



**Strengthening Meaningful Due Diligence for Living Income:  
*Practical Guidance for Agribusiness***

**The Living Income  
Community of Practice**

# Strengthening Meaningful Due Diligence for Living Income:

*Practical Guidance for Agribusiness*

Wednesday 18 March, 14:00-15:00 GMT

MODERATOR:



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**SHIFT**



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# Tech support



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Project Coordinator,  
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# Session Guidelines

## RECORDING

- This session is being recorded and this will be shared with all participants on the Living Income webpage in the upcoming days .

## INTRODUCE YOURSELF

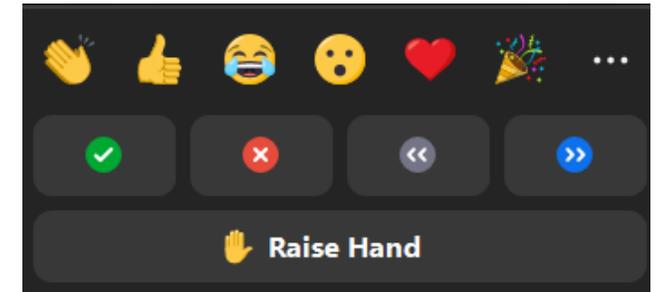
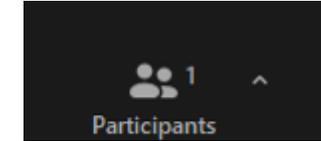
- Introduce yourself in the chat

## HOW CAN I ASK A QUESTION/COMMENT?

- Attendees will remain muted during this session
- Please use the Q&A box to ask your questions, and upvote any questions you would like answered.
- Please use the chat box to share any ideas or reflections.
- There is a dedicated Q&As slot after the panel discussion

## TECHNICAL DIFFICULTIES?

Reach out to **Zoe (ISEAL)** or **Mariana (ISEAL)** in the chat box or to [livingincome@isealalliance.org](mailto:livingincome@isealalliance.org)



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# The Living Income Community of Practice

**Living Income Community of Practice** is open to any entity committed to learning on the topic of Living Income and improving livelihoods of smallholder farmers

[www.living-income.com](http://www.living-income.com)

## The Living Income Community of Practice Objectives



Increase understanding  
of living income  
measurement and the  
income gap



Identify and discuss  
strategies for closing  
the income gap



Share learning and  
facilitate collaboration  
between actors

# Methodology and Insights



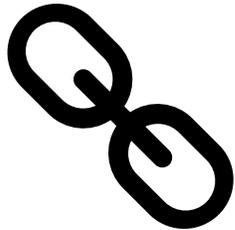
# Why this Guidance?

- › **A Global Problem:** 1.5 billion people depend on smallholder farms – they are disproportionately represented among the global poor.
- › **A Business Responsibility:** Business has a responsibility to respect human rights, and this means addressing risks related to living income for farmers in their value chain.
- › **Challenges in Understanding HRDD for Living Income:** Yet many business face challenges in understanding and applying human rights due diligence for living income contexts.



TECHNICAL GUIDANCE FOR AGRIBUSINESS TO  
STRENGTHEN MEANINGFUL DUE DILIGENCE  
FOR LIVING INCOME

# Risks and Opportunities for Business



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## **BUSINESS CONTINUITY RISK**

Extreme price pressure on farmers can affect **quality of product**, and **stability of supply**. Lack of living incomes can in the long run result in **exodus from farming**.



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## **REPUTATIONAL RISK**

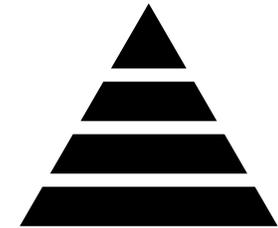
Undue price pressure and lack of consultation with stakeholders can result in civil society exposés, and possible **impacts on reputation, brand, customer loyalty** and **license to operate**.



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## **REGULATORY IMPERATIVE (CSDDD)**

Helps companies be **regulation ready**; and positions suppliers increasing their change of **securing and retaining commercial relationships**.

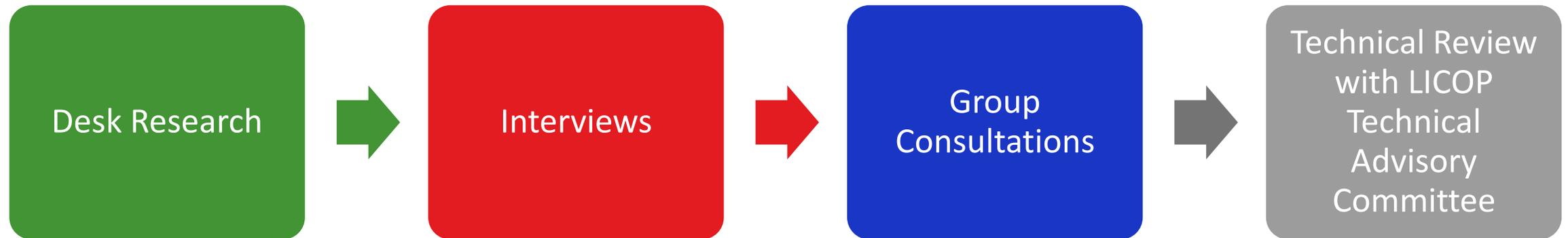


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## **CONSUMER OPPORTUNITY**

Improving livelihoods of people in the supply chain helps to **bring them into the consumer base**. Failure to do so foregoes this opportunity.

# Methodology to Develop the Guide



# Key Messages from Consultations



**Clear, Practical  
Guidance**



**Business Resilience:**

Climate Resilience and Supply Security



**Purchasing Practices**

Guidance on this, Challenging, RPP



**Data Challenges**

KPIs, measurement challenges, data visibility challenges esp. for downstream companies, aligning metrics across companies



**Public vs. Private Role**

Public vs. Private Role, Root cause focus, Not going to be perfect



**Collaborative  
Approaches**

Reduce Duplication, Systemic Challenges, Farmer Voice



**Leaning into Living  
Income**

Working with the Most Vulnerable

**GAP IN LIVING  
INCOME GUIDANCE  
APPLYING HRDD**

# A Rights Based Approach



# Living Income and Human Rights



## Article 23, Universal Declaration of Human Rights

“Everyone who works has the right to **just and favourable remuneration** ensuring for himself and his family an existence worthy of human dignity.”

## Article 7, International Covenant on Economic, Social and Cultural Rights

“The right of everyone to..

- a) **Remuneration** which provides all workers, as a minimum with:
  - ii) A **decent living** for themselves and their families

# The UN Guiding Principles on Business and Human Rights

- ❑ 15 years of proven **risk-based approach for business** to address human rights risks. Tried and tested in complex scenarios and contexts.
- ❑ **Differentiated roles** of companies in the value chain, governments, etc.
- ❑ **Structured approach** to address difficult human rights challenges as business
- ❑ **OECD and CSDDD** substantial alignment
- ❑ Defines **human rights due diligence** as
  - Focused on severity and likelihood of impacts to people
  - Applies to the full value chain
  - Is evolving and dynamic
  - Is Focused on Effectiveness



# Guidance Points for HRDD on Living Income



# Key Messages for Stronger HRDD on Living Income



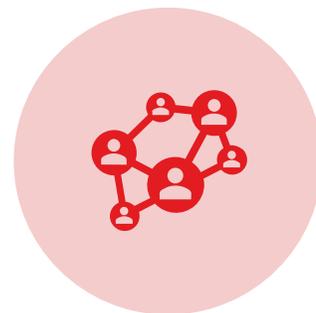
## LIVING INCOME AS A SALIENT RISK

BUSINESSES IDENTIFY LIVING INCOME AS A **SALIENT RISK**, AND ARTICULATE WHICH COMMODITIES AND GEOGRAPHIES PRESENT THE GREATEST RISKS FROM BUSINESS OPERATIONS AND ACTIVITIES



## PRICE AND PURCHASING PRACTICES CAN CONTRIBUTE TO ADVERSE IMPACTS

BUSINESSES UNDERSTAND **PRICE AND PURCHASING PRACTICES** AS KEY ELEMENTS OF HOW **BUSINESSES CAN CONTRIBUTE TO ADVERSE HUMAN RIGHTS IMPACT** ON LIVING INCOME



## PROACTIVE STRATEGY FOR LEVERAGE

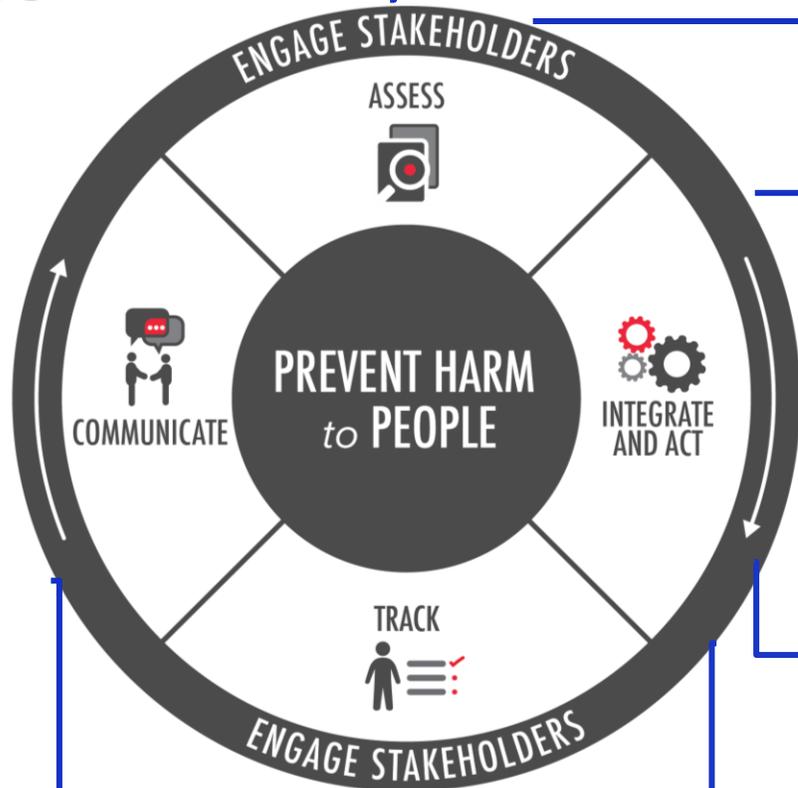
BUSINESSES BECOME AWARE OF THE STRUCTURAL AND SYSTEMIC NATURE OF LIVING INCOME, AND TAKE ACTION TO **BUILD AND USE LEVERAGE** AS AN INCREDIBLY IMPORTANT AND NECESSARY ACTION TO ADDRESS LIVING INCOME, INCLUDING ESTABLISHING AND COMMITTING TO MINIMUM PRICES AT SECTORAL LEVELS.



## MEASURING EFFECTIVENESS THROUGH BEHAVIOUR CHANGE

SHIFTING THE FOCUS OF **MEASUREMENT TO CHANGES IN THE BEHAVIOURS AND PRACTICES THAT DRIVE LIVING INCOME** (E.G. PURCHASING PRACTICES) OF THE COMPANY, THEIR SUPPLIERS AND THE MULTISTAKEHOLDER OR INDUSTRY INITIATIVES THEY MAY BE PART OF.

# Guidance Points for HRDD on Living Income



**D1**

COMMUNICATE PROGRESS AND LEARNINGS WITH STAKEHOLDERS, INCLUDING FARMERS' ORGANIZATIONS

**A1**

IDENTIFY LIVING INCOME RISKS IN YOUR AGRICULTURAL SUPPLY CHAIN

**A2**

PRIORITIZE RISKS BASED ON SEVERITY AND LIKELIHOOD

**B1**

EMBED LIVING INCOME IN CORPORATE GOVERNANCE

**B2**

REVIEW PURCHASING PRACTICES, APPROACHES TO SHARING RISK, AND PRICE CRITERIA

**B3**

WORK WITH SUPPLIERS

**B4**

USE WIDER LEVERAGE FOR LIVING INCOME

**B5**

LEAN INTO LIVING INCOME

**C1**

TRACK EFFECTIVENESS THROUGH MEANINGFUL KPIS

# SNAPSHOT: Guidance Point B4

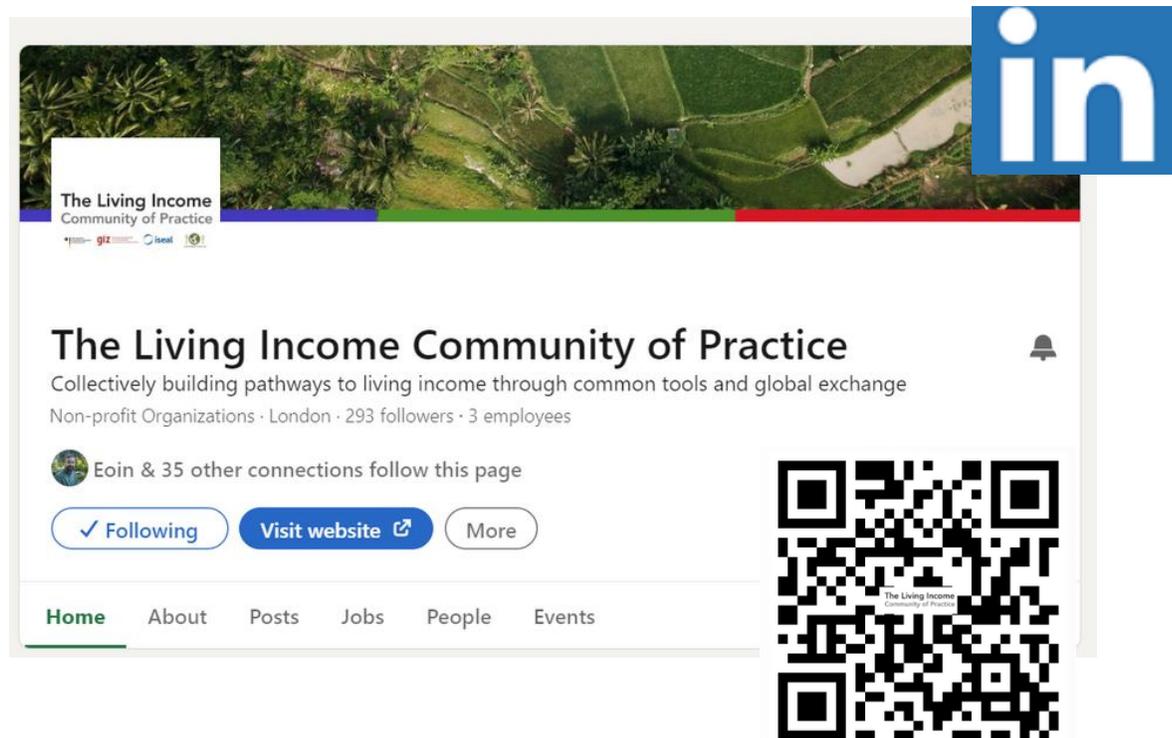
## Living Income Challenges that Would Benefit from Collaborative Approaches

Examples	Detail
<b>Better data systems and information sharing</b>	<i>For example, pooling resources for regular farmer household income surveys, establishing information systems accessible by all members, traceability data, creating knowledge management systems to share learnings and evaluation data on the effectiveness of different living income strategies implemented by companies.</i>
<b>Establishing living income reference prices</b>	<i>For commodities or countries where they don't exist; and ensuring regular updating of ones that do exist, including periodic review of the validity of assumptions in statistical models.</i>
<b>Setting standards for purchasing practices</b>	<i>Advancing multi-stakeholder dialogue to address questions of purchasing practices and price.</i>
<b>Agricultural service models</b>	<i>Developing and investing in agricultural service models which build durable systems of farm support to provide affordable access to technical assistance, finance and inputs to smallholders provided by organizations they trust</i>
<b>Shared insurance and risk-mitigation measures</b>	<i>For climate and weather protection, or extreme price volatility</i>
<b>Strengthening farmer organizations</b>	<i>Efforts to strengthen farmer organizations, cooperatives, women's groups, youth initiatives can benefit from common approaches</i>
<b>Grievance mechanisms</b>	<i>For farmers and farming communities</i>
<b>Land Tenure</b>	<i>Working with governments to improve land tenure and rights for vulnerable smallholder farmers, including sharecroppers</i>
<b>Role of Governments</b>	<i>Promoting government action for sustainable agriculture (traceability systems, agricultural extension services, market access); as well as wider rural, social and economic development including livelihood diversification for vulnerable farmers.</i>

# Questions?



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The Living Income Community of Practice

Collectively building pathways to living income through common tools and global exchange

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