HOTTER PLANET = HUNGRIER PEOPLE

According to a leaked report by the UN’s Intergovernmental Panel on Climate Change (IPCC) which is scheduled for formal release in March, scientists caution that the impacts our planet is already experiencing from global warming will intensify as man-made emissions of greenhouse gases (GHGs) continue to rise. The scientists and authors of the report raise concerns about a host of perilous implications including plants and animals migrating to new habitats to escape rising temperatures and the extinction of many species.

The IPCC also stresses the direct impact climate change is expected to have on crop yields and global food supplies in coming decades. Overall crop production is expected to decline by an additional two percent each decade for the remainder of this century as a result of man-made GHG emissions. What makes this the “perfect food crisis storm” is the fact that lower output will gradually drive up food prices at a time when demand is expected to spike due to an increase in the world’s population, which is projected to grow by as much as 14 percent each century.

Because the overwhelming majority of population growth will come from developing countries, the world’s poor — those least resistant to food price volatility — will be the hardest hit. In this scenario, the threat of increased food insecurity and even potential famines is a stark reality global leaders need to contend with — and soon. A destabilized global food system could have dire geo-political consequences. Research has already revealed a direct correlation between severe heat waves and food price spikes that have led to food riots.

Unfortunately, one of the default strategies employed when crops fail in one place is to search for new land. Expanding agriculture is one of the most important causes of deforestation, a key contributor to climate change, as tree destruction increases the release of carbon dioxide into the atmosphere. Both the public and the private sectors will need to develop innovative strategies to meet global food demand that adapts to new climate realities: agro-ecological farming with more judicious use of fertilizer and more attention to micronutrients, and improved conventional seed breeding techniques are examples.

ICCR members are engaging companies they hold in the agricultural and food sectors to encourage the development of such innovative strategies. Said Nadira Narine,
Program Director for Strategic Initiatives, “Agricultural companies can do so much to prepare for the eventualities of climate change. Maximizing water efficiency to reduce consumption and minimizing any nutrient pollution that may result from their operations are obvious steps they must take immediately. But there are other solutions that can help safeguard the global food system and make it truly sustainable for future generations. We look to the companies we engage to implement practices that will reduce the environmental impact of food production.”

SUSTAINABLE PALM OIL PRODUCTION

Found in roughly half of all supermarket products, palm oil – created by pulping the fruit of oil palms – has become an important globally-traded agricultural commodity. About 90 percent of all palm oil comes from Southeast Asia, specifically, Malaysia, the Philippines and Indonesia, the latter being the world’s largest producer and exporter of palm oil, according to the Rainforest Action Network. However, the explosive growth in popularity of palm oil in the last three years has brought with it unintended human rights and environmental consequences.

SOCIAL IMPACTS

The U.S. Department of Labor cites the palm oil industry as notorious for using forced and/or trafficked laborers including children. Twenty-five percent of the palm oil produced in the Philippines is estimated to involve forced child labor and in July, 2013 Bloomberg Businessweek ran a story documenting evidence of slave labor conditions on some of the very same palm plantations where many of the U.S.’ largest importers source their palm oil.

Palm oil manufacturers often rely on unscrupulous labor brokers who use a “pay to work” model to recruit migrant workers from nearby countries with false promises of steady wages and good working conditions. Once workers arrive on palm oil plantations, having spent all their savings to get the job, they find a starkly different reality: unsafe working conditions approaching slavery or debt-bondage, and have their passports seized and wages garnished or withheld.

At present, only a handful of companies sourcing palm oil have any provisions in their supplier codes that address the ethical recruitment of laborers.

“Companies without formal policies prohibiting what is de facto slavery both within their operations and throughout their supply chains are exposed to serious risk,” said ICCR’s Senior Program Director for Human Rights & Resources, David Schilling. “Lacking the appropriate policies and enforcement mechanisms, corporations may be unwittingly complicit in a number of human rights violations that carry grave reputational, financial, legal and regulatory penalties.”

ENVIRONMENTAL IMPACTS

Indonesia’s leadership position in palm oil manufacturing has made it a world leader in another category, not nearly as prestigious: the World Bank ranks Indonesia as the 3rd largest emitter of greenhouse gases. A full half of Indonesia’s GHG emissions are due to the deforestation of high carbon stock forests and the conversion of carbon-rich peatlands into palm oil plantations. Palm oil production has also wreaked irreparable damage to the habitats of endangered species and is responsible for a massive loss of biodiversity in the region.

“As concerned investors who recognize the enormous human rights and environmental risks associated with the palm oil industry, we are asking our companies to...
their palm oil is sourced responsibly,” said Rev. Michael Crosby, coordinator of the Wisconsin/Iowa/Minnesota Coalition for Responsible Investment, which is leading ICCR members’ corporate engagements on this issue. “Companies should make time-bound commitments to purchase palm oil traceable to suppliers verified by credible third parties.”

Leading companies that have taken the first step of committing to source only 100% certified sustainable palm oil by 2015 or sooner include H.J. Heinz, SC Johnson, Wal-Mart, General Mills, McDonald’s, Mars, Nestlé and Unilever. Through corporate engagements, ICCR members have also had success in convincing Church & Dwight, Dean Foods, Starbucks, Kroger and Hershey to make formal commitments to begin sourcing only certified sustainable palm oil. And this year resolutions have been filed with Kraft, Mondelez and Pepsi requesting that the companies report on how the sourcing of palm oil, soya, sugar and paper in their supply chains impacts deforestation and their plans to mitigate these risks.

ARCHER DANIELS MIDLAND – PROGRESS TOWARDS A SUSTAINABLE AGRICULTURE POLICY

The Archer Daniels Midland Company (ADM) is an American food-processing and commodities-trading corporation with operations on six continents, 30,000 employees and annual revenue of $81 billion. ICCR members have been engaging ADM on issues of corporate responsibility and sustainability, including the environmental and social impacts of their operations, since 1992.

The company has made notable progress recently by issuing its first formal environmental policy in the spring of 2013, improving its record on sustainable sourcing by joining the Roundtable on Sustainable Palm Oil (RSPO), and by creating the Socially and Environmentally Responsible Agricultural Practices (SERAP) program to promote sustainable cocoa. But investors are looking for broader and deeper commitments to sustainable agriculture that will require ADM to implement far-reaching, formal policies, including human rights guarantees that it will monitor and enforce throughout its extensive global supply chain.

Said Sr. Pat Daly of the Tri-State Coalition for Responsible Investment (Tri-Cri), “Considering ADM’s global reach and prominent position in agriculture, it is incumbent on the company to ensure that all the suppliers and growers in its supply chain are committing to practice sustainable agriculture wherever they operate. We expect ADM to adopt policies to mitigate its environmental impact, such as proper water stewardship and reduction of GHG emissions. But, sustainable agriculture also has a human element that requires human rights protections addressing human trafficking and forced child labor, worker safety, ethical recruitment, fair wages and freedom of association. Some of ADM’s customers such as Unilever, General Mills and Coca-Cola already have comprehensive sustainable agriculture policies in place. After years of dialogue, we have filed a shareholder proposal with ADM requesting that it adopt a policy that will apply to all its suppliers. If ADM were to take this step, it would have a profound impact on food security, climate change, and the protection of workers’ rights.”

As a major agribusiness, ADM also participates in global food commodities markets and in land investments. As over-speculation in commodities markets has been known to cause

Elements of a Responsible Palm Oil Sourcing Policy

Companies should commit to:

1. sourcing only 100% CSPO (or its derivatives) through a certification program and tracing their supply chains down to the grower level (where feasible);

2. sourcing all their palm oil from plantations which have independently verified they have not contributed to the degradation of peat lands, of high carbon stock forests, or high conservation value areas;

3. not developing on peat regardless of depth; best management practices for existing plantations on peat and, and peat restoration, where feasible;

4. zero burning, and to reducing greenhouse gas emissions;

5. respecting and supporting the United Nations’ Guiding Principles on Business and Human Rights, which prohibit forced and child labor, slavery and human trafficking;

6. respecting land tenure rights and the rights of indigenous and local communities to give or withhold their Free, Prior, and Informed Consent to operations on lands to which they hold legal, communal or customary rights and to protecting indigenous rights throughout the palm oil supply chain; and,

7. avoiding palm oil from plantations having significant conflicts related to land tenure and further committing to an open and transparent conflict resolution process.
price volatility that may artificially inflate food prices, ICCR members have cautioned the company about its responsibility to ensure that these investments are managed responsibly and potential impacts accounted for. Kate Walsh of Tri-Cri said “There are already several factors, including climate change, that are exacerbating food insecurity in some parts of the world. Large food companies like ADM need to be conscious of their role in promoting or compromising food security through their land acquisitions. In our ongoing dialogues we make it clear that we view this as an integral part of any sustainable agriculture program.”

**COCA-COLA COMMITS TO A ZERO-TOLERANCE POLICY ON LAND GRABS**

Recognizing the important role agricultural and food and beverage companies play in safeguarding the land rights of small farmers in global communities where they source is also an important measure of corporate social responsibility. As a result of discussions with ICCR member Oxfam through its Behind the Brands program, the Coca-Cola Company recently announced it would implement a groundbreaking policy to protect the land rights of farmers and communities in countries where it sources cane sugar.

Building on the company’s Sustainable Agriculture Guiding Principles (SAGP) which outline best practices in areas including sustainable sourcing, human and workplace rights, and environment and general management systems to ensure transparency and compliance with local laws, the Coca-Cola Company Commitment to Land Rights and Sugar is both a company policy that condemns land-grabbing, particularly in sugar-producing countries, and a commitment to help promote better respect for land rights throughout the industry.

Land grabbing, and by extension water grabbing, refers to the buying or leasing of large swathes of land in developing countries by companies, governments, and investors. Once seen as a strategy to promote agricultural development, land investments have recently come under scrutiny for their negative impacts on local communities.

Coca-Cola’s zero tolerance declaration includes specific commitments to respect the Free, Prior and Informed Consent (FPIC) of communities wherever it operates. Specifically the policy will include requirements of 1) contract transparency and disclosure to communities of concessions/agreements and other relevant information; and 2) resolution of disputes involving land use or ownership rights via company grievance mechanisms or third party ombudsman or other processes.

“Our company does not typically purchase ingredients directly from farms, nor are we owners of sugar farms or plantations, but as a major buyer of several agricultural ingredients, we acknowledge our responsibility to take action and use our influence to help protect the land rights of local communities,” said Coca-Cola’s Ed Potter. “We are committed to being part of a solution in addressing land rights, and look forward to continuing to engage with Oxfam and other stakeholders to advance this important dialogue and bring about meaningful change.”

Demand for land has soared for a variety of reasons including increased biofuel production, food production for export and as a speculative investment instrument as other markets become less reliable. In many cases, land that is sold or leased as unused or undeveloped, is, in fact, being used by families in local communities for planting, hunting and fishing – in short, for day-to-day survival. These families are forced to leave lands that their ancestors may have occupied for centuries; at times these land conflicts turn violent.

Coca-Cola has included the following language in its SAGP: Recognize and safeguard the rights of communities and traditional peoples to maintain access to land and natural resources. Require respect for and prohibit the violation of the land rights of communities and traditional peoples. Maintain positive community relations and contribute to economic development.

“The anti-land grab policy calls for the company to disclose its cane sugar suppliers and to conduct independent social, environmental and human rights impacts assessments with an initial focus on land conflicts in Brazil, Columbia, Guatemala, India, the Philippines, Thailand and South Africa. Said Ben Jordan, Director of Sustainability at Coca-Cola, “We know we can influence and improve livelihoods for hundreds of thousands – if not millions – of farmers by more active engagement. We expect our guiding principles to ultimately have the greatest impact at the farm level, where some of the greatest strides towards sustainability can be made.”

“Coca-Cola can be a powerful force for educating other food and beverage manufacturers about the risks of land grabs and we are gratified that it has committed to using its influence to publicly advocate for corporate responsibility around land rights and improved practices regarding its land investments,” said Michelle Katz of Oxfam.