

# **A framework for sustainability innovation in agri-business**



**The corporate implementation of the  
Principles for Responsible Investment in  
Agriculture and Food Systems (CFS-RAI)  
and the United Nations Sustainable  
Development Goals (SDGs)**

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### Note

All currency \$ refers to US dollars.

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## Authors

**Earth Security Group** are strategic  
advisors helping companies, investors  
and governments to engage with  
sustainability issues that are shaping  
their markets, aligning business growth  
with sustainable development goals.

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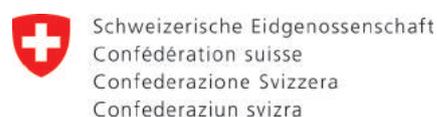
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## Strategic Partners



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## Foreword



**Investing in agriculture is widely recognised as one of the most effective ways to alleviate poverty, improve food security and reduce hunger and malnutrition.**

Paradoxically, both overseas development aid and domestic investment in agriculture have been declining since the 1990s. The total share of aid to agriculture from the OECD has fallen from nearly 20% in the mid 1980s to a mere 7% in 2015 and has remained at this level since.

There is now a growing recognition of the value of the private sector's contribution to sustainable development in agriculture, not merely from the financial contribution that the sector can make, but for the scale, longevity and impact, technical and market access that can only be brought by the private sector.

The UN Sustainable Development Goals (SDGs) have specific targets for the private sector. According to the 'Better Business, Better World' report of 2017, achieving the SDGs creates at least US\$12 trillion in opportunities, with many returns to be generated in the agricultural sectors. The report estimates that low-income food markets could generate between US\$155–265 billion per annum and at the same time improve the nutritional benefits of food for 800 million people under nourished and malnourished.

At the same time, global agricultural companies are confronting a more complex set of systemic social and environmental pressures around the world. Seizing opportunities to make more responsible investments at scale and materialising the benefits will require strategic industry cooperation at various levels and with different stakeholder groups.

The formation of the Global Agri-business Alliance (GAA), a CEO-led platform to collaborate on the sector's global challenges and opportunities for sustainable development impact, and the context of the World Business Council for Sustainable Development (WBCSD)'s broader work facilitating the business collaborations on food systems, represent opportunities to achieve and operationalise greater strategic thinking in how global business will advance solutions and responsible investments that respond to critical social and environmental pressures.

Earth Security Group is providing a strategic framework for agri-businesses to invest in areas of sustainable growth, backed by a series of innovative business models and cross-sector cooperation opportunities. Their translation of the Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) and SDG targets into a business implementation framework will help the sector's continuous improvement in impact measurement and strategic cross-sector collaboration.

We are pleased to have collaborated with Earth Security Group. We intend that this report will serve as a guide for investors and agri-business companies to plan for targeted, inclusive and sustainable investments that ensure optimal returns in agricultural value chains and prosperity for all farmers.

**Sunny Verghese**

Co-Founder and Group CEO,  
Olam International Ltd;  
Chair, World Business Council  
for Sustainable Development

## Executive Summary

Fully realising the potential of agri-businesses in food and non-food crops to become stewards of natural resources and vibrant farming communities is essential to companies' long-term value. Their customers and investors are increasing their scrutiny of the impact that agri-businesses have on natural capital — such as deforestation and biodiversity loss — and social issues, such as human rights and decent work, land tenure security and gender empowerment. Overall, the social, environmental and governance issues that companies must think about and respond to have continued to grow in recent years.

In this report, Earth Security Group provides agri-businesses with a practical framework to implement the 10 Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) and the UN Sustainable Development Goals (SDGs) as a means to align their growth strategies with a universal impact framework for sustainable agriculture.

## Recommendations for agri-businesses

### 1 **Adopt CFS-RAI and SDG targets as a strategic framework to guide corporate strategy**

The scope of sustainability issues that are directly material to the operations of agri-businesses is very wide. Companies must assure their stakeholders that their business priorities are aligned with a holistic approach to sustainable agriculture, rather than isolated issues or initiatives that companies may feel compelled to work on at any given point in time.

The legitimacy of the CFS-RAI as a consensus-driven, comprehensive framework for sustainable agriculture and food systems is born out of an alignment of interests between business, governments and civil society. Companies should consider making the CFS-RAI an integral part of their global vision, mission and strategy using it as a broad framework to assure stakeholders that they are focusing on the right issues. Ultimately, such a framework will help companies make explicit how their impact priorities and opportunities in the short-, medium- and long-term align with the universal principles and aspirations of the sustainable agriculture agenda.

### 2 **Use CFS-RAI and SDG targets as a basis for impact measures to monitor and communicate corporate progress**

Promoting continual improvement is key for agri-businesses to successfully integrate sustainability drivers into their core business. In order to do this, it is necessary for companies to build a framework that allows them to measure and benchmark their progress on a wide scope of issues. In selecting areas for impact measurement, companies must balance the issues they see as aligned with corporate values, and those that are aligned with the expectations of their stakeholders. The CFS-RAI and SDG targets provide agri-business companies with the external framework to ensure their performance is aligned with all the aspects of this complex agenda.

In order to help companies to define a comprehensive and, in the eyes of stakeholders, legitimate impact framework, we have aligned CFS-RAI with specific SDG targets that are material for agri-businesses. This framework helps companies that are already seeking to impact the SDGs to go one step further in their implementation and definition of impact objectives and metrics.

### 3 **Draw on CFS-RAI and SDG targets to develop holistic strategies to advance smallholder development**

Improving the livelihoods of smallholder farmers is one of the biggest imperatives for the sustainable growth of the sector. A holistic local development framework is needed, addressing a range of issues – from helping farmers to increase their incomes and productivity, to facilitating extension services that improve education, skills and access to markets.

The models and partnerships identified in this report show that agri-businesses are most effective at supporting smallholders when they collaborate with other stakeholders, such as civil society, financial institutions and governments.

By covering a wide range of development aspects, the CFS-RAI principles provide agri-businesses with a useful framework of issues and SDG targets to assess, plan and engage in smallholder development initiatives. Using this framework will help agri-businesses to better engage with other stakeholders, discuss common aims and interests, and monitor and communicate their impact.

#### 4 **Use CFS-RAI and SDG targets to deepen the collaboration of agri-businesses with governments and multilateral development agencies**

Responsible agri-businesses depend on governments providing a level playing field to maintain their competitiveness. They must ensure that every other company operating in the same landscape is also compelled to behave responsibly; and government policies are the only way to achieve this market-level scale.

By collaborating with national, regional and local governments, agri-businesses have been able to create regional corridors that facilitate better infrastructure investments; agree national competitiveness policies that encourage better corporate investments in local processing; and, recently, begin to work on jurisdiction-wide approaches to promote responsible commodity production on a larger scale.

The collaboration of agri-businesses with governments holds the most potential to facilitate sustainable production at scale. The CFS-RAI principles and SDG targets provide agri-businesses and governments with a common language to engage and collaborate on common objectives.

#### 5 **Use CFS-RAI and SDG targets to define priority areas of collaboration of agri-businesses on systemic issues**

Through platforms such as the Global Agri-business Alliance (GAA), the World Business Council for Sustainable Development (WBCSD) and other corporate networks, agri-businesses are seizing opportunities to collaborate with each other on global priorities.

Individual companies in the food and agriculture sector are active across many of the CFS-RAI principles and are seeking an alignment with the SDGs. On some principles, such as 'contributing to food security and nutrition' (Principle 1), companies are actively developing initiatives. Here a stronger emphasis on measuring progress is needed.

However, we identify at least five CFS-RAI Principles where the pre-competitive collaboration of agri-businesses is lagging behind, and where companies working together through innovative partnerships could have a significant impact and scale on issues that matter to their bottom line.

Emerging areas for corporate collaboration are:

- The empowerment of young people in farming areas and the promotion of youth entrepreneurship, to ensure the inter-generational development of the industry (Principle 4);
- The promotion of community land rights and the contribution of companies to helping smallholder farmers gain access to the ownership of their land as part of inclusive agricultural production systems (Principle 5);
- The promotion of genetic diversity and the implementation of benefit-sharing with local communities and indigenous groups from the use of traditional genetic knowledge in agriculture (Principle 7);
- The establishment of science-based targets for the safe and healthy use of nutrients in agriculture grounded in pilot regions and implementation roadmaps that can be actively monitored (Principle 8); and
- The implementation of jurisdictional approaches to embed sustainability into landscape level planning with regional governments, facilitating collaboration of companies that are operating in the same region (Principle 10).

## **The Global Agri-business Alliance (GAA)**

GAA presents an opportunity for industry leadership. Launched in 2016, GAA brings together producers, traders, fertiliser and agro-chemicals manufacturers, seed suppliers, primary processors and agri-tech suppliers of food and non-food crops. Hosted by the World Business Council for Sustainable Development (WBCSD), GAA seeks to help companies to share best practices and collaborate on common approaches to sustainable agriculture. In the GAA agricultural producers have come together to develop common approaches to sustainability in the context of the UN Sustainable Development Goals (SDGs).

## **The Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI)**

Developed by the Committee on World Food Security in 2014 through a consultation process with governments, civil society and the private sector, the CFS-RAI Principles provide agri-businesses with a holistic framework to develop and communicate their approach to sustainable agriculture. CFS-RAI cover the whole range of sustainability issues that are material to companies as well as to the aspirations of their stakeholders. The UN Sustainable Development Goals (SDGs) and the SDG targets reinforce the content of the CFS-RAI, providing a basis for common metrics.

## 1 Introduction

# Sustainability drivers of agri-business innovation

### The opportunities and challenges ahead for agricultural producers

#### **Fully realising the potential of agri-businesses to become stewards of natural resources and vibrant farming communities is essential to companies' long-term value.**

Companies in the sector — covering food and non-food crops — are highly dependent on smallholder farmers and the stability of natural ecosystems, such as healthy soils and predictable weather. Companies are increasingly vulnerable to growing sustainability risks and scrutinised by their customers, consumers, investors and governments over their response to them.

#### **Valuable commodities such as palm oil, timber, soy and cattle products continue to drive deforestation.<sup>1</sup>**

Deforestation accounts for around 17% of global carbon emissions, the second largest source after the energy sector.<sup>2</sup> In 2016, a record 29.7 million hectares of tree cover were lost – an area equivalent to the size of New Zealand.<sup>3</sup> As temperatures rise above 2 degrees, as is most likely, climate change is expected to reduce soy crop yields in Brazil by up to 70%.<sup>4</sup> These systemic, self-reinforcing trends in the agriculture sector create powerful feedback loops that undermine agricultural production. The operationalisation of the corporate commitment to 'No Deforestation' made by several global agri-businesses must continue to be improved and matched by national-level companies and supported by the implementation of government policy.

#### **Investors are becoming more aware and responsive to sustainability risks in their agri-business investments.**

The Business and Sustainable Development Commission has estimated that sustainable business model innovation could open economic opportunities worth nearly \$2.3 trillion in the food and agriculture sector.<sup>5</sup> However, the progressive loss of natural capital is also estimated to put up to \$11 trillion of assets at risk in the agricultural sector annually, impacting not only farm assets but also processing plants, transportation and distribution networks.<sup>6</sup> The risks and impacts of business as usual are significant. Large investors are asking difficult questions. In 2015, Norway's Government Pension Fund Global, the world's largest sovereign wealth fund, went further and divested from 11 companies — including six palm oil companies — over their connections to deforestation.<sup>7</sup> HSBC has adopted an active approach to support sustainable palm oil. In February 2017, HSBC incorporated a No Deforestation, No Peat and No Exploitation (NDPE) requirement into the bank's Agricultural Commodity Policy, and has actively asked agri-business customers to make NDPE commitments.<sup>8</sup>

#### **Increasing smallholder farmer incomes and building sustainable rural economies is critical to the sustained success of global agri-businesses.**

Smallholder and family farming still accounts for the largest share of food production worldwide. They are a key enabler of agri-business value chains in highly-profitable global commodities such as coffee and cocoa, yet smallholders remain largely poor. They lack opportunities to improve their incomes, education, land tenure security, food security and build a better future for younger generations, which tend to migrate to cities. Improving the livelihoods of smallholder farmers is one of the biggest imperatives for the sustainability of the industry. This requires tackling development in a holistic way: lifting people out of poverty by increasing incomes, farming techniques and productivity, access to markets, education and skills, working through innovating out-grower models and, increasingly, ensuring that approaches to natural capital will increase the resilience of smallholders to climate change. Small- and medium-sized enterprises in the 'first mile' of the supply chain play a critical role connecting small-scale farming to wider markets, and supplying farmers with inputs, goods and services.

According to the FAO, investing in agriculture is three times more effective at reducing poverty than investing in other industries.<sup>9</sup> Yet less than a quarter of the financing needs of smallholder farmers in developing countries are met, leaving an annual financing gap of more than US\$150 billion.<sup>10</sup> Agricultural input and trading companies are a major source of financing to farmers, filling this gap and facilitating improvements in resource efficiency at the farm-level.

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## Business drivers of sustainable innovation for producers

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### Creating value for customers

As major food brands establish their own sustainability frameworks, they present agri-businesses with the opportunity to create long-term client relationships by looking after sustainability priorities in their supply chains. For example, Mondelēz, Unilever and Barry Callebaut have all introduced their own schemes to replace Fairtrade, claiming to have more comprehensive targets.<sup>11</sup> Cargill, a partner in Mondelēz' Cocoa Life scheme, sees the scheme as strengthening the two companies' relationship and shared commitment to improving farmers' livelihoods and ensuring a sustainable future for cocoa.<sup>12</sup>

### Responding to consumer needs

Agri-business clients are responding to the growing consumer focus on health and nutrition. Increasing the nutritious value of food commodities is opening new business opportunities for manufacturers, in both developed and developing countries. These demands are also pulling agri-businesses to systematise and improve information about production processes, impacts, and supply chains. In Vietnam, mobile application TE-Food allows consumers to scan barcodes or QR codes on packages of pork, chicken or eggs to learn more about the environment and treatment of the pigs or chickens.<sup>13</sup>

### Increasing productivity

Addressing the social aspects of agri-business sustainability, such as the productivity and incomes of farmers, is important to achieve greater supply chain resilience. Technology advances are helping agri-businesses increase productivity while having positive social and development impacts. The Olam Farmer Information System (OFIS), for example, is leveraging the worldwide penetration of mobile phones in rural areas, giving 100,000 smallholder farmers access to detailed information about their farms, which in turn is helping farmers raise productivity and incomes, with a target to reach 500,000 farmers by 2020.<sup>14</sup>

### Accessing sustainable finance opportunities

Resource pressures are opening opportunities for sustainable agriculture models that can demonstrate greater resilience to climate change. In 2017 Rabobank and UNEP announced a \$1 billion partnership to invest in climate smart agriculture.<sup>15</sup> BNP Paribas committed to deploy \$10 billion in capital by 2025 for commercial projects that can prove social and environmental impact in developing countries.<sup>16</sup> The IFC plans to invest \$117 million to leverage \$1 billion in financing from the private sector and donors to support sustainable agriculture investment.<sup>17</sup>

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## The CFS-RAI Principles as an innovation framework

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The 10 Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI), developed by the Committee on World Food Security, provide agri-businesses with a holistic framework covering the whole range of sustainability issues that companies must think about.

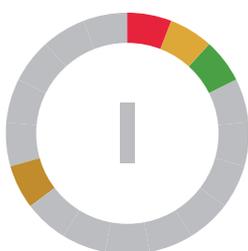
The four-year consultation period that led to the principles, involving governments, the private sector, civil society and international agencies, gives the CFS-RAI a particular legitimacy. This legitimacy enables companies to understand how to navigate an increasingly polarised debate on what constitutes a sustainable agricultural system, combining what is important to the business with what is important to their stakeholders.

In the next section, we show how the CFS-RAI framework can be implemented by the private sector to connect critical sustainability concerns in the sector to innovation opportunities that will deliver core business value.

Fully realising the potential of agri-businesses to become stewards of natural capital and engines of inclusive rural development requires companies to adopt a holistic development framework. The 10 Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) offer a framework that covers the full range of social, environmental and governance issues that are material to corporate risks and opportunities, as well as important to agri-business stakeholders.

## 2 The Framework

### The 10 Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) and the SDGs



CFS-RAI Principle 1  
**Contribute to food security and nutrition**

**SDG 1 No Poverty**

1.1 Eradicate extreme poverty

**SDG 2 Zero Hunger**

- 2.1 Ensure access to nutritious food
- 2.2 End malnutrition
- 2.3 Increase smallholder productivity and incomes
- 2.a Investment in rural infrastructure and extension services
- 2.c Functioning of food commodity markets

**SDG 3 Good Health and Well-being**

3.2 End preventable deaths in new-borns and under-5s

**SDG 12 Responsible Consumption and Production**

12.3 Reduce food waste and post-harvest losses



CFS-RAI Principle 2  
**Contribute to sustainable and inclusive economic development and the eradication of poverty**

**SDG 1 No Poverty**

1.2 Reduce number of people living in poverty

**SDG 7 Affordable and Clean Energy**

7.1 Universal access to affordable, reliable and modern energy services

**SDG 8 Decent Work and Economic Growth**

8.5 Achieve decent employment for all

8.7 Eradicate modern slavery and child labour

8.8 Promote labour rights and safety

**SDG 9 Industry, Innovation and Infrastructure**

9.3 Increase job creation and SME access to finance

**SDG 10 Reduced Inequalities**

10.2 Promote the social, economic and political inclusion of all

**SDG 11 Sustainable Cities and Communities**

11.a Positive urban-rural linkages



CFS-RAI Principle 3  
**Advance gender equality and women's empowerment**

**SDG 4 Quality Education**

4.3 Equal access to technical and vocational training

4.5 Eliminate gender disparity in training & education

**SDG 5 Gender Equality**

5.1 End all discrimination against women

5.2 End all forms of violence against women

5.5 Ensure women's equal leadership opportunities

5.a Women's ownership of land and resources



CFS-RAI Principle 4  
**Engage and empower youth**

**SDG 4 Quality Education**

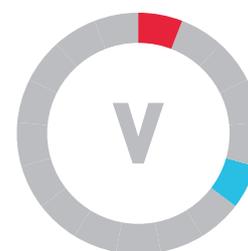
4.1 Ensure free and equitable youth education

4.4 Increase enterprise and job skills in youth

**SDG 8 Decent Work and Economic Growth**

8.5 Achieve decent youth employment

8.6 Reduce youth unemployment



CFS-RAI Principle 5  
**Respect tenure of land, fisheries, and forests, and access to water**

**SDG 1 No Poverty**

1.4 Ensure access and rights to land and resources

**SDG 6 Clean Water and Sanitation**

6.1 Achieve universal access to drinking water

6.2 Achieve access to adequate sanitation



CFS-RAI Principle 6  
**Conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks**

-  **SDG 1 No Poverty**  
1.5 Build resilience of poor to climate vulnerability
-  **SDG 2 Zero Hunger**  
2.4 Implement resilient and sustainable agriculture practices
-  **SDG 12 Responsible Consumption and Production**  
12.2 Achieve sustainable management of natural resources  
12.5 Reduce waste generation including through recycling
-  **SDG 13 Climate Action**  
13.1 Strengthen resilience to natural disasters
-  **SDG 15 Life on Land**  
15.1 Conserving and restoring natural ecosystems  
15.2 Sustainable management of forests and halting deforestation  
15.3 Combating desertification  
15.5 Halt the loss of biodiversity and degradation of habitats



CFS-RAI Principle 7  
**Respect cultural heritage and traditional knowledge, and support diversity and innovation**

-  **SDG 2 Zero Hunger**  
2.5 Maintain the genetic diversity of plants and animals
-  **SDG 9 Industry, Innovation and Infrastructure**  
9.b Support innovation and value added to commodities
-  **SDG 11 Sustainable Cities and Communities**  
11.4 Strengthen and protect cultural and natural heritage
-  **SDG 15 Life on Land**  
15.6 Fair benefit sharing from using genetic resources
-  **SDG 17 Partnerships for the Goals**  
17.7 Promote access to environmental technologies



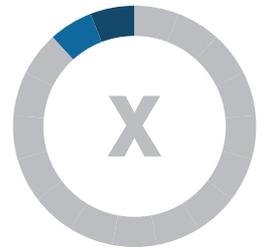
CFS-RAI Principle 8  
**Promote safe and healthy agriculture and food systems**

-  **SDG 3 Good Health and Well-being**  
3.9 Reduce illness from hazardous chemicals and pollution  
3.d Early warning, risk reduction and management of national and global health risks
-  **SDG 6 Clean Water and Sanitation**  
6.3 Improve water quality and reduce pollution
-  **SDG 8 Decent Work and Economic Growth**  
8.8 Promote a safe and secure environment for workers
-  **SDG 11 Sustainable Cities and Communities**  
11.6 Urban air quality and municipal waste management
-  **SDG 12 Responsible Consumption and Production**  
12.4 Sound management of chemicals and chemical waste
-  **SDG 14 Life Below Water**  
14.1 Prevent and significantly reduce marine pollution of all kinds



CFS-RAI Principle 9  
**Incorporate inclusive and transparent governance structures, processes, and grievance mechanisms**

-  **SDG 12 Responsible Consumption and Production**  
12.6 Encourage company sustainability reporting
-  **SDG 16 Peace, Justice and Strong Institutions**  
16.3 Promote rule of law and equal access to justice  
16.5 Reduce corruption and bribery in all forms  
16.6 Develop effective and transparent institutions  
16.7 Ensure inclusive and representative decision-making



CFS-RAI Principle 10  
**Assess and address impacts and promote accountability**

-  **SDG 16 Peace, Justice and Strong Institutions**  
16.10 Ensure public access to information
-  **SDG 17 Partnerships for the Goals**  
17.18 Increase availability of data and build local capacity  
17.19 Measure progress on sustainable development

## CFS-RAI Principle 1

# Contribute to food security and nutrition



### The principle's objectives

To contribute to food security and nutrition by:

- Increasing sustainable production and productivity of safe, nutritious, diverse and culturally acceptable food and reducing food waste and loss.
- Improving income and reducing poverty, including through participation in agriculture and food systems and/or through improving the ability to produce food for oneself and others.

- Enhancing the fairness, transparency, efficiency, and functioning of markets, in particular taking into account the interests of smallholders, improving related infrastructure, and increasing the resilience of agriculture and food systems.
- Enhancing food utilisation through access to clean water, sanitation, energy, technology, childcare, healthcare, and access to education, including on how to prepare, provide, and maintain safe and nutritious food.

### Selected SDG targets relevant to agri-business companies



#### **SDG 1** **No Poverty**

- 1.1 Eradicate extreme poverty



#### **SDG 2** **Zero Hunger**

- 2.1 Ensure access to nutritious food  
2.2 End malnutrition  
2.3 Increase smallholder productivity and incomes
- 2.a Investment in rural infrastructure and extension services  
2.c Functioning of food commodity markets



#### **SDG 3** **Good Health and Well-being**

- 3.2 End preventable deaths in newborns and under-5s



#### **SDG 12** **Responsible Consumption and Production**

- 12.3 Reduce food waste and post-harvest losses

“At DSM, we wanted to be the initiative-taker. The idea behind Africa Improved Foods, is that DSM and other stakeholders can fund the factory’s development and eventually create a model that’s economically self-sustaining, and locally supported.”

**Feike Sijbesma**  
CEO, Royal DSM <sup>25</sup>

### Case study of business innovation

## Africa Improved Foods, Rwanda

Africa Improved Foods Rwanda (AIF) — a joint venture between Royal DSM, the Rwandan government, and development institutions including FMO, CDC and IFC — produces fortified blended food for the Government of Rwanda and the World Food Programme (WFP).<sup>18</sup> It is designed to help address malnutrition and stunting in young children among the population at the base of the pyramid. The WFP has committed to purchase AIF products for its African food initiatives.

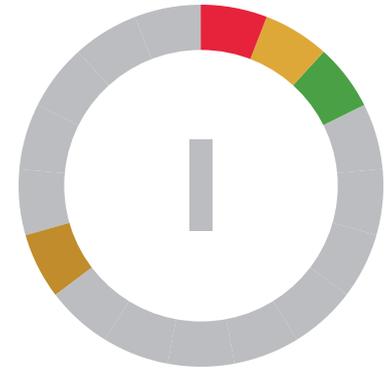
AIF aims to contribute to the reduction of malnutrition in Rwanda, through increasing the availability of high quality, affordable, locally-sourced nutritious foods.<sup>19</sup> Chronic malnutrition affects over a third of children under the age of five in Rwanda. AIF has invested \$66 million in a state-of-the-art facility producing micronutrient-fortified porridge flours to support infant and maternal health.<sup>20</sup> The venture also supports local economic development and job creation, sourcing from 9,000 local maize farmers.<sup>21</sup> By 2022, AIF expects to contribute 5-10% to Rwanda’s export sector and contribute \$36 million annually to the Rwandan economy through spending on materials, transport, water, employment, and sales.<sup>22</sup>

The market for affordable, nutritious foods is growing across East Africa. AIF sells a range of commercial products under the Nootri brand across East Africa, with profits used to subsidise the products sold to WFP and Government of Rwanda. To drive sales, AIF engages with healthcare officials, regional authorities and consumers in Rwanda, Uganda and DRC, raising awareness of the benefits of fortification and organising fortnightly factory visits for schools, farmers and shopkeepers to demonstrate high food safety standards.<sup>23</sup> With an annual production capacity of 45,000 tonnes, AIF’s manufacturing plant is one of the largest nutrition factories in East Africa, and reached 90% operational capacity within six months of production.<sup>24</sup>

### Opportunity for agri-businesses: Partner for food security

Improving food security and nutrition provides agri-businesses an opportunity to work together in collective platforms to support the communities in which they work, and is often seen as one part of a more integrated approach to supporting livelihood development.

Partners in Food Solutions (PFS), an independent nonprofit organisation, is working to improve nutrition and increase economic development across Africa by expanding and increasing the competitiveness of the food processing sector. It links corporate volunteers from a consortium of world-class food companies with promising entrepreneurs in nine African countries.<sup>26</sup>



The consortium of companies — including Cargill, General Mills, Bühler, and DSM — alongside other partners such as TechnoServe, USAID and Root Capital work together with food processors supported by PFS. As enterprises are strengthened and grow, they enhance access to markets, improve livelihoods and create jobs at one end of the value chain; and provide nutritious, affordable, safe food to consumers at the other.

Corporate partnerships with NGOs to tackle nutrition security also focus on holistic development strategies. For example, Cargill works with CARE International to increase farmers’ productivity, market access and livelihoods, improve nutrition security, community governance and education resources. It has invested \$18 million in the partnership since 2008, and aims to reach a total of 1 million people in agricultural communities by 2020.<sup>27</sup>

### Further resources

- [The Agriculture for Nutrition Global Program, Global Alliance for Improved Nutrition \(GAIN\)](#).
- [Food Reform for Sustainability and Health \(FRoSH\), EAT Foundation and WBCSD](#).

## CFS-RAI Principle 2

# Contribute to sustainable and inclusive economic development and the eradication of poverty



### The principle's objectives

To contribute to sustainable and inclusive economic development and the eradication of poverty by:

- Respecting the fundamental principles and rights at work as defined in the ILO core conventions; and supporting the effective implementation of other international labour standards, including eliminating the worst forms of child labour.
- Creating new jobs and fostering decent work through improved working conditions, occupational safety and health, adequate living wages, and training.
- Improving income and generating shared value, through enforceable and fair contracts, and by fostering entrepreneurship and equal access to market opportunities.

— Contributing to rural development and the provision of public goods and services such as research, health, education, capacity development, finance, and infrastructure.

— Supporting policies and actions aimed at empowering and improving human resource capacity, particularly for smallholders and family farmers, and promoting their access to resources and inputs; and promoting greater coordination, cooperation, and partnerships to improve livelihoods.

— Promoting sustainable patterns of consumption and production.

### Selected SDG targets relevant to agri-business companies



#### **SDG 1** **No Poverty**

1.2 Reduce number of people living in poverty



#### **SDG 7** **Affordable and Clean Energy**

7.1 Universal access to affordable, reliable and modern energy services



#### **SDG 8** **Decent Work and Economic Growth**

8.5 Achieve decent employment for all  
8.7 Eradicate modern slavery and child labour  
8.8 Promote labour rights and safety



#### **SDG 9** **Industry, Innovation and Infrastructure**

9.3 Increase job creation and SME access to finance



#### **SDG 10** **Reduced Inequalities**

10.2 Promote the social, economic and political inclusion of all



#### **SDG 11** **Sustainable Cities and Communities**

11.a Positive urban-rural linkages

“Of all the approaches tried to date to bridge the income divide in this world, inclusive value chains have the best potential to scale. It is indeed heartening that ITC’s e-Choupal offered an early proof of this concept, and continues to inspire several others.”

**S. Sivakumar**

Chief Executive, ITC Agri Business Division <sup>34</sup>

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### Case study of business innovation

## ITC e-Choupal, India

ITC has invested \$2.2 million to set up an information system connecting farming villages and giving local farmers access to real-time market pricing information, weather forecasts, and information on production techniques.<sup>28</sup> Since 2000, ITC has placed 6,500 ‘e-Choupal’ internet terminals in 40,000 villages servicing more than 4 million farming families. The system allows ITC to develop scale in its sourcing and market relationship with smallholder farmers.<sup>29</sup> It breaks down the information asymmetry that has long hindered rural farmers from participating effectively in markets, enabling them to achieve higher margins by negotiating the sale of their produce directly with ITC.<sup>30</sup> ITC also uses the platform as a means to directly sell inputs such as seeds and fertiliser, and services such as crop insurance to local farmers.

e-Choupal has created direct access between ITC and farmer communities, strengthening quality control, feedback, and planning to improve security of supply. ITC is able to offer higher prices to farmers and save an average of 2.5% commission fees and transportation costs that would otherwise have been paid to intermediaries.<sup>31</sup>

The company aims to double the number of farmers in its e-Choupal network by 2022.<sup>32</sup> The e-Choupal network, which ITC estimates has 20 million rural customers, has become a significant channel for rural sales and distribution for ITC, and 160 other companies who have access to the platform, including Bayer, BASF, Nokia, and Tata Motors.<sup>33</sup>

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### Opportunity for agri-businesses: Unlock regional development

Companies can strengthen their productivity conditions in the regions in which they operate by working together with governments, donors, civil society and other companies to establish regional development strategies. For example, Yara International played an important role in catalysing a regional development strategy that later became the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). This covers 7.5 million hectares and was established with the aim to promote the generation of \$1.2 billion in farming revenues and 420,000 new jobs in the region, largely connected with smallholder development.<sup>35</sup>

The regional focus has helped the company target investments in value-adding activities within the corridor. For example, the company invested \$20 million in a port terminal in Dar es Salaam for packaging and distributing fertiliser within and beyond the SAGCOT corridor, and an additional annual investment of \$3 million supports smallholder capacity-building by providing agricultural extension services and demonstration sites.<sup>36</sup>



In the cocoa sector, producers and manufacturers including Barry Callebaut, Cargill, Hersheys, Mars, Mondelēz, Nestlé, and Olam have come together with the governments of Côte d’Ivoire and Ghana, which account for close to 60% of the world’s cocoa supply, and other stakeholders to seek to improve the economic value of the cocoa sector for these countries. By 2020, as part of this CocoaAction platform, companies aim to support 300,000 cocoa farmers to adopt better productivity practices.

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### Further resources

- [Rules of the game: A brief introduction to international labour standards, International Labour Organisation \(ILO\).](#)
- [Private sector development strategy. Prosperity for all: making markets work, UK Department for International Development \(DFID\).](#)

## CFS-RAI Principle 3

# Advance gender equality and women's empowerment



### The principle's objectives

To foster gender equality and women's empowerment by:

- Ensuring that all people are treated fairly, recognising the vital role played by women; and eliminating all measures and practices that discriminate or violate rights on the basis of gender.
- Advancing women's access to equal tenure rights, markets, and to control over productive land, natural resources, inputs, and productive tools. Promoting women's access to extension, advisory, financial, education, and training services.
- Adopting innovative and proactive approaches and processes to enhance women's meaningful participation in partnerships, decision-making, leadership roles, and benefits.

### Selected SDG targets relevant to agri-business companies



#### **SDG 4** **Quality Education**

- 4.3 Equal access to technical and vocational training
- 4.5 Eliminate gender disparity in training & education



#### **SDG 5** **Gender Equality**

- 5.1 End all discrimination against women
- 5.2 End all forms of violence against women
- 5.5 Ensure women's equal leadership opportunities
- 5.a Women's ownership of land and resources

“Java Mountain Coffee is proud to be Conrad Bali’s coffee purveyor and we are glad that this association highlights our shared value to contribute to measured environmental and socio-economic impacts to the most vulnerable women coffee farmers and farms in Indonesia.”

**Nadine Alexandra**  
Java Mountain Coffee <sup>41</sup>

### Case study of business innovation

## Java Mountain Coffee, Indonesia

Indonesia is the third largest coffee producer in the world, producing 8.8% of the world’s coffee.<sup>37</sup> However, women coffee farmers are not capturing the full economic benefits: women undertake the majority of the manual work to produce coffee but earn less than 10% of the household income and own less than 1% of the land.<sup>38</sup> Java Mountain Coffee Cooperative, a purpose-driven business, aims to empower 1 million indigenous women coffee farmers by 2030 by improving their access to finance and training, helping them achieve certification, and investing in climate resilient agricultural practices.

Java Mountain Coffee has developed a farm-fresh, micro-roast Mocha Java Blend coffee, the first coffee in over 300 years for which beans from Java will be micro-roasted at origin within days after harvesting by local women, packaged fresh and distributed to global markets for sale.<sup>39</sup> The venture has set an ambitious target of empowering 1 million rural women farmers and planting 3 million hybrid coffee and shade tree seedlings by 2030.

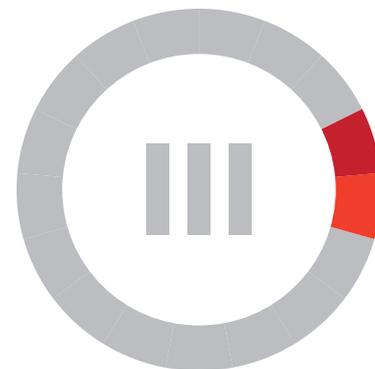
Java Mountain Coffee allocates 10% of the revenues from its Mocha Java Blend coffee to its Woman’s Empowerment Innovation Fund, which supports the establishment of all-women cooperatives and supports them to achieve coffee sustainability certification from Fairtrade, RainForest Alliance and UTZ Certified.<sup>40</sup> The fund also helps provide climate-resilient coffee seedlings through a sustainable nursery programme in partnership with the Indonesian Coffee and Cocoa Research Institute.

A partnership with Hilton hotels will see two Java Mountain Coffee blends served at various food and beverage facilities within Hilton hotels in Southeast Asia. The partnership will deliver on Hilton’s pledge to support the UN Women’s Empowerment Principles, an initiative spearheaded by the United Nations Global Compact programme to drive business action on advancing gender equality. A distribution partnership with Boncafé International, a leading gourmet coffee manufacturer and supplier in South East Asia and the Middle East, will see Boncafé International roast and distribute Java Mountain Coffee in Asian markets including Cambodia, Hong Kong, Malaysia, Singapore, Thailand, and Vietnam, driving greater demand for the brand.

### Opportunity for agri-businesses: Empower women

Empowering women is a growing concern for most agri-businesses’ global clients. Unilever, for example, sees enhancing women’s livelihoods in its agricultural supply chain as one of the company’s biggest sustainable development opportunities. It aims to empower 5 million women in its value chains by 2020 via programmes focused on promoting rights and safety, building skills and capabilities, and creating economic opportunity through jobs and livelihoods.<sup>42</sup> The growing emphasis food companies are placing on women’s empowerment is likely to continue to translate into growing pressure on agri-business suppliers to do the same.

Empowering women in the supply chain is also a stated priority for agri-businesses such as Olam. The Olam Livelihood Charter (OLC) has reached over 300,000 farmers — of which over 55,000 are women — through 44 initiatives across 11 products in 19 countries, and provided more than \$160 million in financing to smallholders.<sup>43</sup>



Olam recognises that improving smallholder livelihoods cannot be achieved without empowering women and addressing gender equality. In many of the communities in which Olam operates, women do not have control over use of income, decision-making powers, or access to land, natural resources and inputs, education, or finance. The OLC provides a single framework through which Olam can tackle, measure and report progress on economic, environmental and social challenges, including empowering women.<sup>44</sup> In some regions, realising the active participation of women can take time. It requires ongoing community engagement and cultural sensitivity, particularly in contexts that do not allow women to own farms or land assets, attend training, or speak at meetings.

### Further resources

- [Women’s Empowerment Principles for Business, UN Women & UN Global Compact.](#)
- [Opportunities for Women: challenging harmful social norms and gender stereotypes to unlock women’s potential, Unilever.](#)

## CFS-RAI Principle 4 **Engage and empower youth**



### **The principle's objectives**

To engage and empower youth by:

- Advancing their access to productive land, natural resources, inputs, productive tools, extension, advisory, and financial services; education, training, markets and information; and inclusion in decision-making.
- Providing appropriate youth training, education, and mentorship programmes to increase capacity and/or access to decent work and entrepreneurship opportunities, and foster youth contribution to local development.
- Promoting development and access to innovation and new technologies, combined with traditional knowledge, to attract and enable youth to be drivers of improvement in agriculture and food systems.

### **Selected SDG targets relevant to agri-business companies**



#### **SDG 4 Quality Education**

- 4.1 Ensure free and equitable youth education
- 4.4 Increase enterprise and job skills in youth



#### **SDG 8 Decent Work and Economic Growth**

- 8.5 Achieve decent youth employment
- 8.6 Reduce youth unemployment

“The partnership with Kenya Commercial Bank will provide the youth with direct access to markets and eliminate middlemen. Farmers need access to markets and not handouts. We thus need to convert farmers to agripreneurs because this is the only way that economic standards can be transformed.”

**Vimal Shah**  
CEO Bidco

### Case study of business innovation

## Bidco Africa, Kenya

Bidco Africa and the Kenya Commercial Bank Foundation (KCB Foundation) are providing capacity building, funding, and market access to 10,000 young farmers in Kenya. Although Kenya's climate is well-suited to soybean production, insufficient labour at a farm level and in processing contributes to a domestic shortage: Bidco's seed-crushing operations run at 50% capacity due to a labour shortage.<sup>45</sup> To support its growth strategy in Kenya, Bidco is investing in training young farmers to make agri-business more attractive to youth.

Its partnership with KCB Foundation provides interest-free loans to young farmers. None of the participants in the programme have received loans before, and all must complete training in order to receive funding. Bidco buys their soybean and sunflower seeds at a rate that is 33% higher than market price, enabling young farmers not only to pay back their loans but also to invest in improving productivity.<sup>46</sup> The programme aims to empower 10,000 youth every year to set up small-scale agri-businesses in soybean and sunflower seed farming that will employ at least five people each, translating to 50,000 jobs for young people after five years.<sup>47</sup>

Bidco aims to increase its market share five-fold across sub-Saharan Africa over five years, targeting \$1 billion growth in Kenya within that period.<sup>48/49</sup> To capture greater market share, the business recognises it is vital to transform agri-business in the region from subsistence farming to commercially-oriented, competitive and modern agriculture with a focus on integrating rural youth into value chains.

### Opportunity for agri-businesses: Activate youth entrepreneurship

Agri-businesses have been slow to set public targets on youth empowerment and job creation. Young farming entrepreneurs provide a new narrative. Mavis Nduchwa, age 33, challenged norms in Botswana by leaving a career in hospitality and TV to set up an animal feed farm in her rural home in Francistown. Chabana Farms — an integrated farm producing vegetables and horticulture alongside cattle and pigs — produces affordable, locally produced animal feed, reducing local farmers' reliance on expensive imports and addressing the lack of local jobs for women and youth.

Nduchwa is determined to make agriculture 'cool' in order to attract more youth to the sector: to do so agri-business must be profitable and able to meet the needs of young farmers and their communities.<sup>50</sup> Chabana Farms can make up to \$1.5 million in profits, with a good rainy season, and has been awarded a \$2 million government contract to supply jugo beans to the local market.<sup>51</sup> Nduchwa received funding from the Tony Elumelu Entrepreneurship Programme, which aims to support businesses that can contribute over a 10-year period to creating about a million new jobs and generating at least \$10 billion in revenue across Africa.



Many agri-businesses are addressing youth jobs and skills indirectly through platforms in which they participate. For example, Barry Callebaut, Cargill and Olam are all partners in Mondelez' Cocoa Life programme, which focuses on five areas of transformation change in cocoa farming, including transforming youth and 'making cocoa farming a more attractive profession for young people'.<sup>52</sup> There are also significant opportunities for agri-business to partner with technology firms to empower young farmers.

In Africa, technology companies are leading the way in tackling youth unemployment, catalysing innovation and launching digital-skills programmes for young people across the continent: Google aims to train 10 million people, while IBM aims to train 25 million.<sup>53</sup> In Kenya, Safaricom's \$1 million Spark Venture Fund is supporting start-ups like FarmDrive, which aims to use data-driven tech solutions to revitalise agri-business and provide Africa's youth with quality, sustainable economic opportunities in agriculture.<sup>54</sup>

### Further resources

- [Youth in the rural economy: Unleashing the potential of rural economies through investments in young people, UN Decent Jobs for Youth initiative.](#)
- [Youth and Agriculture: Key Challenges and Concrete Solutions, FAO.](#)



## CFS-RAI Principle 5

# Respect tenure of land, fisheries and forests and access to water

### The principle's objectives

To respect for the legitimate tenure rights of communities to land, fisheries, forests and water, in line with:

- The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security, in particular, but not limited to, Chapter 12.
- The Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication.

### Selected SDG targets relevant to agri-business companies



#### **SDG 1** **No Poverty**

- 1.4 Ensure access and rights to land and resources



#### **SDG 6** **Clean Water and Sanitation**

- 6.1 Achieve universal access to drinking water
- 6.2 Achieve access to adequate sanitation

The land titles were issued in only three months, while it usually takes on average four years to do so across Africa.



### Case study of business innovation

## Olam International, Gabon

The Republic of Gabon has set itself the ambitious goal of food self-sufficiency and increased local employment by 2020.<sup>55</sup> As part of this plan, concessions were assigned in 2015 to foreign companies for timber, palm oil and rubber. Land tenure security is a critical gap for prospective investors as the majority of land is state-owned and local communities do not generally own the right to the land they cultivate. The country has not yet spearheaded the reforms necessary to de-risk these commodities by recognising communal and customary land ownership.<sup>56</sup>

Olam International partnered with the Gabonese government to develop rubber and palm oil plantations. US\$750 million will be the total investment by Olam Palm Gabon and US \$220-240 million is the expected total investment by Olam Rubber Gabon respectively. Unlike most other companies in the country facing the prospect of weak land tenure, Olam took a proactive stand on land governance. It formed a public-private partnership with the government to support smallholder groups to formally own their land as part of an out-grower production model.

Facilitating the registration of land titles meant also that farmers would be in a better position to leverage Olam's training in good farming practices, greater access to markets and inputs. They would also be more robust partners by ensuring a proper environmental and social due-diligence on the land and ongoing monitoring.<sup>57</sup>

The joint venture, of which Olam owns 49% and the Gabonese government 51%, is in 7 provinces and, as of December 2017, over 100 cooperatives with 2,600 people were actively producing. The land titles were issued in only three months, while it usually takes on average four years to do so across Africa.<sup>58</sup>

The new landowners receive training to grow and manage small-scale palm oil plantations alongside subsistence crops such as cassava and banana, to promote food security and income diversification. In order to ensure that activities in the lands selected for farming do not have negative impacts on the environment, Olam has worked with the government to devise a new, legally binding environmental and social due diligence framework, adapted to the scale of the project, and has initiated land preparation in dozens of sites across the country. The venture is also a platform for market access as it provides smallholder farmers with regular transport and distribution links to sell their produce. In its next phase the joint venture will also focus on developing a local agri-processing industry through local enterprises.

### Opportunity for agri-businesses: Contribute to land tenure security

Land conflicts have increased by 300% since 2003.<sup>59</sup> Over 700 land conflicts involving agricultural commodities were active in 2016 globally.<sup>60</sup> Downstream consumer-facing brands have seen their exposure to the issue grow: in 2013, Oxfam's Behind the Brands initiative assessed the performance of the 10 largest food companies in the world on land tenure policies, with dismal results for some brands.<sup>61</sup> A greater pressure on agri-business suppliers has been driven by food companies establishing policies for 'zero-tolerance' to land-grabbing.

However, an Oxfam study of sugar production in Brazil has showed the complexity that global brands face when monitoring such commitments.<sup>62</sup>

Land tenure security has been positively correlated to agricultural productivity of smallholder farmers, who have greater incentives to invest in longer-term productivity efforts.<sup>63</sup> Agri-businesses investing in helping smallholders secure their land ownership can expect to see a range of benefits, from social license to operate to increased performance from out-grower and related programmes. Besides the greater pressure from customers, the greater scrutiny from investors to land tenure risks has prompted the development of a series of agri-business guides on how to approach land tenure security. For example, the development finance institutions CDC Group and DEG have focused on legacy land issues for agri-business projects.<sup>64</sup>

So far much of the agenda for agri-businesses has been shaped by downstream retail brands. There is a need for agricultural supply-side companies to engage more proactively. Collaboration can be established with players like the Interlaken Group. This is an informal network which aims to drive private sector action to secure community land rights.<sup>65</sup>

### Further resources

- [Guide to Respecting Land and Forest Rights, Interlaken Group.](#)
- [The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security, CFS & FAO.](#)

## CFS-RAI Principle 6

# Conserve and sustainably manage natural resources, increase resilience and reduce disaster risks



### The principle's objectives

To conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks by:

- Preventing, minimising, and remedying, as appropriate, negative impacts on air, land, soil, water, forests, and biodiversity.
- Supporting and conserving biodiversity and genetic resources, including local genetic resources, and contributing to the restoration of ecosystem functions and services, recognising the role played by indigenous peoples and local communities.
- Reducing production and post-harvest waste and losses, and enhancing production efficiency, sustainable consumption, and the productive use of waste and/or by-products.

- Increasing climate change resilience of agriculture and food systems, the supporting habitats, and related livelihoods, particularly of smallholders, through adaptation measures; and taking measures to reduce and/or remove greenhouse gas emissions.
- Integrating traditional and scientific knowledge with best practices and technologies, for example through agro-ecological approaches and sustainable intensification.

### Selected SDG targets relevant to agri-business companies

#### **SDG 1** **No Poverty**

- 1.5 Build resilience of poor to climate vulnerability

#### **SDG 2** **Zero Hunger**

- 2.4 Implement resilient and sustainable agriculture practices

#### **SDG 12** **Responsible Consumption and Production**

- 12.2 Achieve sustainable management of natural resources  
12.5 Reduce waste generation including through recycling

#### **SDG 13** **Climate Action**

- 13.1 Strengthen resilience to natural disasters

#### **SDG 15** **Life on Land**

- 15.1 Conserving and restoring natural ecosystems  
15.2 Sustainable management of forests and halting deforestation  
15.3 Combating desertification  
15.5 Halt the loss of biodiversity and degradation of habitats

“Araku coffee is unique because of its complex terroir and that’s why [it’s] premium. Everybody wants a simple life but they pay for complex things. Luxury is all about complexity.”

**Anand Mahindra**

Co-founder, Araku Originals Ltd.<sup>72</sup>

### Case study of business innovation

## Araku Originals Limited, India

In the Araku Valley in Andhra Pradesh, Araku Originals Limited is improving farmers’ livelihoods while making coffee grown with ecosystem regeneration techniques a driver of global price premium. Under the company’s scheme, farmers have been organised into one of the largest Fairtrade and organic certified coffee cooperatives in the world. 14,000 farmers received training on topics including biomass composting, tree pruning and shade tree plantation to transform the land into a high-carbon, bio-diverse landscape.

Growing coffee with a biodynamic approach, farmers have implemented a large agroforestry programme that sustains a healthy carbon-rich ecosystem: 6,000 hectares of fruit trees have already been planted with 1.3 million tons of carbon offsets expected over the next 20 years.<sup>66</sup> In less than a decade, the project expanded from 1,000 acres to over 20,000 acres.<sup>67</sup>

To drive higher margins, Araku Originals refocused its distribution strategy to sell Araku coffee in premium global markets, increasing the profit margins for farmers and reinvesting in the region.<sup>68</sup> It established an e-auction system to sell produce direct to wholesale buyers in markets including France, Japan, and Switzerland. Farmer incomes have nearly tripled since they started selling shade-grown coffee in international markets.<sup>69</sup>

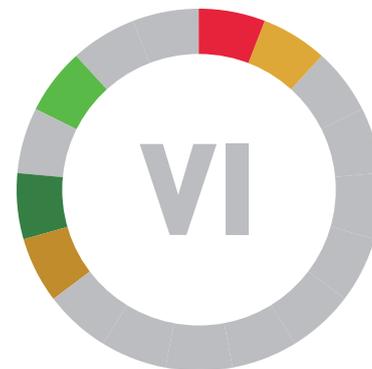
Araku’s most expensive stock is around \$108 per kg. According to its founders, which include Indian industrialist Anand Mahindra, the steep price can be justified ‘by the fact that this is perhaps the first time in the world that coffee is being produced using techniques similar to those in wine making . . . the variants of Araku coffee draw their flavours from the ‘terroir’ or unique environment.’<sup>70</sup>

### Opportunity for agri-businesses: Build natural capital

Agri-business companies are highly dependent on healthy soils, predictable rainfall and weather, and functioning and diverse ecosystems. Business is only beginning to understand the inter-connections between these systems and the need for greater management integration of ecological and economic value. For example, a recent study by the Center for International Forestry Research found that maintaining healthy forests near coffee crops increases pollination rates and could help coffee farmers cope and adapt to the effects of climate change.<sup>72</sup>

Resource security and extreme weather volatility are demanding more systemic resource management approaches. For example, on water, the Alliance for Water Stewardship (AWS) is designed to ensure there is a sustainable water balance in places where companies operate.<sup>73</sup> Olam is the first agri-business to achieve AWS certification and its Aviv Coffee Plantation in Southern Tanzania was also the first site in Africa to do so.<sup>74</sup> On forests and biodiversity, Indonesian palm oil company Golden Agri-Resources (GAR) collaborated with The Forest Trust and Greenpeace to develop the High Carbon Stock (HCS) Approach: a scientific methodology that distinguishes natural forest areas for conservation from degraded lands with low carbon and biodiversity values.<sup>75</sup> The approach has been adopted by other commodity producers, notably pulp and paper, and rubber, and is referenced in a growing number of policy commitments from palm oil customers including Unilever, Nestlé, L’Oréal, Delhaize, Kellogg’s and Procter & Gamble.<sup>76/77</sup>

Taking a more holistic landscape approach is critical for companies to be able to manage biodiversity, soil and water simultaneously. The concept of natural capital offers agri-businesses a way to quantify and internalise ecological values and dynamics in their operations.<sup>78</sup>



The Natural Capital Protocol, supported by WBCSD, has helped identify business risks currently invisible on the balance sheet, and develop more cost-effective solutions that have a material impact on production resilience. For example, Philip Morris International (PMI) applied the Protocol in Colombia to inform the company’s strategy to eliminate the use of coal from the tobacco curing process by 2020 by adopting an internal carbon price that incentivised farmers to switch away from coal.<sup>79</sup>

Food waste and post-harvest loss is emerging as another critical resource issue for agri-business. For every \$1 companies invest to reduce food loss and waste, a reported saving of \$14 is made in operating costs.<sup>80</sup> 60% of the world’s 50 largest food companies by revenue now have a food-loss and waste reduction target which naturally extends to suppliers.<sup>81</sup> In September 2017, the Global Agri-business Alliance announced a voluntary resolution aligned with SDG 12.3 calling on members to halve their own food and agricultural losses by 2030, and work with suppliers and customers to the same end.<sup>82</sup> The Food Loss and Waste Accounting and Reporting (FLW) Standard is being used by companies to measure, report and manage food loss and waste.

### Further resources

- [The Natural Capital Protocol: A Primer for Business, Natural Capital Coalition.](#)
- [The Business Case for Reducing Food Loss and Waste, Champions 12.3.](#)
- [Food Loss and Waste Accounting and Reporting Standard, World Resources Institute.](#)



## CFS-RAI Principle 7 **Respect cultural heritage and traditional knowledge, and support diversity and innovation**

### **The principle's objectives**

To respect cultural heritage and traditional knowledge, and support genetic diversity and innovation by:

- Respecting cultural heritage sites and systems, including traditional knowledge, skills, and practices; recognising the role of indigenous peoples and local communities; recognising the contributions of farmers, especially smallholders, in conserving, improving, and making available genetic resources, including seeds; respecting their rights, to save, use, exchange, and sell these resources; and recognising the interests of breeders.

- Promoting fair and equitable sharing of benefits arising from the utilisation of genetic resources for food and agriculture, on mutually agreed terms, while respecting the rights of indigenous peoples and local communities under national law.

- Promoting the application and use of locally adapted and innovative technologies and practices, agricultural and food sciences, research and development, as well as the transfer of technology as mutually agreed, including for smallholders.

### **Selected SDG targets relevant to agri-business companies**

 **SDG 2**  
**Zero Hunger**

- 2.5 Maintain the genetic diversity of plants and animals

 **SDG 9**  
**Industry, Innovation and Infrastructure**

- 9.b Support innovation and value added to commodities

 **SDG 11**  
**Sustainable Cities and Communities**

- 11.4 Strengthen and protect cultural and natural heritage

 **SDG 15**  
**Life on Land**

- 15.6 Fair benefit sharing from using genetic resources

 **SDG 17**  
**Partnerships for the Goals**

- 17.7 Promote access to environmental technologies

“Natura aspires to be a positive impact company by 2050, with socio-biodiversity as a key creator of value. This means a change in the business model for Natura, but also for our suppliers that work with our sourcing communities. They need to rethink how they work and offer more efficient and creative solutions.”

**Renata Puchala**

Head of Sustainability for Biodiversity,  
Amazon Program and Social Impact, Natura<sup>88</sup>

**Case study of business innovation**

## Natura, Brazil

Natura, one of the world’s leading cosmetics and personal care companies, has built a commercial success out conserving biodiversity, building value chains with local indigenous communities with whom they share the proceeds of their commercial success. The company shows that it is possible to build a competitive business based on respecting traditional indigenous knowledge.<sup>83</sup>

In 2000, Natura launched cosmetics brand EKOS, which uses raw materials extracted from native Brazilian botanicals. The company formed innovative partnerships with indigenous community groups to certify and source raw materials sustainably.<sup>84</sup> These partnerships pre-dated Brazil’s legislation on benefit sharing. In the absence of a legal framework and pre-existing practices, the company provided communities with training in agricultural techniques to enable them to add value to raw materials. It also allocated a percentage of net sales to benefit the communities supplying the company with agricultural commodities.<sup>85</sup> In 2016, Natura reported that close to \$1 million had been disbursed in shared benefits to local communities, derived from their access to genetic heritage or related traditional knowledge.<sup>86</sup>

In 2010, Harvard Business Review identified Natura as one of the most profitable companies in its sector.<sup>87</sup> The Natura model shows that business models rooted in local development and based on benefit sharing with local indigenous groups can be a driver for commercial and competitive growth for a business.

**Opportunity for agri-businesses:  
Capitalise on benefit sharing**

Climate change calls for accelerated private sector research and development (R&D) investments into crop strains that are better able to adapt to pests, diseases and drought.<sup>89</sup> The Nagoya Protocol, a supplementary agreement to the UN Convention on Biological Diversity, entered into force in 2014 to regulate access to genetic resources and the fair and equitable sharing of benefits arising from their utilisation.

The protocol creates compliance obligations for governments, such as ensuring that genetic resources utilised within their jurisdictions have been accessed in accordance with prior and informed consent and under mutually agreed terms with traditional knowledge holders, expanding opportunities for access to justice and legal recourse.<sup>90</sup>

As the case of Natura shows, the upside is that the Nagoya Protocol enables companies to develop innovative business models and brands that make the recognition of traditional knowledge and benefit sharing a key attribute of their competitive position. A growing number of businesses across the agriculture value chain recognise and support the principle of fair access and benefit-sharing described in the Nagoya Protocol.

Over 100 companies including BASF, Monsanto, L’Oréal and Nestlé have signed the UN’s Business and Biodiversity Pledge, which has embedded the principle of access and benefit sharing in a business platform. In the pledge, business signatories commit to take concrete actions to measure, value and conserve biodiversity and deliver solutions for its sustainable use and the fair and equitable sharing of benefits from genetic resources.<sup>91</sup>



In Mexico, Provital Group, a cosmetic ingredients supplier, capitalised on the positive policy environment in the country to become the first company in the industry to achieve compliance with the access and benefit sharing requirements of the Nagoya Protocol for an R&D project. The project, run with cooperation with the Mexican government, will evaluate the cosmetic application of traditional Mexican plants, and will guarantee a fair supply chain for any plants found to have value for the cosmetics industry.<sup>92</sup>

**Further resources**

- [Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation to the Convention on Biological Diversity, UN Convention on Biological Diversity.](#)
- [UN Business & Biodiversity Pledge, UN Convention on Biological Diversity.](#)
- [Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples, UN Global Compact.](#)

# CFS-RAI Principle 8

## Promote safe and healthy agriculture and food systems



### The principle's objectives

To promote safe and healthy agriculture and food systems by:

- Promoting the safety, quality, and nutritional value of food and agricultural products; and supporting animal health and welfare, and plant health, to sustainably increase productivity, product quality, and safety.
- Improving the management of agricultural inputs and outputs, to enhance production efficiency and minimise potential threats to the environment and to plant, animal, and human health, including occupational hazards.

- Managing and reducing risks to public health across agriculture and food systems, including strengthening science-based strategies and programmes for the control of food safety, with supporting infrastructure and resources; and enhancing awareness, knowledge, and communication of evidence-based information on food quality, safety, nutrition, and public health issues to strengthen capacity along the entire agriculture and food system, particularly for smallholders.

- Enabling consumer choice by promoting the availability of and access to food that is safe, nutritious, diverse and culturally acceptable.

### Selected SDG targets relevant to agri-business companies



#### SDG 3 Good Health and Well-being

- 3.9 Reduce illness from hazardous chemicals and pollution
- 3.d Early warning, risk reduction and management of national and global health risks



#### SDG 6 Clean Water and Sanitation

- 6.3 Improve water quality and reduce pollution



#### SDG 8 Decent Work and Economic Growth

- 8.8 Promote a safe and secure environment for workers



#### SDG 11 Sustainable Cities and Communities

- 11.6 Urban air quality and municipal waste management



#### SDG 12 Responsible Consumption and Production

- 12.4 Sound management of chemicals and chemical waste



#### SDG 14 Life Below Water

- 14.1 Prevent and significantly reduce marine pollution of all kinds

“Consumers can check the product origin anytime and anywhere. The information will be automatically transferred to relevant agencies for easy inspection and control.”

**Dao Ha Trung**

Chairman, Ho Chi Minh City High Technology Association <sup>96</sup>



**Case study of business innovation**

**TE-FOOD,  
Vietnam**

TE-FOOD, a food traceability company, in collaboration with the Ho Chi Minh City government in Vietnam, has built the world’s largest food traceability project covering pork, chicken and eggs and building trust between livestock farmers, processors, consumers, and authorities through an integrated farm-to-fork traceability system.

The World Health Organisation (WHO) estimates that 420,000 people die each year due to contaminated food.<sup>93</sup> Food safety is a major concern for residents of Ho Chi Minh City. In 2016, the city government and TE-FOOD piloted whole-chain traceability in the pig trade. More than 6,000 companies across the supply chain in Southern Vietnam received training. In 2017, the public-private partnership expanded to cover poultry and eggs: 250,000 chickens and 2 million eggs are tracked each day.<sup>94</sup>

The majority of Vietnamese livestock producers and processors are small, and often relied on paper-based records for inventory and transactions. TE-FOOD uses mobile-app technology to track products from the farm through the supply chain to the consumer. The app uses QR codes to track information on a range of topics, such as transport and food safety, including weight, feed, antibiotic use and vaccinations. Farmers and agri-businesses can use a web-based back-office system to access data, helping them to manage operations. Consumers can use QR codes to verify a product is not counterfeit, and read more about the product’s origin, history and producers.

The government can use insight from the system to inform policy on issues from food safety to tax.

In the long-term, TE-FOOD expects whole-chain traceability will help governments combat corruption and the black market more effectively, and increase VAT revenue without the need to increase VAT rates.

TE-FOOD’s strategy focuses on emerging markets, where the growing middle class is driving demand for product transparency, fuelled in part by product safety concerns. Governments across South-East Asia face mounting pressure to increase product safety and access to product information. TE-FOOD’s system manages more than 400,000 transactions a day, reaching 30 million people across emerging markets.<sup>95</sup>

**Opportunity for agri-businesses:  
Internalise planetary boundaries**

One of the biggest challenges for the global agri-business sector is to increase productivity while staying within planetary boundaries to ensure human, animal and ecosystem health. The planetary boundaries research by the Stockholm Resilience Centre identified nitrogen and phosphorous flows into the biosphere and oceans as a trend reaching critical levels for global human security.<sup>97</sup> It highlighted the Gulf of Mexico’s ‘dead zone’, caused by fertilizer transported in rivers from the US Midwest, as a regional-scale example of the impact of nitrogen and phosphorus run-off.

In response to this crisis, food and agriculture companies including Cargill, Monsanto, Kellogg Company and Walmart have come together with NGOs including The Nature Conservancy and WWF to form an ‘end-to-end’ partnership to support farmers to improve soil health and water quality across the Midwest. The Midwest Row Crop Collaborative is working to scale agricultural solutions that protect air and water quality and enhance soil health while supporting key commodity crop production: Illinois, Iowa, and Nebraska produce 44% the USA’s corn, soy and wheat.

The Collaborative recognises that impact at scale requires a systemic approach and is tackling the challenge on multiple fronts: supporting key programmes and partnerships in priority watersheds; building the business case for farmers to improve resource management through the Soil Health Partnership; engaging policy makers to support public policy reform; and engaging consumers to catalyse change.<sup>98</sup>

Individual input companies such as Yara International have focused on product stewardship and corporate standards on health, environment and safety and the promotion of industry-wide standards.<sup>99</sup> Progress also depends on addressing the behaviour changes needed at the farm level, in how farmers and workers handle and apply inputs. For example, the Pesticide Action Network (PAN) International studied the use in India of the highly toxic herbicide Paraquat dichloride. PAN found that while in India it has been approved for weed control in nine crops, a large proportion of retailers and farmers neither read nor follow the product’s safety instructions on the label, citing problems like the font being too small or not understanding what is written.<sup>100</sup>

Occupational health is in itself also a key challenge for the sector. According to the International Labour Organisation (ILO) agriculture is one of the most hazardous economic sectors. It employs around one billion workers worldwide, or more than a third of the world’s labour force, and accounts for approximately 70% of child labour worldwide.<sup>101</sup>

**Further resources**

- [Pesticide Action Network International.](#)
- [Code of Good Practice: Safety and Health in Agriculture, International Labour Organisation \(ILO\).](#)



## CFS-RAI Principle 9

# Incorporate inclusive and transparent governance structures, processes and grievance mechanisms

### The principle's objectives

To incorporate inclusive and transparent governance structures, processes, and grievance mechanisms for:

- Respecting the rule and application of law, free of corruption; and taking steps to respect human rights and legitimate tenure rights, during and after conflict.
- Sharing information relevant to the investment in an inclusive, equitable, accessible, and transparent manner at all stages of the investment cycle.

- Engaging with and seeking the support of those who could be directly affected by investment decisions prior to decisions being taken and responding to their contributions, in line with the VGGT.
- Effective and meaningful consultation with indigenous peoples, through their representative institutions in order to obtain their free, prior and informed consent.
- Promoting access to transparent and effective mediation, grievance, and dispute resolution mechanisms, particularly for the most vulnerable and marginalised.

### Selected SDG targets relevant to agri-business companies



#### **SDG 12** **Responsible Consumption and Production**

- 12.6 Encourage company sustainability reporting



#### **SDG 16** **Peace, Justice and Strong Institutions**

- 16.3 Promote rule of law and equal access to justice
- 16.5 Reduce corruption and bribery in all forms
- 16.6 Develop effective and transparent institutions
- 16.7 Ensure inclusive and representative decision-making

“We have very good interactions and open communication; we receive complaints or questions and take actions that will benefit the community.”

**Bernardo Chamorro**  
CEO, Monte Rosa<sup>105</sup>

### Case study of business innovation

## Monte Rosa, Nicaragua

Monte Rosa, a subsidiary of Central American sugar manufacturer Pantaleon, supplies raw sugar from its mill and plantations to the Nicaraguan and global markets. Its cogeneration facilities supply electricity for sale to the national power network in Nicaragua. The social and environmental issues faced by the company range from the aerial application of herbicides to issues linked to the rental of land and local expectations of work by community members during its expansion.

Monte Rosa established a grievance management process that includes communities and local administration as a core part of the process. Monte Rosa's written, step-by-step system to deal with external queries, concerns, and grievances is well understood and used locally. The company has set up the Office for Environmental Protection and Sustainable Economic Development (OPMADES) to handle the grievance procedure and ensure prompt response.

Any community member, leader, or juridical representative can submit a complaint, which is dealt with by a committee composed of representatives of the company, local community, and nearby town administration. OPMADES then verifies incidents onsite within three days and, if it is found that the incident has been caused by Monte Rosa operations, initiates the process to document, route, track, and report on the resolution. Issue resolution is carried out in collaboration with communities. The mechanism is now advocated as a best practice by the International Finance Corporation.<sup>102</sup>

Monte Rosa is a company recognised for their cost competitiveness in an industry characterised by low margins and market variations.<sup>103</sup> Robust grievance mechanisms have been shown to reduce damages payments and costs to the company. Issues are proactively addressed through a wide range of strategic alliances with civil organisations and government agencies before they impact on the company's relationship with local communities.<sup>104</sup>

### Opportunity for agri-businesses: Improve stakeholder relations

Transparency is key to cultivating good local relations. Due to the social and environmental impacts sometimes involved in operations, agri-businesses are striving to improve the mechanisms and systems they use to understand the needs of stakeholders and collaborate more effectively.

Grievance mechanisms are a case in point. The UN Guiding Principles on Business and Human Rights expect companies to establish effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. To ensure their effectiveness, these must be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue.<sup>106</sup>

A growing number of companies are appointing independent stakeholder advisory committees, to oversee sustainability policy implementation. For example, Indonesian pulp and paper company APRIL Group has created a Stakeholder Advisory Committee (SAC) which oversees the implementation of the company's policy on sustainable forest management. It publishes progress reports on a dedicated website, [Aprildialog.com](http://Aprildialog.com).



The company uses the website to report on community engagement, respond to criticism in real time, publicly disclose sustainability data, and share different perspectives on key issues.<sup>107</sup>

For Illovo, Africa's largest sugar cane producer, land tenure rights are key to the stability of its operating environment. In 2015, Illovo launched Group Guidelines on Land and Land Rights, which take a zero-tolerance approach to land-grabs and land rights abuses, supported by a three-year, ten-step 'Road Map' to address land-related issues and embed the land guidelines into its operational procedures and policies.<sup>108</sup> Illovo works with local stakeholders to identify the key land-related issues affecting the business, and prioritising initiatives to address them.

In Mozambique, Illovo is working with USAID and NGO partners to support out-grower farmers around its Maragra operations to measure, map, and acquire formal documentation for their land, regardless of the size of their property. In this case, Illovo's Guidelines on Land and Land Rights are overseen by a Land Policy Roundtable committee, bringing together key employees and external experts.

### Further resources

- [CAO Grievance Mechanism Toolkit, Office of the Compliance Advisor Ombudsman.](#)
- [UN Guiding Principles on Business and Human Rights, UN Human Rights Office of the High Commissioner.](#)
- [The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security, CFS & FAO.](#)



## CFS-RAI Principle 10

# Assess and address impacts and promote accountability

### The principle's objectives

To assess and address impacts and promote accountability by:

- Applying mechanisms that provide for independent and transparent assessments of potential impacts on all relevant stakeholder groups, in particular the most vulnerable.
- Identifying measures to prevent and address potential negative impacts, including the option of not proceeding with the investment; and implementing appropriate and effective remedial and/or compensatory actions in the case of negative impacts or non-compliance with national law or contractual obligations.
- Defining baseline data and indicators for monitoring and to measure impacts.
- Regularly assessing changes and communicating results to stakeholders.

### Selected SDG targets relevant to agri-business companies



#### **SDG 16** **Peace, Justice and Strong Institutions**

16.10 Ensure public access to information



#### **SDG 17** **Partnerships for the Goals**

17.18 Increase availability of data and build local capacity

17.19 Measure progress on sustainable development

“We are especially proud to be the first group globally, together with our 122 small farmers, to show that RSP0 NEXT Certification is challenging, but doable, also for smallholders.”

**Manuel Julian Dávila**

CEO, Daabon

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### Case study of business innovation

## Daabon, Colombia

Colombian agri-business Daabon Group has embraced certification schemes as a means to drive progress on sustainable palm production within its own operations and across the industry. The company was a founding member of the Palm Oil Innovation Group (POIG) and the first company to achieve RSP0 Next certification.

About 20% of global palm oil production is RSP0 certified and certification continues to play a key role in moving palm oil production towards a more sustainable model.<sup>109</sup> But the RSP0 must live up to the criticism of failing to prevent forest conversion and the inherent weaknesses of the RSP0 Next upgrade. The Palm Oil Innovation Group has sought to break the link between palm oil certification and the destruction of forests and peatlands by creating high standards that are driven by independent third-party verification; combining the RSP0 standard with driving more progressive innovations in auditing, assurance and labour rights.<sup>110</sup>

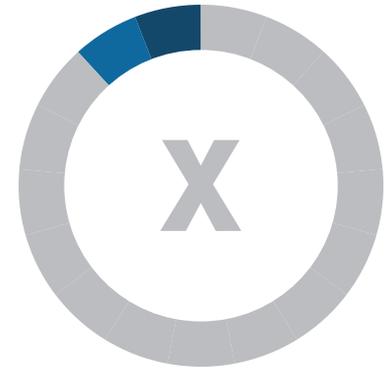
Committing to the POIG Charter means Daabon has agreed to ensure its palm oil supply chain is fully traceable from company plantations and suppliers' fields to their mills; and to publicly disclose social, labour and environmental performance. POIG builds on RSP0 standards and addresses critical issues. Daabon's four palm oil estates in Northern Colombia, covering almost 10,000 hectares, have been RSP0 certified since 2010. Through its commitment to sustainable agriculture, Daabon has grown into one of the world's leading suppliers of sustainable tropical crops, including avocado, banana, coffee, palm oil and cocoa.

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### Opportunity for agri-businesses: Develop accountable results

Agri-businesses making commitments to social and environmental issues must make sure they are backing up their commitment with action. Campaigning organisations like Greenpeace are refocusing on issues like palm oil and deforestation, engaging and collaborating effectively with global banks.<sup>111</sup> New initiatives, such as Supply Change by environmental NGO Forest Trends was created to track the progress that companies report towards meeting their commitments, making it easier to see which companies are behaving badly and which are doing good.<sup>112</sup> Independent, third-party verification of policies, commitments and targets, and the clear and honest communication of successes, failures and areas for improvement, provide agri-businesses with a credible way to show accountability for sustainable development.

Promoting accountability for results ultimately requires governments to ensure the application of stringent social and environmental laws evenly across their territories. In seeking greater effectiveness and scale to sustainable agriculture, companies, governments, investors and civil society are looking to collaborate on 'jurisdictional approaches' to de-link deforestation from agricultural production. Jurisdictional approaches are integrated landscape planning activities aligned with sub-national or national political jurisdictions to facilitate government leadership in advancing green economic development.<sup>113</sup> Although at a very early stage, the jurisdictional approach opens the potential for major scale and efficiency gains to certification, verification and local development, but it also focuses on strengthening the systems needed to ensure good governance and accountability.



For example, the Malaysian state of Sabah, which produces 12% of the global palm supply, is working to develop a jurisdictional approach to achieve 100% RSP0 certification by 2025 and thus use sustainability as a differentiator with which to compete in the global market.<sup>114</sup> WWF recognises the potential for jurisdictional approaches to facilitate collaboration at scale.<sup>115</sup> Jurisdictional approaches and the players supporting them – from NGOs like WWF to state governments like the Sabah province – offer the Global Agri-business Alliance (GAA) an opportunity to pilot practical new approaches collectively.

Supply Change has found that at least 95% of participants in groups such as Tropical Forest Alliance 2020, and Tropical Forest Trust have adopted zero-deforestation pledges – as have 98% of signatories to the New York Declaration on Forests.<sup>116</sup> Supply Change cites the GAA as one such industry body that could act as an accelerator for company-level progress.

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### Further resources

- [A closer look at jurisdictional approaches, Tropical Forest Alliance 2020.](#)
- [Landscapes: Collaborating for sustainability at scale, World Wildlife Fund \(WWF\).](#)

## 3 Recommendations

### The corporate implementation of CFS-RAI and SDGs

#### 1 **Adopt CFS-RAI and SDG targets as a strategic framework to guide corporate strategy**

The scope of sustainability issues that are directly material to the operations of agri-businesses is very wide. Companies must assure their stakeholders that their business priorities are aligned with a holistic approach to sustainable agriculture, rather than isolated issues or initiatives that companies may feel compelled to work on at any given point in time.

The legitimacy of the CFS-RAI as a consensus-driven, comprehensive framework for sustainable agriculture and food systems is born out of an alignment of interests between business, governments and civil society. Companies should consider making the CFS-RAI an integral part of their global vision, mission and strategy using it as a broad framework to assure stakeholders that they are focusing on the right issues. Ultimately, such a framework will help companies make explicit how their impact priorities and opportunities in the short-, medium- and long-term align with the universal principles and aspirations of the sustainable agriculture agenda.

#### 2 **Use CFS-RAI and SDG targets as a basis for impact measures to monitor and communicate corporate progress**

Promoting continual improvement is key for agri-businesses to successfully integrate sustainability drivers into their core business. In order to do this, it is necessary for companies to build a framework that allows them to measure and benchmark their progress on a wide scope of issues. In selecting areas for impact measurement, companies must balance the issues they see as aligned with corporate values, and those that are aligned with the expectations of their stakeholders. The CFS-RAI and SDG targets provide agri-business companies with the external framework to ensure their performance is aligned with all the aspects of this complex agenda.

In order to help companies to define a comprehensive and, in the eyes of stakeholders, legitimate impact framework, we have aligned CFS-RAI with specific SDG targets that are material for agri-businesses. This framework helps companies that are already seeking to impact the SDGs to go one step further in their implementation and definition of impact objectives and metrics.

#### 3 **Draw on CFS-RAI and SDG targets to develop holistic strategies to advance smallholder development**

Improving the livelihoods of smallholder farmers is one of the biggest imperatives for the sustainable growth of the sector. A holistic local development framework is needed, addressing a range of issues – from helping farmers to increase their incomes and productivity, to facilitating extension services that improve education, skills and access to markets.

The models and partnerships identified in this report show that agri-businesses are most effective at supporting smallholders when they collaborate with other stakeholders, such as civil society, financial institutions and governments.

By covering a wide range of development aspects, the CFS-RAI principles provide agri-businesses with a useful framework of issues and SDG targets to assess, plan and engage in smallholder development initiatives. Using this framework will help agri-businesses to better engage with other stakeholders, discuss common aims and interests, and monitor and communicate their impact.

4

### **Use CFS-RAI and SDG targets to deepen the collaboration of agri-businesses with governments and multilateral development agencies**

Responsible agri-businesses depend on governments providing a level playing field to maintain their competitiveness. They must ensure that every other company operating in the same landscape is also compelled to behave responsibly; and government policies are the only way to achieve this market-level scale.

By collaborating with national, regional and local governments, agri-businesses have been able to create regional corridors that: facilitate better infrastructure investments; agree national competitiveness policies that encourage better corporate investments in local processing; and, recently, begin to work on jurisdiction-wide approaches to promote responsible commodity production on a larger scale.

The collaboration of agri-businesses with governments holds the most potential to facilitate sustainable production at scale. The CFS-RAI principles and SDG targets provide agri-businesses and governments with a common language to engage and collaborate on common objectives.

5

### **Use CFS-RAI and SDG targets to define priority areas of collaboration of agri-businesses on systemic issues**

Through platforms such as the Global Agri-business Alliance (GAA), the World Business Council for Sustainable Development (WBCSD) and other corporate networks, agri-businesses are seizing opportunities to collaborate with each other on global priorities.

Individual companies in the food and agriculture sector are active across many of the CFS-RAI principles and are seeking an alignment with the SDGs. On some principles, such as 'contributing to food security and nutrition' (Principle 1), companies are actively developing initiatives. Here a stronger emphasis on, and common approach to measuring progress is needed.

However, we identify at least five CFS-RAI Principles where the pre-competitive collaboration of agri-businesses is lagging behind, and where companies working together through innovative partnerships could have a significant impact and scale on issues that matter to their bottom line.

Emerging areas for corporate collaboration are:

- The empowerment of young people in farming areas and the promotion of youth entrepreneurship, to ensure the inter-generational development of the industry (Principle 4);
- The promotion of community land rights and the contribution of companies to helping smallholder farmers gain access to the ownership of their land as part of inclusive agricultural production systems (Principle 5);
- The promotion of genetic diversity and the implementation of benefit-sharing with local communities and indigenous groups from the use of traditional genetic knowledge in agriculture (Principle 7);
- The establishment of science-based targets for the safe and healthy use of nutrients in agriculture grounded in pilot regions and implementation roadmaps that can be actively monitored (Principle 8); and
- The implementation of jurisdictional approaches to embed sustainability into landscape level planning with regional governments, facilitating collaboration of companies that are operating in the same region (Principle 10).

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### Interviews

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