

## Supply chain due diligence

Identifying risk and opportunity in supply chains: CORESTA Conference

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# Contents

- Introduction to supply chain due diligence
- Beyond audit - People-focused inquiry



# In the past....



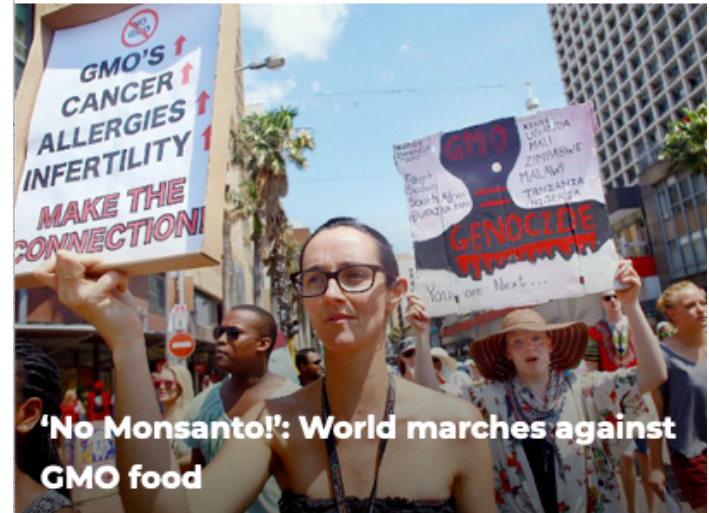
...today

## Ban entire pesticide class to protect children's health, experts say

Evidence is 'compelling' that organophosphates increase risk of reduced IQs, memory and attention deficits, and autism for prenatal children



▲ A crop duster sprays a field of crops in Alabama. Photograph: Dave

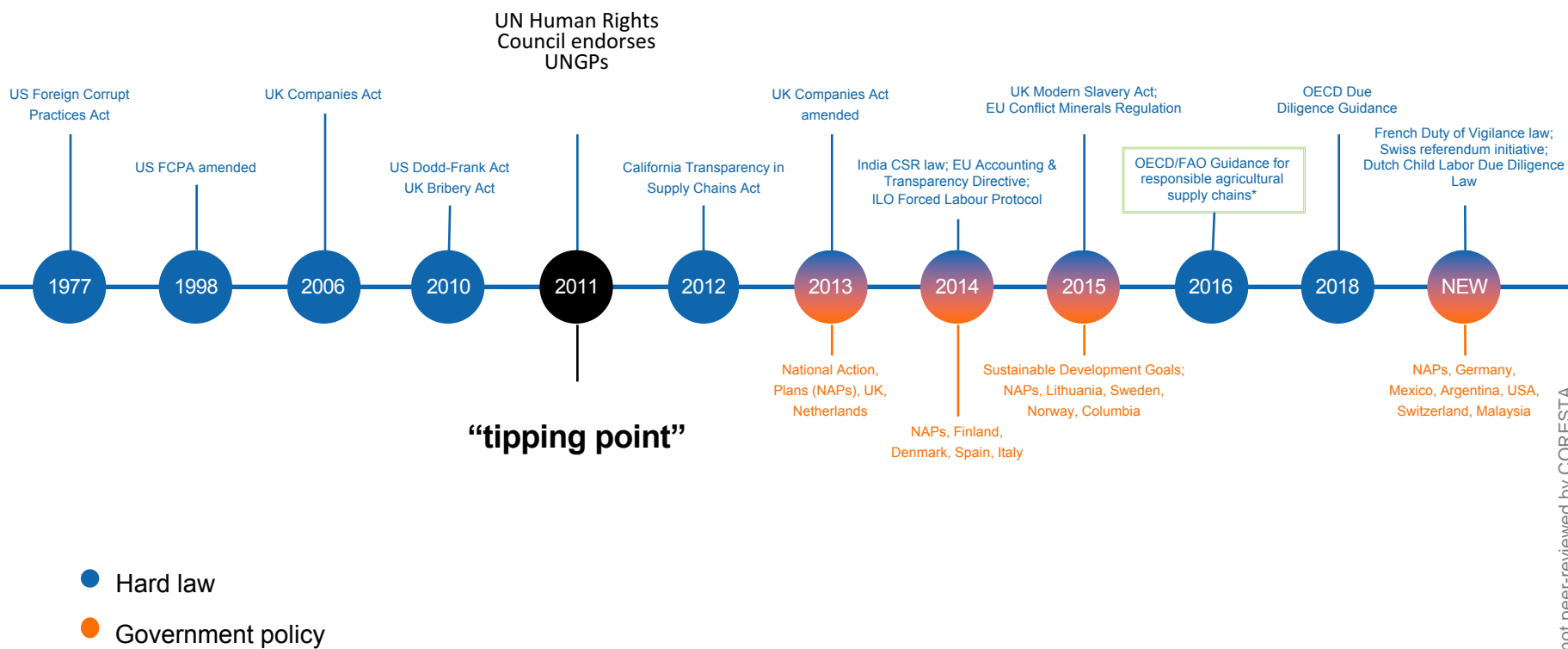


'No Monsanto!': World marches against GMO food

## Pesticide companies 'seriously deficient' on human rights, say UN toxics expert



# Regulatory landscape is also changing



# UN Framework

## The 'Protect, Respect, Remedy' Framework

The State duty to protect  
human rights

The corporate responsibility to  
respect human rights

Access to effective **remedy**



# UN Guiding Principles (UNGPs)

Under the UN Guiding Principles on business and human rights:

**All businesses have a 'responsibility to respect Human Rights'**

You must identify, avoid and address any negative human rights impacts by:

1. Adopting a **policy commitment** to respect human rights;
2. Undertaking **ongoing human rights due diligence**;
3. Having **reporting channels** in place; and
4. Having **'access to remedy'**.

Includes tobacco companies, suppliers and CPA manufacturers...



# Policy Commitments

## Philip Morris International: Our Commitment to Human Rights

We are committed to business practices that respect internationally recognized human rights in line with the United Nations Guiding Principles on Business and Human Rights. We base our commitment on the International Bill of Human Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work.

We will talk with and listen to people whose human rights we might affect. We will look closely at our practices, continuously strive to improve them, and operate systems to implement this commitment from supplier to consumer.



### COLLABORATING FOR POSITIVE SOCIETAL IMPACT

As an international business we recognise the importance, influence and duty we have in promoting respect for human rights.



## Human rights and child labour in tobacco growing

### Developing collaborative solutions

Agricultural supply chains are particularly susceptible to human rights violations, with the International Labour Organization (ILO), for example, estimating that 70% of global child labour occurs in agriculture<sup>1</sup>.



## RESPECTING AND SAFEGUARDING HUMAN RIGHTS ACROSS OUR OPERATIONS



### Our Responsibilities to Our Farmers and Their Communities:

- The agreement of a fair price for the crops that contracted farmers grow for us
- Support in diversifying agriculture to deliver balanced revenues and a more secure future
- Assistance and advice on improving yields and protecting soil quality
- Clean water supplies to meet the needs of both farmers and their communities
- Assistance with a healthy living environment
- Investment in education to support vibrant and dynamic rural life
- Preventing exploitation of farm workers and protecting human rights, including helping to end child labor
- Promoting safety for all those working on farms

# What is Due Diligence?



# Assessing human rights risks and impacts



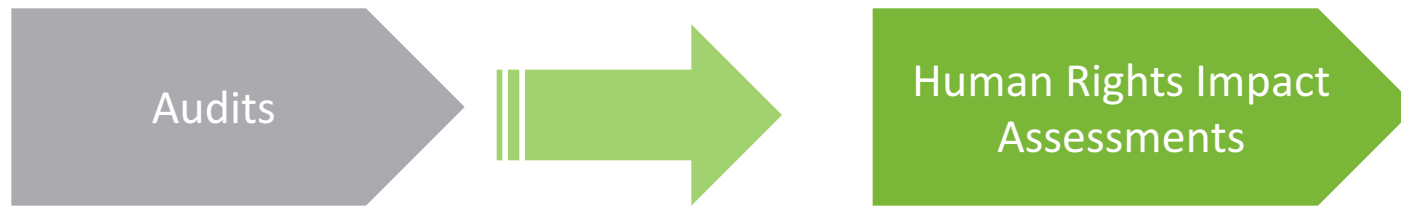
**Stakeholder:**  
**Risk to the Business**



Credit:: Roy Bateman

**Rightsholder/affected group:**  
**Impact on People**

# Beyond audit



- Business risk focus  
Top-down approach to assessing risks/issues
- One way engagement  
Interviewer -> interviewee
- Checklist
- Used by companies to 'check' compliance
- Report: Data set with no context

- Transparency
- People focus, inquiry led  
Bottom-up approach to assessing issues/risks
  - ✓ Actual & potential issues
  - ✓ A range of rightsholders in community
  - ✓ Insights on Severity / How they feel
  - ✓ Engagement tool
- Flexible question set adapts to learnings
- Report: provides context via rightsholder perspective, e.g. root causes

# Thank you.

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