners to participate in training sessions was explained as an important factor.

Commercial incentives

Respondents were asked to give their level of agreement as to whether company suppliers and business partners were commercially incentivised to improve their RBC performance (e.g. additional payments or bonus, farm management advice). The results in Figure 16 shows an absence of any strong disagreement with the statement but also a very low level of strong agreement (15%), the lowest response across all Likert questions in the survey. Neutral responses are also high (33%).

Examples of the use of commercial incentives by companies were provided in interview sessions. These often related to additional training, on-farm support with production advice or extension services, data management tools. However, companies said that the use of commercial incentives to drive RBC was worth further investigation and that there was interest in understanding how other companies were proceeding

in this manner. There were a number of difficulties also raised by companies when trying to develop fair and cost-effective incentive schemes for suppliers, particularly in highly competitive markets and across diverse suppliers which might number in the thousands, and which have very different models of production and needs.

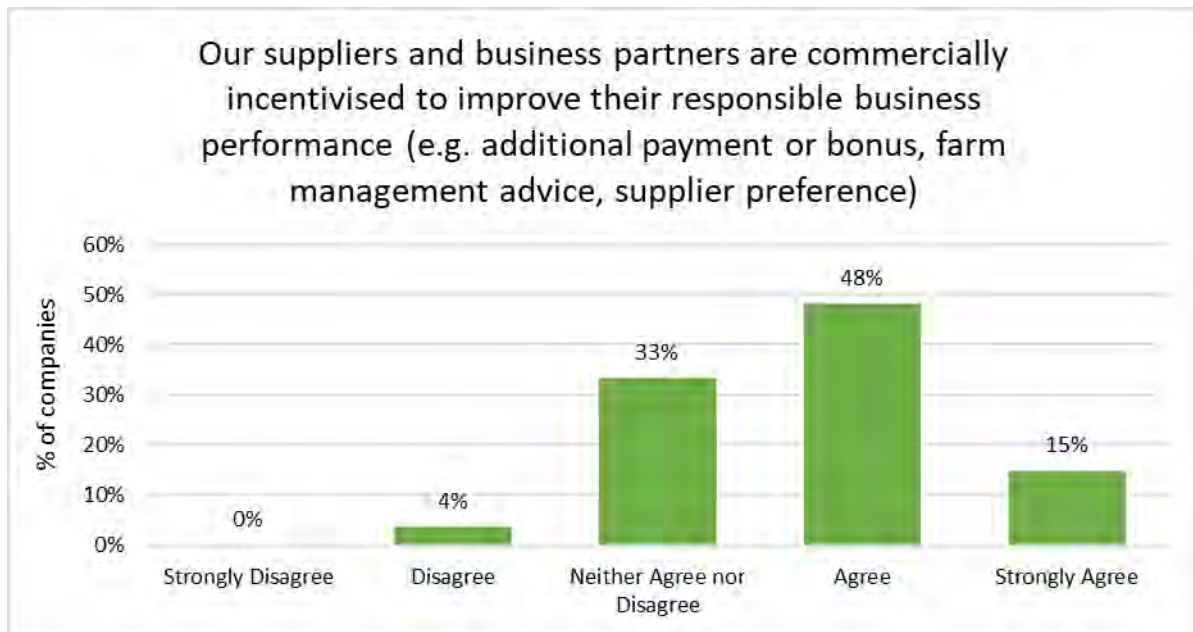


Figure 16: Perceptions on the use of commercial incentives by companies to improve RBC

Establish an operational-level grievance mechanism

The OECD-FAO Guidance advises that grievance mechanisms should be easily accessible for workers and all those potentially affected by the adverse impacts of an enterprise's failure to uphold RBC standards.⁵ 43% of companies do not have any formal written or partial policy on Grievance mechanisms. Approximately half of those companies, however, state that they are actively considering the development of such policy i.e. policy is being developed or internal discussions have started.

⁵ Step 1.5 of the OECD-FAO Guidance at <http://mneguidelines.oecd.org/OECD-FAO-Guidance.pdf#page=35>

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

Key findings

- 71% of companies currently conduct some degree of supply chain mapping, with 29% carrying out no mapping.
- Both large-scale globally focused companies and SMEs stressed the difficulties in undertaking supply chain mapping due to the complexity and diversity of agricultural supply chains which often encompassed multiple stakeholders and activities.
- 54% of companies do not ask for any information from business partners related to their RBC policies.
- Reasons for undertaking supply chain mapping were most likely related to whether the product being mapped was a significant spend or cost to the company, or whether it was considered as a critical supply input for company operations.
- In cases where high-risk situations (e.g. locations, products, business partners) have been identified, 60% of companies “always” or “usually” undertake enhanced due diligence.

Mapping the supply chain

Figure 17 shows that 29% of companies currently do not map the supply chain. In interviews, companies gave reasons for why they did not undertake supply chain mapping. These included: high complexity; that it required resources they did not have or could not afford; or that there was no internal support yet for such action.

Over 50% of companies said that the decision to undertake full/partial supply chain mapping related to whether the product/commodity/service was a:

- critical supply input for company operations (57%); and/or
- significant spend or cost to the company (54%).

Companies also cited external factors such as high environmental risks (21%), and high-risk locations (21%) as reasons to undertake supply chain mapping.



Figure 17: Reasons for companies to undertake supply chain mapping

In addition, some companies provided three other reasons not listed. These included:

- Downstream supply chain customers requesting supply chain mapping.
- Regulatory bodies in export markets demanding supply chain mapping.
- The need to demonstrate known positive social benefits from the production of the commodity.

In interviews, companies stressed the complexity of undertaking supply chain mapping in agricultural supply chains that might have hundreds or even thousands of Beyond-Tier 1 business partners and suppliers.

Requesting information on business partner/supplier RBC practices

Companies in the survey were asked if they required Tier 1 business partners and suppliers to provide any information related to their RBC policies and due diligence. Figure 18 shows that approximately 47% of companies request information related to RBC policies and due diligence practices. Of this, 29% of companies did so for all Tier 1 suppliers and business partners. 18% required such information for only some Tier 1 suppliers and business partners.

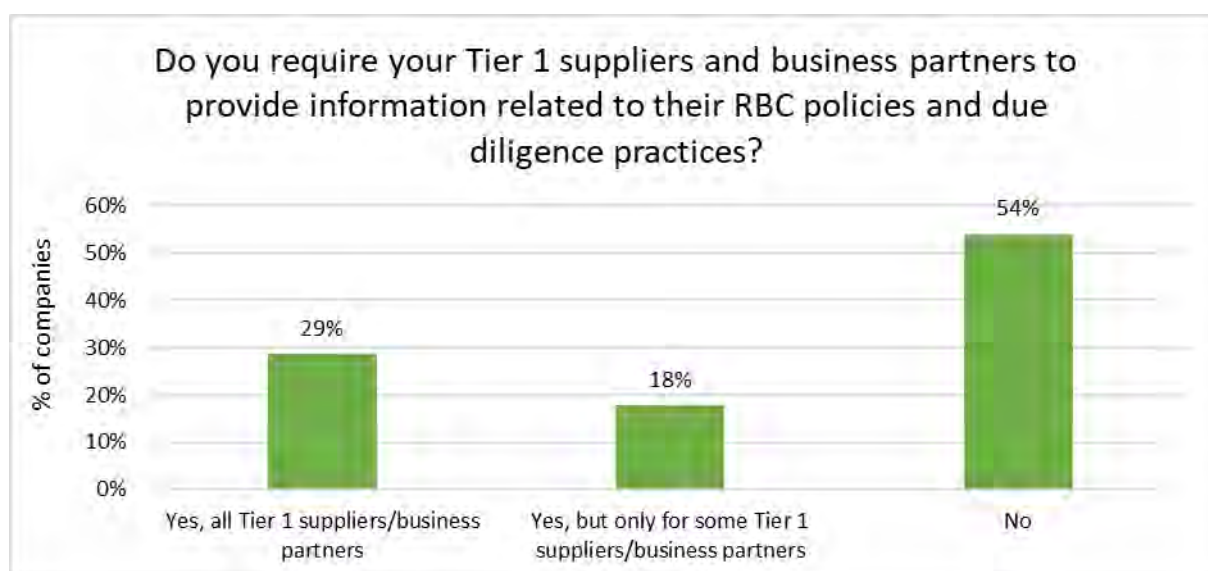


Figure 18: Responses by companies on requesting information from suppliers and business partners

More than half (54%) of companies currently do not ask for any information from business partners related to their RBC policies, indicating a potential new action for these companies to consider in future practice.

Enhanced due diligence

35% of companies stated they “always” carry out enhanced due diligence in high-risk contexts, with a further 25% “usually” undertaking enhanced due diligence. Figure 19 also shows that 39% of companies only “sometimes”, “rarely”, or “never”, carry out enhanced due diligence when high-risk situations have been identified.



Figure 19: Action on enhanced due diligence in high risk/red flag situations

Third-party risk identification tools

A number of companies identified the use of third-party risk identification tools and services. These included Supplier Ethical Data Exchange (Sedex), Sedex Members Ethical Trade Audit (SMETA), Business Social Compliance Initiative (BSCI), and RepRisk.

Some companies also rely on industry-specific frameworks developed to support the identification and management of risks in specific supply chains, as well as certification processes, for example, membership to the Roundtable on Sustainable Palm Oil (RSPO). Another example given by one company was to check that business partners had not been listed on the Sanctions Program of the United States' Office of Foreign Assets Control.

A few companies also mentioned interest in hearing about any novel or innovative tools and approaches developed by companies to help identify risks beyond-Tier 1 suppliers upstream in the supply chain. Many companies, particularly SMEs, expressed the need for more guidance and advice on tools and technologies to help better identify risk.

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

Key findings

- A number of companies stressed that the major challenge in the adoption of risk management plans was getting the 'buy-in' for adopting the plan from stakeholders outside the direct control of the company (e.g. with Tier 1, Beyond-Tier 1 business partners and other external stakeholders), who were critical to the implementation of actions under the plan.
- The complexity of adopting risk management plans across multiple operations situated in diverse regulatory and social environments was considered a significant challenge. Each location, for example, might require a different plan, making it difficult to adopt common standards across all operations.

Integration of risk into management plan

Companies were asked to rate their level of agreement with the statement: "We systematically identify all relevant RBC risks across the full supply chain and incorporate them into our risk management plan." Level of agreement with this statement was 72%, in line with the percentage of companies undertaking supply chain mapping. Only 27% of those, however, highly agreed with this statement. An additional 25% of companies indicated they neither agreed nor disagreed with the statement.



Figure 20: Perceived policy and implementation of risk management within companies

Reporting findings of risk assessment and management to senior management

Reporting on risk assessment, and effective monitoring of risk management plans, requires clear and robust lines of responsibility and reporting across the enterprise. Results in Figure 21 show strong agreement (41%) that senior management at the highest levels is taking an active role in RBC policy. However, levels of strong agreement (29%) decrease when respondents are asked about whether there is an individual or team with well-defined responsibilities for overseeing RBC policy implementation. There is also noticeable disagreement on this aspect.

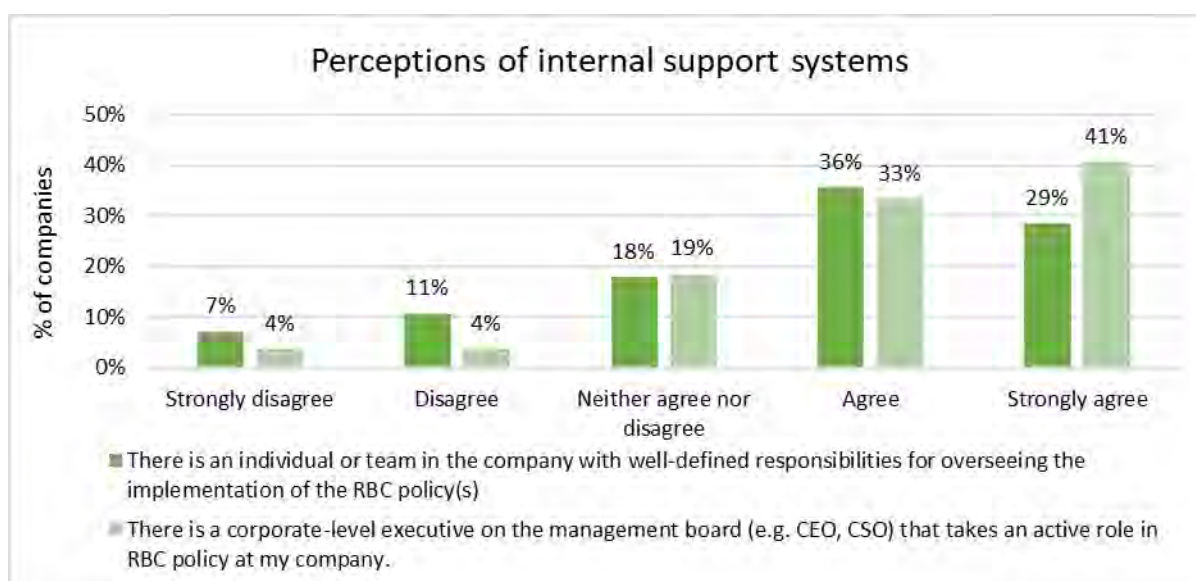


Figure 21: Perceptions of internal RBC support systems within companies

Adopting a risk management plan

In interview sessions, companies were asked to describe the steps that the company took in identifying risk to the company, addressing that risk, and the challenges they faced when adopting any plan. A number of companies talked about the difficulties of adopting a risk management plan, in particular with stakeholders outside the company to which the company did not have direct control over. Stakeholders were often viewed as “internal” or “external”, and a key challenge was, “to get the same level of understanding between both.”

“Internally it may be relatively easy to develop a risk management plan or policy but when we come to implement it on the supply-side that can be very difficult. Suppliers often require more resources to implement any new demands. We need to get their buy-in which can take time and resource, we need to get them to take on commitments, sometimes written ones, as well as organise possible new training. When you are dealing with hundreds to thousands of farmers or suppliers it takes time and considerable effort to achieve adoption of any policy or risk management plan.”

Another challenge voiced by a number of companies was the complexity of adopting risk management plans across operations situated in diverse regulatory and social environments. Some companies described multiple operations across countries and talked about the sometimes-extreme differences due to local, regional and national-level differences. Different languages, cultures and regulatory environments across Southeast Asia made adoption of any risk management plan extremely challenging. Therefore, it was often unlikely that any single-use plan could therefore be employed across all operations without some modification. Modifications, however, required considerable resources. It also sometimes created difficulties in driving common standards across operations.

“Every location, at local, regional, or country-level can require different risk management plans. It’s very context dependent. Therefore, adoption of risk management needs to consider all the different rules, regulations, situations in each of our areas of operation. This is a challenge then, actual implementation.”

Lastly, companies discussed the significant resources required for training, incentives and communication that were needed to ensure that risk management plans were adopted. Examples of different ways to communicate with farmers to ensure implementation of the risk management plan were provided. One such example involved the use of small vans that could move around farms and help disseminate information and advice in the local language. On-site training on health and safety was another example shared. Some smaller companies talked about the current lack of internal resource within the company to adequately develop and adopt a risk management plan.

Consultation with stakeholder when developing and implementing risk management plans

Figure 22 demonstrates that 36% of respondents strongly agreed that companies' internal stakeholders (e.g. workers/public affairs/operations/legal division) were fully consulted in the development of risk management plans, with another 43% agreeing with the statement. There were relatively low levels of neutral responses or disagreement.

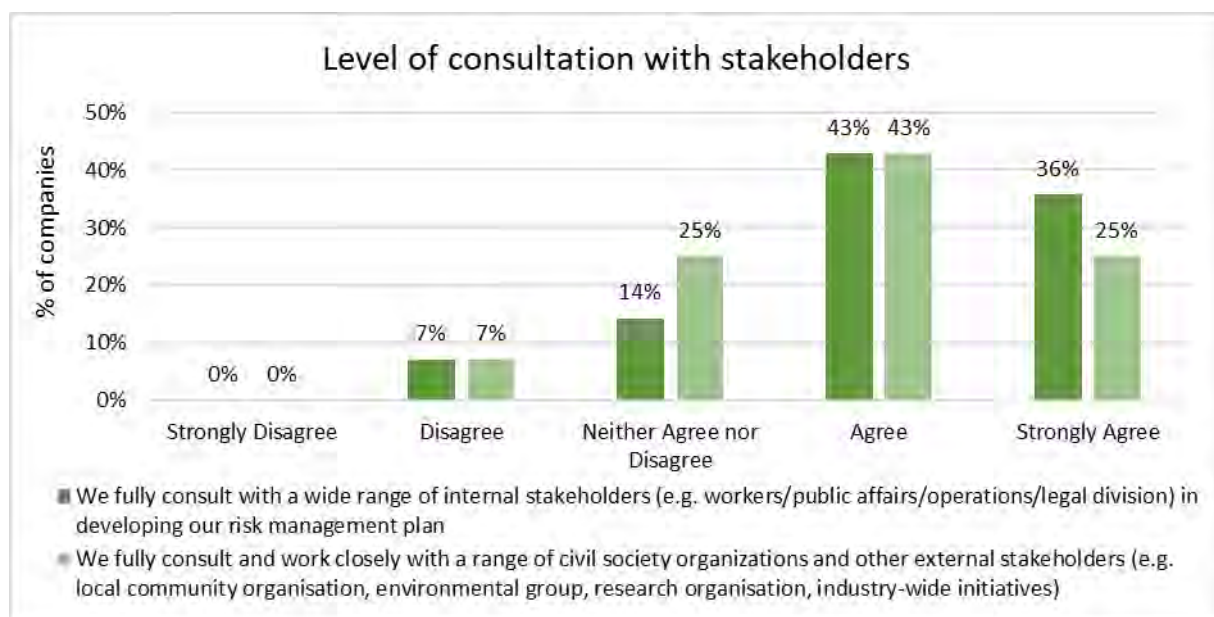


Figure 22: Level of consultation with stakeholders

Figure 22 does, however, show higher levels of ambivalence or indifference and lower levels of strong agreement (25%) on the perception that respondent's companies fully consult with a range of external stakeholders, compared to internal stakeholders.

Step 4. Verify supply chain due diligence

Key findings

- Verifying supply chain due diligence was considered a complex and demanding process along agricultural supply chains due to often large, complex supply chains, made up of sometimes thousands of suppliers, operating over multiple locations and countries where national laws and practices can differ markedly.
- Verification processes are more commonly used across the nine issue-specific standards in comparison to cross-cutting standards.
- Labour rights, Health and safety and Environmental protection and sustainable use of natural resources were the most commonly verified issue-specific standards with approximately 80% of companies indicating they used some verification process to monitor policy effectiveness. Companies most preferred, on average, to use the following verification processes for issue-specific standards: internal audits (45%), on-site investigations (35%), and external audits (32%).
- More companies verify actions related to Impact assessment than any other cross-cutting standard. Action on Benefit sharing and Consultation are least likely to be verified by companies. Companies most preferred to use internal audits (42%), on-site investigation (31%) and external audits (27%). There is comparative high use of certification (26%) in verifying Impact assessment. Roughly one-third of the companies do not currently use any verification process yet for verifying supply chain due diligence on cross-cutting standards.
- There is comparatively high use of on-site investigations for Environmental protection and sustainable use of natural resources (50%) and Tenure rights over and access to natural resources (29%).

Verification of supply chain due diligence

Companies were asked to provide information on how they verified that their due diligence practices are effective.

Verification processes used across cross-cutting standards

Figure 23 illustrates that more companies verify actions related to Impact assessment than any other cross-cutting standard. For example, on average, the different verification methods (internal audits, external audits, on-site investigations, third-party monitoring, certification) are used to verify action on Impact assessment by one-third of companies, compared to Benefit sharing where 19% of companies on average utilised the range of verification processes. The most preferred verification process used across all cross-cutting standards on average were internal audits (on average 42%) and on-site investigations (31%).

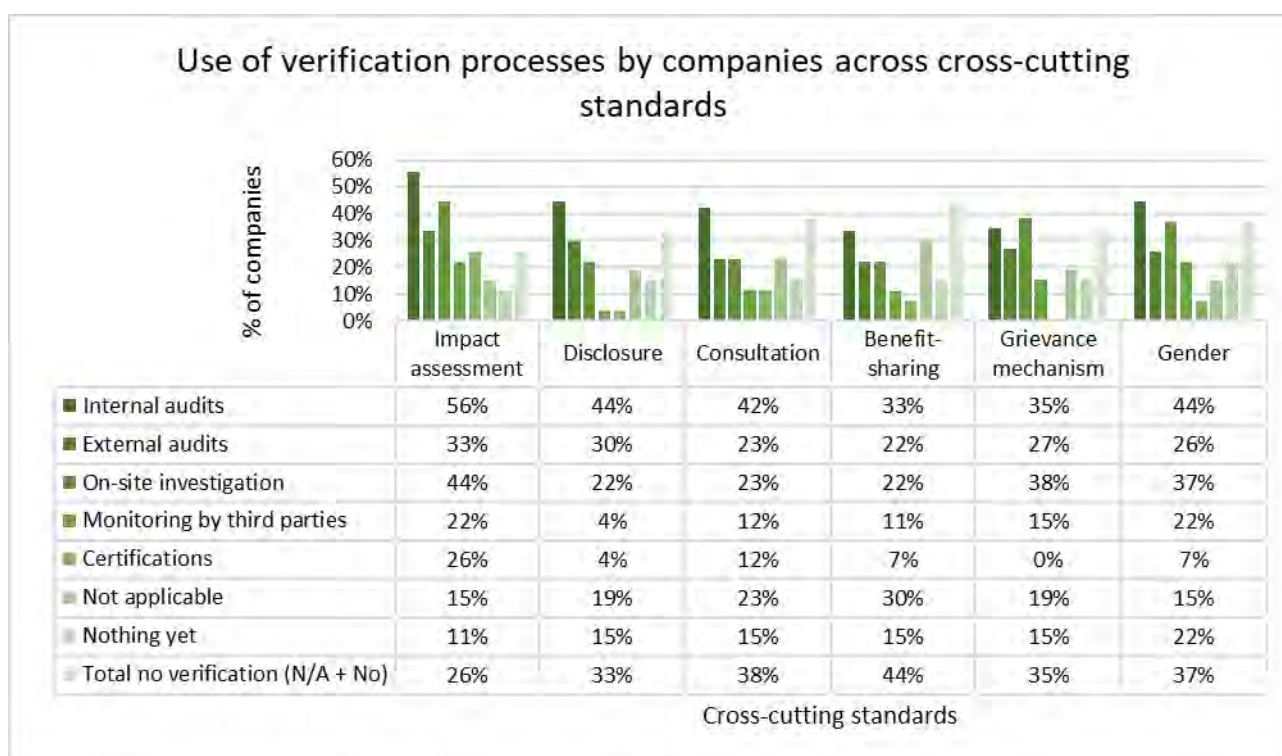


Figure23: Use of verification processes across cross-cutting standards. (Combined no verification = No + N/A)

On average, monitoring by third parties (14%) and certification (9%) are less preferred to the other actions to verify effectiveness of companies' due diligence on the six cross-cutting RBC issues. Of note, is the high use of certification (26% of companies) in verifying Impact assessment.

Cross-cutting standards should normally be pertinent to all companies. The combined responses of not-applicable and no verification in Figure 23 indicates that roughly one-third of the companies do not currently use any process for verifying compliance with company policy on cross-cutting issues.

Action on Benefit sharing and Consultation appear to be the least likely to be verified by companies.

Verification processes used across nine issue-specific standards

In respect to the nine issue-specific standards of the model enterprise policy, companies also favoured, on average, internal audits (45%), on-site investigations (35%), and external audits (32%) as demonstrated in Figure 24.

Certification and monitoring by third parties were used by more companies compared to their use in verification of cross-cutting standards. Of particular note is that monitoring by third parties was used by 14% of companies to verify performance on cross-cutting standards compared to 25% of companies on issue-specific standards. Discounting data on Impact assessment⁶, on average 6% of companies used certification across cross-cutting standards compared to 14% of companies across issue-specific standards.

Labour rights, Health and safety and Environmental protection and sustainable use of natural resources were the most commonly verified standards with approximately 80% of companies indicating they used some verification process to monitor effectiveness of policy on these issues.

⁶ Use of certification verification for Impact assessment was high (26%) compared to other cross-cutting standards.

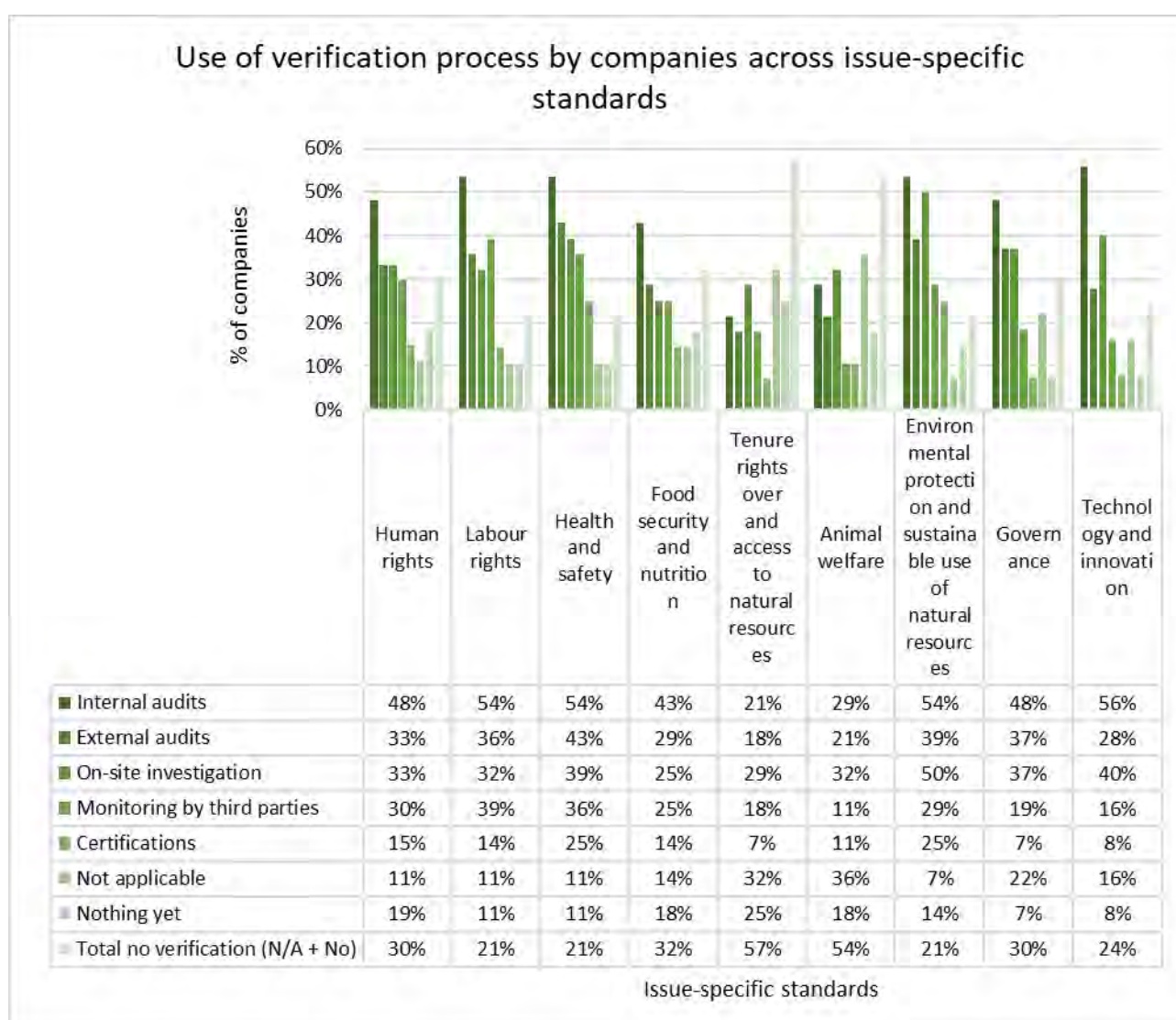


Figure 24: Use of verification processes across 9 issue-specific standards of the model enterprise policy (Combined no verification = No + N/A)

30% of companies state that they have no verification processes, or that verification is not applicable, for Human rights or Governance. For Governance, this is consistent with the findings which found that 29% of companies have no policy. 39% of companies do not have policy on Human rights, indicating a small gap between policy and verification efforts. However, the key factor for presence of verification appears to be the presence of existing policy i.e. something to verify. Tenure rights over and access to natural resources is an area where 57% of companies have no verification or consider this issue not applicable.

Monitoring by third parties scores particularly high in verifying activities related to Labour rights (39%), and Health and safety (36%), indicating the possible influence of higher regulation in these areas by national governments.

There is comparatively high use of on-site investigations for Environmental protection and sustainable use of natural resources (50%) and Tenure rights over and access to natural resources (29%). Of note is the low use of internal audits for Tenure rights over and access to natural resources (21%). Certification is also particularly used for policy areas of Health and safety (25%), and Environmental protection and sustainable

use of natural resources (25%) verification, potentially indicating a higher number of certification processes existing in these two areas.

Figure 25 demonstrates percentage of companies not using any verification process across the model enterprise policy standards. The high percentage of companies not verifying Animal welfare practices is perhaps not surprising given that many companies stated this policy area was not applicable to their company. The high percentage (57%) of companies not using verification for Tenure rights over and access to natural resources also potentially represents lack of policy on this issue, although it should be noted that roughly 13% of companies *with* policy do not verify performance. This is, however, fairly consistent with other standards. For example, 79% of companies have policy on Food security and nutrition, with 32% not using any verification, demonstrating a gap of around 11% of companies with policy, not verifying performance.

Impact assessment is, however, an anomaly. 57% of companies state they have some policy on Impact assessment, yet 74% of companies indicate they undertake some form of verification to assess performance on this aspect. The reasons for this gap should be investigated further.

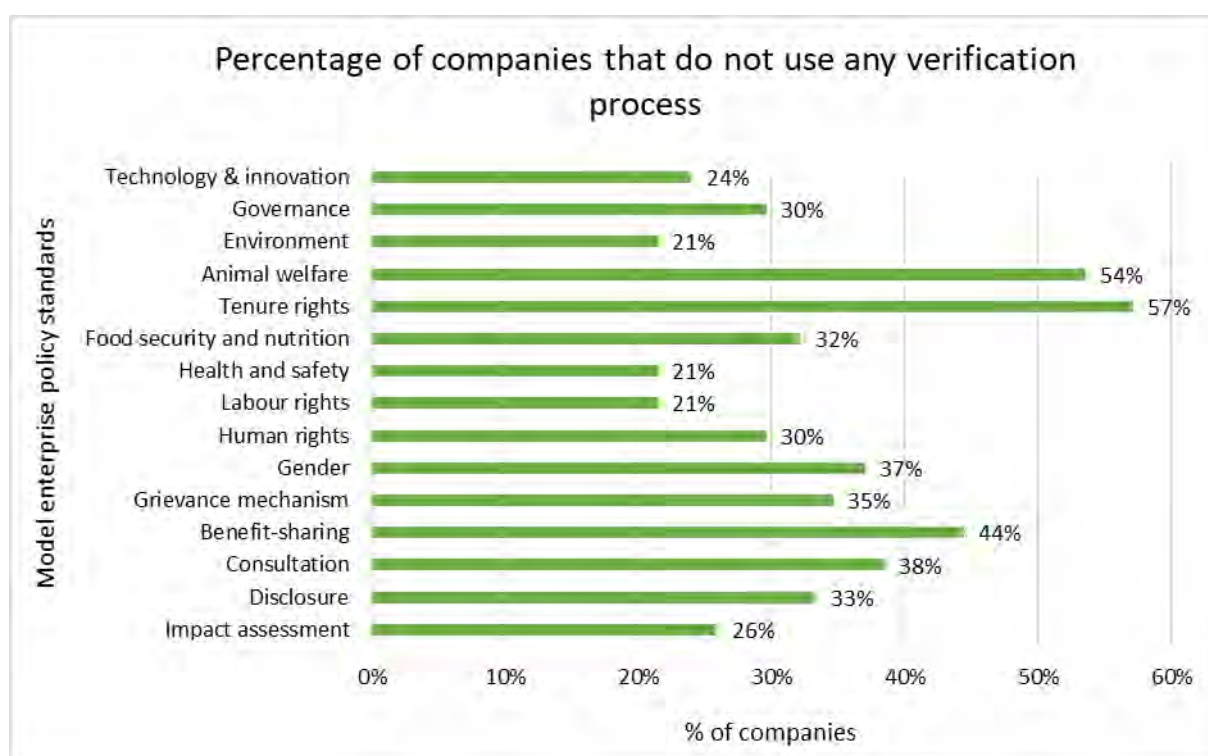


Figure 25: Percentage of companies that do not use verification processes for model enterprise policy standards

Challenges in the implementation of verification measures

Discussions in interviews on the challenges of verification processes focused on the practicalities of verifying actions across large, complex supply chains, made up of sometimes thousands of suppliers, operating over multiple locations and countries where national laws and practices can differ markedly.

In interviews, some companies remarked on the difficulty in finding and using verifiers in certain locations, for example in remote farming areas where language and culture may be a barrier to communication. In these cases, companies believed there was sometimes a lack of suitably trained verifiers in some regions of Southeast Asia that had the right skills, training and location-specific experience.

Verification of practices of Beyond-Tier 1 business partners was considered very complex. One company highlighted the importance of prioritising risk when choosing a verification method and to be open to using different verification methods, when needed, to obtain a clearer picture on key issues. The use of a 'different set of eyes' was viewed as invaluable. This was seen as one of the benefits of using third-party monitoring.

Another company discussed the importance of getting 'buy-in' from business partners to undertaking verification across the supply chain. This required building trust and understanding on the importance of verification to both parties. This was considered a worthy yet time-intensive process, but it was, "important that business partners and suppliers did not feel suspicious of your intentions, or feel overloaded with additional work, or expectations."

Step 5. Report on supply chain due diligence

Key findings

- 39% of companies report publicly – as either a stand-alone report or integrated within an annual report. 61% of companies indicated that they do not publish a public report on their due diligence and RBC activities.
- Many companies publish parts of policy on particular interest areas or on topics that have drawn stakeholder attention. Companies utilise a diversity of communication approaches including communication practices via a range of public forums, for example, company websites, industry or community roundtables, industry initiatives or certification schemes.

Public reporting

Companies were asked whether they published any report on RBC, or other such reports, like a corporate social responsibility (CSR) or environmental, social and governance (ESG) report. Figure 26 shows that 39% report publicly - as either a stand-alone report or integrated within an annual report

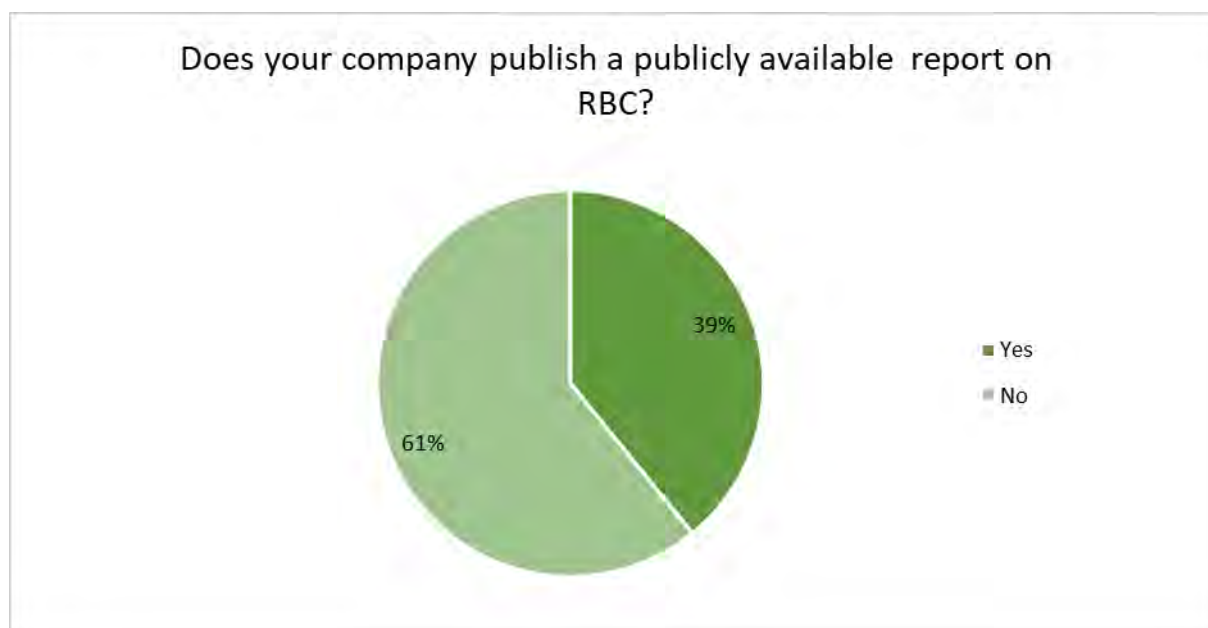


Figure 26: Publication of public report on RBC

Of those 39% of companies that publish some type of RBC report, Figure 27 shows that 14% of companies publish a 'stand-alone' report on RBC, and 25% publish a report integrated within their annual company report.

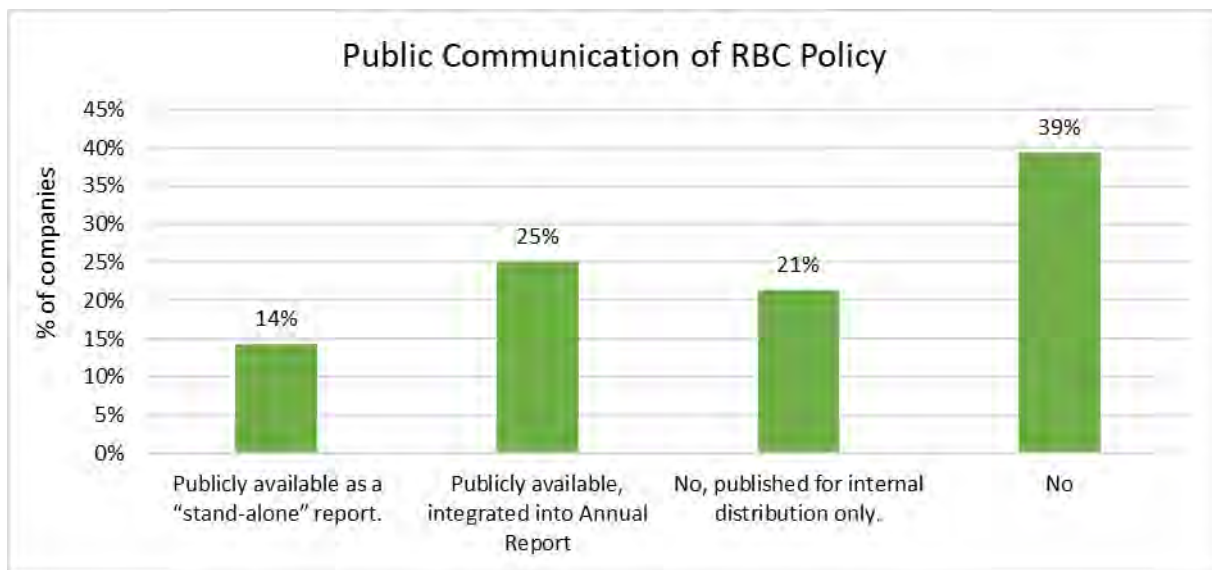


Figure 27: Public communication of RBC policy by companies

61% of companies do not publish any public report, although 21% of those companies report internally. There may be a number of reasons for this, for example, privately-owned companies may have reporting policies that are focused on internal communication compared to publicly listed companies, where public reporting on RBC might be required. A significant proportion of companies (39%) do not carry out any comprehensive reporting either externally or internally.

A number of companies in interviews said that it was important to publicly report in a meaningful way on RBC which were also able to be verified.

"It's not enough to dump a whole lot of good-looking activities in a list in a glossy brochure and say you are doing RBC. It needs to be more than this."

A desire for better guidance on how to report on RBC in an effective way without looking like they were 'greenwashing' or doing it solely as a public relations exercise, was also stated. One company mentioned growing confusion over what international frameworks or standards to use in reporting on RBC. Examples of how companies were reporting on, and more widely communicating on RBC, were considered as useful resources to share and learn from.

Stakeholder communication

Companies were asked about the extent of their communications with external stakeholders. 29% of respondents strongly agreed that their company communicated externally all relevant information to stakeholders, while no companies strongly disagreed. 43% of companies "agreed" that their company externally communicated all relevant information (Figure 28).

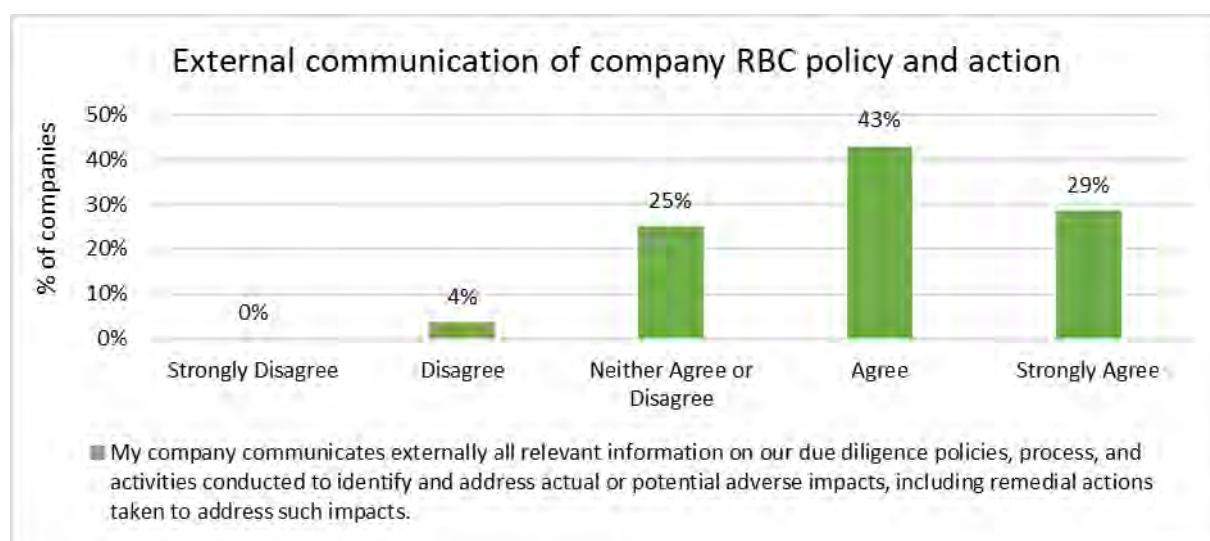


Figure 28: Perception of external communication of company RBC policy and action

These results appeared somewhat inconsistent with responses that indicated a significant number of companies do not publicly communicate any or only low levels of information. Further discussion on this aspect would be helpful to better understand perceptions of performance versus actual implementation, as well as developing a deeper understanding on robust external communication and reporting requirements.

Diversity of approaches

Companies use a range of different ways to communicate on RBC practices including on their due diligence actions. For example, some companies publicly present their overall RBC policy including specific targets on issues such as mapping of critical raw materials suppliers by an agreed date, while also giving an indication of progress towards achievement of the targets.

Company websites also included many examples of specific policies on certain RBC issues or company policies. For example, one company publishes online the company-wide code of conduct, setting out legal and ethical responsibilities of employees. Another company publishes a detailed anti-corruption policy that sets out policy, roles, responsibilities and actions by individuals in the company. Another example was a detailed section on the company's website that comprehensively lists policies and actions by the company on RBC. Companies also engage in industry or community roundtables, or as part of industry initiatives or certification schemes. And any companies also report directly to external stakeholders, such as lenders, shareholders, and regulatory bodies.

Section IV. Recommendations

The analysis has yielded valuable insights into the most common challenges faced by companies and initiatives in advancing the recommendations of the OECD-FAO Guidance in Southeast Asia. The following recommendations are aimed at addressing the challenges presented in this report and leveraging opportunities to strengthen companies' due diligence practices in the future.

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

Recommendation 1: *Address gaps in policy, in particular on cross-cutting standards, Human rights, and Grievance mechanisms*

Some companies have comprehensive written policy across all, or the majority of RBC standards, whereas others still have significant gaps. 39% of companies did not have a policy on Human rights and this could be an area for further attention. Cross-cutting standards are of equal importance to issue-specific standards and should normally be expected to apply to all companies. For example, only 43% of companies indicated they had developed policy on Grievance mechanisms. Given the valuable role of robust Grievance mechanisms in supporting issue-specific standards, this is likely to be an area that would benefit from further discussion in the SEA Pilot.

Recommendation 2: *Increase understanding of policy areas under the model enterprise policy and help encourage companies to consider the impact of their operations across the full supply chain.*

There may be some confusion as to the applicability and understanding of issues as defined in the model enterprise policy of the OECD-FAO Guidance. This was especially evident in interview sessions where companies showed different levels of understanding on standards under the model enterprise policy. Companies also outlined the difficulties in considering impacts beyond the direct control of the company. Care should be taken when deciding if policy areas are not applicable to company operations. For example, issues such as tenure rights are often be present at some level within agricultural supply chains, even in plant-based commodity systems.

Recommendation 3: *Increase understanding on the use of internal and external-focused measures to help improve RBC management performance.*

Companies can employ a variety of management measures to help support RBC implementation, yet some companies are yet to take advantage of these. For example, 36% of companies reported that they do not currently integrate RBC contractual expectations into commercial agreements with Tier 1 business partners. Given this is often a useful first step in communicating the importance of RBC policy to business partners and suppliers, companies are encouraged to consider the potential for such an approach in future business relationships. There is significant potential amongst the 46% of companies who currently undertake no training sessions, to start doing so, even in a limited capacity. Other measures that companies might consider include the use of incentives to encourage responsible business action (e.g. financial benefits, long-term contracts, technical assistance, access to digital tools, low-interest loans, innovative partnerships) as well as the development of sector-led approaches. Sharing of case studies from those companies who are implementing such measures and promotion of regional training would be useful.

Recommendation 4: Increase understanding on, and use of, relevant international and regional standards, guidance and frameworks on RBC

The survey results suggest that integration of international and regional standards, guidance and frameworks in company policy is still at a development stage. Developing a greater understanding on the benefits of such resources, including any barriers to their effective use is important. Discussion on ways that companies can better integrate relevant international and regional guidance would be helpful.

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

Recommendation 5: Increase the capacity and capability of companies to carry out full supply chain mapping, particularly in cases involving high risk circumstances, locations, products, or business partners.

71% of companies currently undertake some degree of supply chain mapping, however, there remains a significant opportunity for those companies not doing so, to start on this important process. For those that are already doing so, further work to systemically work towards a complete picture of all their business relationships should be encouraged. Companies could learn much from the practices of those companies in the SEA Pilot who are already carrying out sophisticated supply chain mapping. In most cases, identified high risk situations should necessitate enhanced due diligence. Gaining insight, therefore, into why 40% of companies do not “always” or “usually” enact this process in such instances is important.

Recommendation 6: Draw attention to measures that companies can implement to help assess risks along the supply chain and with business partners

Approximately half of companies in the survey do not currently ask for information from business partners, relating to their RBC policy and actions. Such information is however useful to identify possible red flags for further investigation. It can also play an important cascade role across the supply chain, whereby suppliers in-turn start asking for information from their upstream suppliers and so forth. Dissemination on various risk assessment tools, identifying independent and credible sources of risk information is also recommended.

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

Recommendation 7: Clarify roles and reporting responsibilities across the enterprise to ensure that risks are adequately reported to senior management, effectively managed and reported on.

Clear roles and responsibilities across companies and coordination across often diverse departments (e.g. operations, marketing, legal) is essential to the effective implementation of RBC policy. The results indicated that this is an area which deserves further attention to ensure robust coordination and control on risk management. This aspect was also highlighted in interviews and survey results. For example, some interviewees demonstrated very clear and coordinated understanding on RBC implementation across the company, whereas others were less confident on this aspect. 29% of respondents indicated they did not know what international and regional guidance, standards and frameworks were used, or referred to, by the company, indicating some gap in company-wide knowledge related to RBC implementation.

Recommendation 8: Encourage sharing of lessons learnt from the adoption and implementation of risk management plans and emphasise the ‘learning by doing’ approach

Designing and implementing a strategy to respond to identified risks in the supply chain was described as a complex and difficult process by companies and a ‘learning by doing’ approach was emphasised, which could then be refined over time. Companies interviewed expressed an interest in hearing from other companies on their approaches, in particular on activities with upstream producers in the supply chain.

Step 4: Verify supply chain due diligence

Recommendation 9: Increase the use of verification processes by developing greater understanding on the essential requirements for, and benefits from, achieving robust verification.

Limited verification efforts, particularly in cross-cutting standards and several issue-specific standards, demonstrates a possible gap in current implementation of the OECD-FAO Guidance (e.g. lack of policy to verify), or possible confusion over the applicability of cross-cutting standards to company operations (i.e. not applicable). The key takeaway is, however, that verification relies on the presence of policy. Examining areas where companies do not verify their performance against RBC policy can indicate areas where companies need additional support and guidance to best implement RBC risk-based due diligence, including any need to develop robust written policy that can be adequately monitored across time.

Recommendation 10: Share the experience of companies in using verification processes

A number of companies stressed the difficulties in verification of practices beyond Tier 1 business partners. However, examples were also provided involving comprehensive supply chain mapping and verification processes that companies had committed themselves to. Sharing these examples and developing a better understanding of the use of verification, drawing on the experience of leaders in the field including local civil society, monitoring groups, or field auditors, could help others with implementation.

Step 5: Report on supply chain due diligence

Recommendation 11: Improve public reporting on RBC in a meaningful and robust way

A significant percentage of companies are not currently providing any public reporting in line with the OECD-FAO Guidance. Given the importance of effective reporting to promote RBC, the SEA Pilot could provide an opportunity to help address this gap. Examples of reporting by companies that are at a more advanced stage of public reporting on RBC could be used as a valuable resource for others, along with discussion on tools and approaches and feedback from civil society and government agencies on good examples of public reporting on due diligence.

Annex I.

Baseline survey

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

1. Background Information

Welcome to this confidential survey as part of the OECD Pilot on Responsible Agricultural Supply Chains in Southeast Asia. The pilot is part of the EU-funded "Responsible Supply Chains in Asia" programme jointly implemented by the OECD and ILO.

This survey will ask you about responsible business activities carried out by your company. There are no right or wrong answers, or any ranking of companies made. Your individual answers will be kept strictly confidential. All information will be aggregated, and no information will be used to identify any individual or company unless you and/or your company has given prior informed consent.

The purpose of this survey is to understand how agribusinesses in Southeast Asia are implementing responsible business practices and in particular risk-based due diligence across agricultural supply chains. There is also a strong interest in understanding how the recommendations in the OECD-FAO Guidance for Responsible Agricultural Supply Chains ([OECD-FAO Guidance](#)) are being incorporated into company policy and actions.

The survey will take approximately 20-30 minutes to complete. You may need to consult with colleagues within other business units of your company to complete some questions.

The survey will close on 30 September 2019.

If you have any questions or comments please make them in the box provided at the end of the survey or email Dr Alison Watson at alisonwatsonnz@gmail.com

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

2. Quick Definitions

This page gives you some quick definitions. It also asks you whether you understand our confidentiality policy.

What is Responsible Business Conduct (RBC)?

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

Along with comprehensive risk-based due diligence across the supply chain, the OECD-FAO Guidance identifies [ten focus areas](#) relevant to agricultural supply chains, that should be addressed in RBC policy (e.g. governance, human rights, labour rights, environmental protection).

What about Corporate Social Responsibility (CSR)?

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

What is Due Diligence?

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

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

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

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

What is a grievance mechanism?

A grievance mechanism is a formal process, through which a grievance can be raised, which is easily accessible to workers and all those stakeholders actually or potentially affected by adverse impacts deriving from company activities.

* 1. I understand that my participation in this study is voluntary and that all information collected will be treated confidentially, and that no individual or company will be publicly identified unless they have given prior informed consent.

☐ Yes

☐ No

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

3. ABOUT YOU AND YOUR COMPANY

This section gathers general information on your company, as well as your contact details.

This information helps us to understand the diversity and context of agribusiness companies operating in Southeast Asia who are implementing responsible business activities.

* 2. Please provide the following information?

Name

Company

Email Address

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

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

Other (please specify)

* 4. What best describes the geographical scope of the work of your company?

- ☐ Global
- ☐ Within Asia, beyond Southeast Asia
- ☐ Within Southeast Asia only
- ☐ National (e.g. agribusiness operating and/or trading within one country)
- ☐ Sub-national (e.g. operating and trading in one region within a country)

* 5. Which countries in Southeast Asia does your company operate in? (Select all that apply)

- ☐ Brunei Darussalam
- ☐ Cambodia
- ☐ Indonesia
- ☐ Lao PDR
- ☐ Malaysia
- ☐ Myanmar
- ☐ Philippines
- ☐ Singapore
- ☐ Thailand
- ☐ Viet Nam

* 6. In what country is the corporate head office of your company based?

If you are a subsidiary company, please give the name and location of your head office.

* 7. Counting all the locations where your company operates, what best describes the total number of employees?

- ☐ 1-49
- ☐ 50-250
- ☐ 251-500
- ☐ 501-1000
- ☐ 1001+

* 8. Within the agribusiness sector, what does your company mainly focus its operations on? (Select all that apply)

- ☐ Input provision (e.g. seeds, fertilizer, feed, crop protection products, medicines, machinery)
- ☐ Primary production (e.g. crop, livestock, forestry, fisheries, aquaculture production)
- ☐ Post-harvest handling
- ☐ Processing and manufacturing (e.g. food, feed, beverages)
- ☐ Transportation
- ☐ Packaging
- ☐ Trading and distribution
- ☐ Retailing and marketing
- ☐ Research and development
- ☐ Financial services and investment (including banking)
- ☐ Advisory, extension and education services
- ☐ Other

Other (please specify)

* 9. What product sectors/commodities within agribusiness do you mainly focus on, or interact with? (Select all that apply)

- ☐ Beverages
- ☐ Coffee, Tea
- ☐ Feed and fodder production for animals
- ☐ Fibre crops used for textiles (e.g. jute, flax, cotton)
- ☐ Fisheries and aquaculture (animals)
- ☐ Fresh vegetables (e.g. green leafy vegetables)

- ☐ Fruit and berries
- ☐ Grains, pulses and root crops (e.g. lentils, cassava, maize but NOT rice/soy products)
- ☐ Insects
- ☐ Livestock (e.g. poultry, pig, beef, dairy milk, goat)
- ☐ Nuts and coconut
- ☐ Palm oil
- ☐ Rice
- ☐ Soy products, including soy milk (e.g. tofu, tempeh)
- ☐ Seaweeds and aquatic plants
- ☐ Sugar
- ☐ Tobacco
- ☐ Other

Other (please specify)

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

4. UNDERSTANDING RESPONSIBLE BUSINESS CONDUCT POLICIES AND COMMUNICATIONS IN YOUR COMPANY

This section asks questions on how responsible business conduct (RBC) policies are currently developed and communicated in your company.

Remember, there are no right or wrong answers and individual companies will not be identified in any report.

* 10. Does your company publish any report on RBC

(Your company may publish a report by a similar term such as CSR or ESG. For this question, consider this as being equivalent.)

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

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

11. Does your company have an internal written policy/s that sets out expectations and obligations for management for any of the following issues? (Select all that are relevant)

Note: Each of these choices responds to one of the 10 Standards in the [OECD-FAO Guidance](#).

	Yes, full written policy	Yes, partial policy	Not yet, but developing one	No, but have started discussions internally	No	N/A
Impact assessment (e.g. life-cycle assessment of products/services)	☐	☐	☐	☐	☐	☐
Disclosure (e.g. timely accurate information to stakeholders)	☐	☐	☐	☐	☐	☐
Consultation (e.g. consultation with external stakeholders)	☐	☐	☐	☐	☐	☐
Benefit sharing (e.g. fair & equitable sharing of benefits with affected communities, use of Indigenous knowledge)	☐	☐	☐	☐	☐	☐
Grievance mechanism (e.g. legitimate, transparent & accessible grievance mechanisms)	☐	☐	☐	☐	☐	☐
Gender (e.g. nondiscrimination, professional advancement opportunities)	☐	☐	☐	☐	☐	☐
Human rights (e.g. per UN Guiding Principles, Universal Declaration of Human Rights)	☐	☐	☐	☐	☐	☐
Labour rights (e.g. OSH, decent wages and working conditions, elimination of forced labour, child labour)	☐	☐	☐	☐	☐	☐
Health and safety (e.g. promoting public health, protecting the health and safety of affected communities)	☐	☐	☐	☐	☐	☐
Food security and nutrition (e.g. ensuring that operations contribute to food security and nutrition)	☐	☐	☐	☐	☐	☐
Tenure rights over and access to natural resources (e.g. respecting legitimate tenure right holders)	☐	☐	☐	☐	☐	☐
Animal welfare (e.g. five freedoms for animal welfare, high standards of stockmanship)	☐	☐	☐	☐	☐	☐
Environmental protection and sustainable use of natural resources (e.g. pollution management, reducing GHG emissions, protecting biodiversity)	☐	☐	☐	☐	☐	☐
Governance (e.g. no anti-competitive behaviour, corruption/bribery, taxes)	☐	☐	☐	☐	☐	☐
Technology and innovation (e.g. development and diffusion of environmentally-friendly technologies)	☐	☐	☐	☐	☐	☐

* 12. Does your company have a written policy on any of these environmental aspects? (Select all that apply)

- ☐ Air emissions
- ☐ Biodiversity (e.g. protection of species, riparian planting)
- ☐ Climate change
- ☐ Energy consumption
- ☐ GHG footprinting (measuring greenhouse gas emissions)
- ☐ Life-cycle assessment
- ☐ Recycling/Plastic usage
- ☐ Restricted substances and chemical management and handling
- ☐ Waste management, including wastewater
- ☐ Water usage
- ☐ No specific work on any environmental issue yet but working on one
- ☐ No written environmental policies
- ☐ Other (policies on other environmental issues not listed above)

Other (please specify)

* 13. Which international standards or guidance from the following list does your company incorporate or refer to in current policy/s?

- ☐ UN Guiding Principles on Business and Human Rights (UN Guiding Principles)
- ☐ The Principles of the UN Global Compact (UN Global Compact)
- ☐ The 2030 Agenda for Sustainable Development (UN SDGs)
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ OECD-FAO Guidance for Responsible Agricultural Supply Chains
- ☐ Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI Principles)
- ☐ Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)
- ☐ Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI)
- ☐ ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- ☐ IFC Performance Standards on Environmental and Social Sustainability
- ☐ The Convention on Biological Diversity (CBD), including the Akwé: Kon Voluntary Guidelines
- ☐ The Aarhus Convention

- ☐ The ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry
- ☐ ISO 26000 Social responsibility
- ☐ Any of the ISO 14000 series (e.g. ISO14001 Environmental management systems)
- ☐ None of the above
- ☐ Don't know
- ☐ Other

Other?

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

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Employees are trained and are incentivised to comply with the responsible business standards and requirements set out in company policy(s)	☐	☐	☐	☐	☐
There is an individual or team in the company with well-defined responsibilities for overseeing the implementation of the RBC policy(s)	☐	☐	☐	☐	☐
There is a corporate-level executive on the management board (e.g. CEO, CSO) that takes an active role in RBC policy at my company.	☐	☐	☐	☐	☐

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

5. RISK-BASED DUE DILIGENCE

This section asks you questions related to the [5-step framework](#) when undertaking risk-based due diligence along agricultural supply chains.

"High risk" refers to the increased likelihood of adverse impacts on people, the environment and society that companies may cause or contribute to, either directly or indirectly, through their operations, processes, goods and services over their full life cycle. Location, products and business partners are some factors that need to be considered when assessing the extent of adverse impacts.

A Tier 1 supplier/business partner directly provides products and services to your company, usually through a contractual arrangement.

Beyond Tier 1 suppliers/business partners indirectly provide products and services to your suppliers/business partners along the supply chain (e.g. provide services to one of your suppliers)

* 15. In general, for the following different stakeholders listed below, does your company organise training sessions to enhance the understanding of RBC?

	Training sessions implemented regularly (e.g. quarterly)	Training sessions implemented irregularly/adhoc	We plan to implement training sessions in the future	No	N/A
Tier 1 suppliers and business partners	☐	☐	☐	☐	☐
Selected suppliers and business partners beyond Tier 1	☐	☐	☐	☐	☐
High-risk suppliers and business partners	☐	☐	☐	☐	☐

* 16. Does your company carry out risk assessments as part of any due diligence process on: i) suppliers and business partners; ii) products/services; and iii) location?

	We undertake risk assessments on ALL	We undertake risk assessments on MANY	We undertake risk assessments on FEW	We do not undertake risk assessments yet	N/A
Tier 1 suppliers/business partners	☐	☐	☐	☐	☐
Beyond Tier 1 suppliers/business partners	☐	☐	☐	☐	☐
Products/commodities/services in our supply chain	☐	☐	☐	☐	☐
High-risk suppliers/business partners	☐	☐	☐	☐	☐
High-risk products/commodities/services	☐	☐	☐	☐	☐
High risk locations (e.g. the location where the commodity is produced has weak governance)	☐	☐	☐	☐	☐

* 17. Name **ONE** product/commodity/service that your company has undertaken a full or partial supply chain mapping on.

If you have not done full or partial supply chain mapping on any product/commodity/service write N/A

* 18. For the product/commodity/service which you listed in Q17, please answer the following question:

What were the **top 4 reasons** for your company when deciding to undertake full/partial supply chain mapping of this commodity, product or service?

- ☐ Not applicable, we don't currently map any of our supply chain
- ☐ The commodity/product/service represents a significant spend or cost to the company
- ☐ The commodity/product/service is a critical supply input for company operations
- ☐ There are high environmental risks associated with the commodity/product/service
- ☐ The commodity/product/service is known to have adverse human rights or social impacts
- ☐ The commodity/product/service does not conform to health and safety standards
- ☐ The commodity/product/service comes from a high-risk location (e.g.conflict area, area of weak governance)
- ☐ Suppliers of the commodity/product/service may have history of poor RBC performance
- ☐ The commodity/product/service has a lack of certification or verification methods as to how it is produced
- ☐ The commodity/product/service attracts stakeholder attention, for example from NGOs or journalists
- ☐ Some other reason not listed above (Please specify in the comment box below)

Other

* 19. Do you require your Tier 1 suppliers and business partners to provide information related to their RBC policies and due diligence practices?

- ☐ Yes, all Tier 1 suppliers and business partners
- ☐ Yes, but only for some Tier 1 suppliers and business partners
- ☐ No
- ☐ Other

Other (please specify)

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

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
There is a clear process in my company for identifying financial risks	☐	☐	☐	☐	☐
There is a clear process in my company for identifying governance risks	☐	☐	☐	☐	☐
There is a clear process in my company for identifying social and human rights risks	☐	☐	☐	☐	☐
There is a clear process in my company for identifying environmental risks	☐	☐	☐	☐	☐

* 21. Does your company request any of the following provisions, or similar provisions, in any contractual agreements with Tier 1 suppliers and business partners? (Select all that apply)

- ☐ A contractual right of termination in case of breach of anti-corruption laws
- ☐ A written agreement to comply with your company's RBC/CSR/ESG policies and programmes
- ☐ A written confirmation that they have read your company's Supplier Code of Conduct and agree to satisfy its requirements
- ☐ A "right to audit" provision, providing access to relevant records of the supplier
- ☐ A contractual right of termination in case of a breach of national environmental protection laws
- ☐ Provisions limiting their ability to act on behalf of your company and/or to have interactions with government officials
- ☐ A provision obligating your supplier or business partner to maintain accurate books and records, and an effective system of internal controls
- ☐ A contractual clause setting out due diligence obligations by the Tier 1 supplier or business partner towards any of their suppliers and business partners which contribute to the services or products provided to your company.
- ☐ No such provisions relating to RBC
- ☐ Other

Other (please give us examples)

* 22. When high-risk suppliers, business partners, or products are identified in your supply chain and/or operations, does your company adopt an enhanced due diligence process?

- ☐ Always
- ☐ Usually
- ☐ Sometimes
- ☐ Rarely
- ☐ Never

* 23. How does your company verify that its due diligence practices are effective on the following issues?
(Select all that apply)

Note: Each of these choices responds to one of the 10 Standards in the [OECD-FAO Guidance](#).

	Internal audits	External audits	On-site investigation	Monitoring by third parties	Certifications	Not applicable	Nothing yet
Impact assessment	☐	☐	☐	☐	☐	☐	☐
Disclosure	☐	☐	☐	☐	☐	☐	☐
Consultation	☐	☐	☐	☐	☐	☐	☐
Benefit-sharing	☐	☐	☐	☐	☐	☐	☐
Grievance mechanism	☐	☐	☐	☐	☐	☐	☐
Gender	☐	☐	☐	☐	☐	☐	☐
Human rights	☐	☐	☐	☐	☐	☐	☐
Labour rights	☐	☐	☐	☐	☐	☐	☐
Health and safety	☐	☐	☐	☐	☐	☐	☐
Food security and nutrition	☐	☐	☐	☐	☐	☐	☐
Tenure rights over and access to natural resources	☐	☐	☐	☐	☐	☐	☐
Animal welfare	☐	☐	☐	☐	☐	☐	☐
Environmental protection and sustainable use of natural resources	☐	☐	☐	☐	☐	☐	☐
Governance	☐	☐	☐	☐	☐	☐	☐
Technology and innovation	☐	☐	☐	☐	☐	☐	☐

If you have "other" actions for verification you wish to share, please do so here.

* 24. With respect to what happens in your company, please indicate your level of agreement with the following statements

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
We fully consult with a wide range of internal stakeholders (e.g. workers/public affairs/operations/legal division) in developing our risk management plan	☐	☐	☐	☐	☐
We systematically identify all relevant RBC risks across the full supply chain and incorporate them into our risk management plan.	☐	☐	☐	☐	☐
Our suppliers and business partners are commercially incentivised to improve their responsible business performance (e.g. additional payment or bonus, farm management advice, supplier preference)	☐	☐	☐	☐	☐
My company communicates externally all relevant information on our due diligence policies, process, and activities conducted to identify and address actual or potential adverse impacts, including remedial actions taken to address such impacts.	☐	☐	☐	☐	☐
We fully consult and work closely with a range of civil society organizations and other external stakeholders (e.g. local community organisation, environmental group, research organisation, industry-wide initiatives)	☐	☐	☐	☐	☐
Adequate financial resources are available to support due diligence and responsible sourcing	☐	☐	☐	☐	☐

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

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
It's easy to understand our international obligations related to RBC	☐	☐	☐	☐	☐
We have an in-depth understanding of the due diligence framework as detailed in the OECD-FAO Guidance.	☐	☐	☐	☐	☐

Any comment?

26. Do you have any examples of initiatives that have helped to establish stronger risk-based due diligence practices within your company?

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

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

6. NEXT STEPS

The results of this survey will be collated and presented in a baseline report for publication in November 2019.

This survey is part of a larger project to better understand responsible business conduct and supply chain due diligence in agricultural supply chains in Southeast Asia. For example, learning and training seminars will be run as part of a Webinar series held in 2020. Your engagement in these webinars would be welcomed.

* 27. Would you like to be sent the results from this survey?

- ☐ Yes
☐ No

* 28. Can we contact you directly to follow up on any of your responses to this survey?

- ☐ Yes
☐ No

Yes, but please contact this person first:

* 29. Would you be interested in participating in the learning and training Webinar series on RBC and supply chain due diligence?

- ☐ Yes
☐ No

30. Do you have examples of external initiatives, and/or internal processes or stakeholder engagement to promote supply chain due diligence, that could make useful case studies to share?

For example, introducing mobile applications to monitor on-farm risks, piloting grievance mechanisms accessible to local communities, collaborating with NGOs to improve suppliers' capacity to address deforestation.

- ☐ Yes/Maybe, I would like to discuss this with OECD further
☐ No

31. Is there anything you wish to add in response to this survey?

Survey on Responsible Business Practices in Agricultural Supply Chains in Southeast Asia

7. Thank you

Thank you for your time in completing this survey. We value your participation and your thoughtful feedback.

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

Definitions

Agricultural supply chains

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

Business partner

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

Business relationship

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

Due diligence

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

Enhanced due diligence

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

Mitigation

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

Prevention

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

Remediation

The provision of remedy for adverse impacts.

Risk

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

Risk-based due diligence

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

Risk management

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

Stakeholders

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

Supplier

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

OECD Pilot Project on Responsible Agricultural Supply Chains in Southeast Asia

BASELINE REPORT

The OECD is engaged in promoting the understanding and uptake in Southeast Asia of supply chain due diligence recommendations in the OECD-FAO Guidance for Responsible Agricultural Supply Chains. This report presents the findings of a baseline survey conducted amongst companies along agricultural and seafood supply chains to understand how they are implementing responsible business practices and in particular risk-based due diligence across agricultural supply chains.

mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm



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