



Sustainability initiatives and responsible business conduct in Latin America and the Caribbean

OECD (2024), *Sustainability initiatives and responsible business conduct in Latin America and the Caribbean*, OECD Business and Finance Policy Papers, <https://doi.org/10.1787/bf84ff64-en>.

This paper analyses the use of sustainability initiatives within the agricultural and minerals sectors across Latin America and the Caribbean. Building on a detailed mapping of almost 40 selected initiatives and insights from survey data collected from over 300 business representatives, it aims to promote consistency and deepen understanding of the landscape and role of sustainability initiatives in relation to Responsible Business Conduct. This paper identifies key trends, challenges and opportunities, facilitating a more integrated approach to sustainability across these critical sectors.



© OECD, 2024.

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Member countries of the OECD.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Cover: Design by Andrew Esson/Baseline Arts Ltd. Photos © Evgeny_V/Shutterstock; Salvador Aznar/Shutterstock

Introduction

To advance Responsible Business Conduct (RBC) and build more sustainable and inclusive supply chains, a deep understanding of the landscape of sustainability initiatives is essential for governments and other stakeholders. These initiatives, which may be multistakeholder, government-backed or industry-driven, aim to facilitate or assess business practices, sites, or products in relation to sustainability objectives. Despite existing research primarily focusing on case studies or market analysis, there remains a notable gap in comprehensive data on the utilisation of these sustainability initiatives by businesses, especially in their role in promoting responsible practices. This paper serves as a starting point towards addressing this gap. It focuses on the agriculture and minerals sectors in Latin America and the Caribbean (LAC) given the importance of these sectors to the region.

The paper employs a two-fold methodology, gathering insights from two distinct data sources. First, survey data based on online survey responses from 318 business representatives on the use of sustainability initiatives in the minerals and agricultural sectors in LAC. Second, a mapping of 39 selected sustainability initiatives, based on desk-based research of publicly available information. The analysis shows that sustainability initiatives have witnessed a substantial proliferation across the minerals and agricultural sector in LAC over the last two decades. Credible and well-designed sustainability initiatives can play an important role in supporting responsible business practices, notably risk-based due diligence and fostering trade and investment opportunities in LAC. However, the landscape of initiatives is complex and varied, offering both opportunities and challenges for businesses, governments and other stakeholders. Critical data gaps and a lack of transparency further pose obstacles for navigating this landscape.

This paper serves as a resource for analysis and decision-making for researchers, policymakers, and businesses. In particular, it aims to assist these actors in LAC by using survey results and desk research to:

- set out an overview of sustainability initiatives in two key economic sectors in LAC.
- differentiate between the various types and objectives of these initiatives.
- highlight the opportunities and challenges associated with the use of sustainability initiatives in relation to RBC.

This paper was produced with the financial support of the European Union (EU) under the “Responsible Business Conduct in Latin America and the Caribbean” (RBC-LAC) Project. The views expressed herein can in no way be taken to reflect the official opinion of the European Union. The RBC-LAC project, jointly implemented by the OECD, the International Labour Organization (ILO), the United Nations Office of the High Commissioner for Human Rights (OHCHR), and the European Union (EU), aims to promote sustainable growth by supporting responsible business practices aligned with OECD, ILO, and UN standards. It assists governments, businesses, and civil society in promoting and adhering to international standards through a mix of regional and country-specific activities focusing on Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, and Peru. This paper builds on previous work of the project, notably the regional research and training on RBC in the agricultural and the minerals sectors in LAC, as well as the OECD work on sustainability initiatives and alignment assessment methodology.

This paper was prepared by the OECD Centre for Responsible Business Conduct under the supervision of Froukje Boele, Head of Public Policy and Regional Programmes, and the overall guidance of Allan Jorgensen, Head of the OECD Centre for Responsible Business Conduct. The paper was drafted and led by Sebastian Weber and Germán Zarama. The United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the ILO and the National Contact Points for RBC (NCPs) from Costa Rica and Chile submitted valuable comments on the draft paper. The OECD Secretariat would like to thank all of those who dedicated their time and shared their knowledge and expertise.

Table of contents

Introduction	3
Executive summary	7
1 Sustainability initiatives and their role in promoting RBC	9
2 Landscape of sustainability initiatives in Latin America and the Caribbean	13
Use of sustainability initiatives	13
Scope and focus	15
Grievance and complaint mechanisms	16
Governance	17
Disclosure practices	17
Motivations and challenges	17
3 Insights from the region's minerals sector	21
4 Insights from the region's agriculture sector	24
References	28
Annex A. Methodology	30
Annex B. Business survey responses	32
Annex C. Analysed sustainability initiatives	35
Notes	38

FIGURES

Figure 1. Objectives of Sustainability Initiatives	10
Figure 2. Certification schemes present in Latin America and the Caribbean	14
Figure 3. OECD Business Survey and Mapping of Sustainability Initiatives in LAC	15
Figure 4. Sampled Initiatives by type of activity	16
Figure 5. Type of information businesses gather through sustainability initiatives	18
Figure 6. Ways business use gathered information from sustainability initiatives	19
Figure 7. Business challenges identified regarding use of sustainability initiatives	20
Figure 8. Minerals Initiative by Coverage of Risk Issue	22
Figure 9. Mapped Minerals Initiatives by Geographical Scope of Impact	23

Figure 10. Coverage of agricultural certifications in LAC	26
Figure 11. Agricultural Initiatives by Coverage of Risk Issues	26
Figure 12. Responses by business size (number of employees)	32
Figure 13. Responses by country headquarters	33
Figure 14. Responses by economic sector	33
Figure 15. Responses by business activity in the supply chain	34
Figure 16. Initiatives by Place of Headquarters	36
Figure 17. Initiatives by Geographical Scope of Focus	36
Figure 18. Initiatives by Type of Activity	36
Figure 19. Initiatives by Sector	37
Figure 20. Initiatives by Coverage of Risk Issue	37

TABLES

Table 1. Sample of analysed sustainability initiatives	35
--	----

Executive summary

The research and survey carried out suggest a significant expansion and diversification of the landscape of sustainability initiatives across LAC over the last two decades. An indicator is the proliferation of certification schemes in LAC since the mid-1990s. In the agricultural sector, for example, the area of certified land in LAC has grown substantially since 2010. In addition, the majority (63%) of 318 businesses surveyed by the OECD have reported voluntarily using a sustainability initiative as part of their risk analysis and processes and 82% of the surveyed businesses express their intention to adopt additional initiatives in the coming years.

The sustainability initiatives landscape in LAC appears to be dominated by international certification schemes aimed at export commodities. According to the survey responses, businesses in LAC tend to adopt international initiatives — many of which originate from Europe and North America — to meet certification requirements for key export markets driven by both market demands and regulatory pressures. In contrast, regional and national initiatives tend to focus on facilitation rather than certification or other forms of supplier- or site-level monitoring and assessment activities. Regional and national initiatives often aim to prepare businesses for compliance with international certification schemes and standards. They also serve as platforms for fostering dialogue and cooperation on sustainability issues, including for small and medium-sized enterprises (SMEs).

The initiatives landscape in LAC is primarily shaped by private and multi-stakeholder initiatives concentrating on the production segment. Approximately one third of the 39 initiatives mapped by the OECD in the agriculture and minerals sectors focus on specific key commodities such as coffee, sugarcane, palm oil, soy and beef in agriculture, as well as copper, gold, and coal in the minerals sector. In both sectors, these initiatives primarily address environmental concerns, followed by human rights, and labour issues.

Credible and well-designed sustainability initiatives can play an important role in supporting and informing responsible business practices, such as risk-based due diligence in key economic sectors in LAC. Initiatives can contribute to and guide businesses in adopting responsible practices by facilitating and verifying certain processes. For example, the majority (70%) of surveyed businesses indicate using information gathered from sustainability initiatives for risk analysis and updating corporate policies in LAC, which are central elements of a risk-based due diligence process.

However, the effectiveness of these initiatives is often hampered by insufficient disclosure of information and data gaps, creating uncertainty and opacity. Initiatives used in LAC mapped by the OECD vary with respect to the level of information they disclose regarding their assessment methodology, assessment results, complaints, standard setting, governance structure, and the list of participating or certified enterprises. This lack of transparency risks leading businesses and governments to use sustainability initiatives without fully understanding their specific design, scope or credibility.

These findings, along with the results from OECD's assessments of sustainability initiatives since 2016,¹ underscore the diverse functions, opportunities and limitations of sustainability initiatives as tools for promoting RBC. Sustainability initiatives of different shapes and sizes will continue to play an important

role in helping many businesses in LAC meet the growing sustainability demands of governments, investors and buyers.

However, sustainability initiatives face increasing pressure from civil society and other stakeholders who warn against over-reliance on audit schemes and certifications given longstanding concerns about their design, credibility and, in some cases, lack of demonstrated impact on the ground. In this context, governments in LAC can seek to foster more reliable public and centralised information on the scope and activities of individual sustainability initiatives and the role they can and cannot play in supporting companies to meet relevant policy measures. Where relevant, governments can seek to advance dialogue and peer-learning based on OECD RBC standards and the role sustainability initiatives can play to promote coherent approaches and alignment with international standards. Meanwhile, businesses should publicly disclose which initiatives they participate in, — and for what purpose — and take responsibility for verifying the quality and credibility of the initiatives they use.

1 Sustainability initiatives and their role in promoting RBC

The landscape of sustainability initiatives has increased globally and is diverse in nature. Over the last decade, sustainability initiatives have started to gain importance in international trade. Enterprises are participating in a growing number of sustainability initiatives, with a view to addressing sustainability challenges along their value chains. Regarding the number of sustainability initiatives, although comprehensive data does not exist, the Ecolabel Index, an independent global directory of environmental certification schemes, shows a growth from 49 ecolabels in 1990 to 318 in 2022. The International Trade Centre's (ITC) Standards Map contains data on certification and sustainability initiatives and shows a growth from 56 initiatives in 1990 to 456 in 2022 (UNCTAD, 2023^[1]). With respect to the use of these initiatives, according to the example of 14 certification initiatives by the ITC, globally the certified area of agricultural products such as bananas, cocoa, coffee, cotton, palm oil, soybeans, sugarcane, and tea has grown by at least 31% in 2015-2019 (ITC, 2023^[2]).

Sustainability initiatives tend to play two broad roles – verification and facilitation of business' sustainability management practices. Sustainability initiatives are defined and understood differently by stakeholders. They can range from government-backed sector dialogues, global framework agreements, private, multi-stakeholder responsible sourcing initiatives, to reporting frameworks, benchmarks, or certifications, that focus on supplier, product, or site-level assessments. They can focus on specific sectors, geographies, sustainability issues, segments of the supply chain, or a combination. **Verification initiatives** (sometimes referred to as voluntary sustainability standards) refer to initiatives that set written requirements for businesses or products and monitor, assess, verify, certify, assure, or benchmark companies, sites, products, suppliers, or other business partners against those requirements. **Facilitation initiatives** refer to initiatives that facilitate or inform companies' risk management, but do not assess or certify company performance. They may provide information (e.g., specific information such as product life cycle assessment data, or traceability information), tools (e.g., reporting templates or supplier assessment tools) and guidance (e.g., best practice on chemicals management, establishing grievance mechanisms, improving purchasing practices) or set environmental/social targets for companies (see Figure 1). Initiatives can fall into both categories and carry out different types of facilitation and verification activities (OECD, 2022^[3]).

Figure 1. Objectives of Sustainability Initiatives



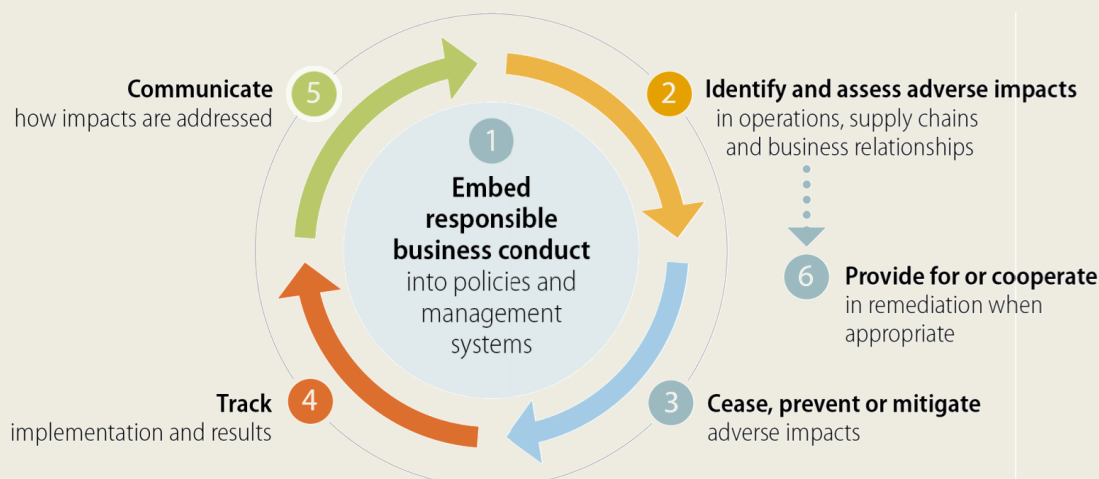
Source: OECD

Credible sustainability initiatives can play a role in informing, promoting, and evaluating RBC.² However, they do not substitute enterprises’ own responsibilities under international RBC instruments.³ OECD RBC standards expect all businesses to avoid and address negative environmental, human rights and governance impacts of their operations and supply chains, while contributing to sustainable development where they operate. RBC involves assessing and addressing environmental, social and governance and impacts associated with business activities, including throughout the supply chain and across relevant business relationships. A key element of RBC is risk-based due diligence – a six-step process through which businesses identify, prevent and mitigate their actual and potential negative impacts and account for how those impacts are addressed as laid out in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct⁴ (OECD MNE Guidelines) and further described in the OECD’s Due Diligence Guidance for RBC (see Box 1) (OECD, 2023^[4]; 2018^[5]). Sustainability initiatives can provide an important source of information and other forms of support to aid enterprises in conducting due diligence but do not replace business’ individual responsibility under each step of due diligence.

Box 1. Risk-based due diligence

Due diligence is a critical component of RBC. It implies that companies identify, prevent, and mitigate adverse impacts and be accountable for addressing them. This process involves not only preventing and mitigating potential adverse impacts caused by a company's own operations, but also addressing risks that may arise along its supply chain, thus giving all companies along the supply chain a role in the due diligence process.

The OECD Due Diligence Guidance for Responsible Business Conduct recommends a six-step process for conducting risk-based due diligence that can be applied by any enterprise, regardless of its size, location, or industry. The steps outlined in the guidance include integrating RBC into the enterprise's policies and management systems, identifying and assessing adverse impacts, taking actions to cease, prevent, or mitigate adverse impacts, monitoring the implementation and results of these actions, communicating how impacts are addressed, and providing or cooperating in remediation when necessary (see below).



Source: OECD (2018), *OECD Due Diligence Guidance for Responsible Business Conduct*, <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.

A diverse and complex landscape of sustainability initiatives can lead to challenges for businesses (including producers), policymakers and other stakeholders. It risks leading to uncertainty about what initiatives do and do not do, creating inefficiencies, and promoting unsubstantiated sustainability claims. The global growth in sustainability initiatives over the last years has come with significant variations in their ambition, core activities, scope, composition, and credibility. While a diverse landscape can be a strength as initiatives focus their resources and expertise, businesses can face multiple and at times duplicative or conflicting expectations across different sectors, supply chains and geographies, creating inefficiencies and confusion. Moreover, sustainability initiatives may not integrate due diligence in a way that is aligned with recognised international standards, including OECD RBC instruments. Initiatives also differ significantly in their overall credibility—including their governance models, assessment methodologies, assurance and oversight systems, stakeholder engagement and levels of transparency. Finally, there is a risk that businesses overly rely on sustainability initiatives without genuinely integrating responsible practices and taking responsibility for their own due diligence. These differences can lead to overly compliance-based approaches (“box-ticking”) or unsubstantiated claims, where a business (or initiative) presents a misleadingly positive impression of its sustainability efforts and practices.

The evolving landscape of sustainability initiatives creates the need for a better understanding of how businesses use them in key economic sectors both globally and in Latin America. It also highlights the importance of clarifying how individual initiatives understand and integrate due diligence. The OECD is working to promote coherence in this regard through its ongoing Alignment Assessments of sustainability initiatives against OECD Due Diligence Guidance in the agriculture, minerals and garment sectors (see Box 2), and credibility criteria. In Latin America, the OECD is fostering the understanding of sustainability initiatives and building capacity on due diligence in the agriculture and minerals sectors as part of the RBCLAC project.⁵

Box 2. OECD Alignment Assessments of Sustainability Initiatives

OECD Alignment Assessments evaluate the alignment of a sustainability initiative with the recommendations of OECD due diligence guidance using the OECD's alignment assessment tools and methodology. An initiative's standards, implementation and credibility are assessed against detailed due diligence and credibility criteria. OECD alignment assessments are based on a desk-top review of written policies, standards, and tools; shadow assessments (passive observation of audits and other assessments); stakeholder interviews; and consultation with external experts. The analysis of how far initiatives integrate due diligence is beyond the scope of this paper and is not linked to an OECD Alignment Assessment.

More information: <https://www.oecd.org/corporate/industry-initiatives-alignment-assessment.htm>

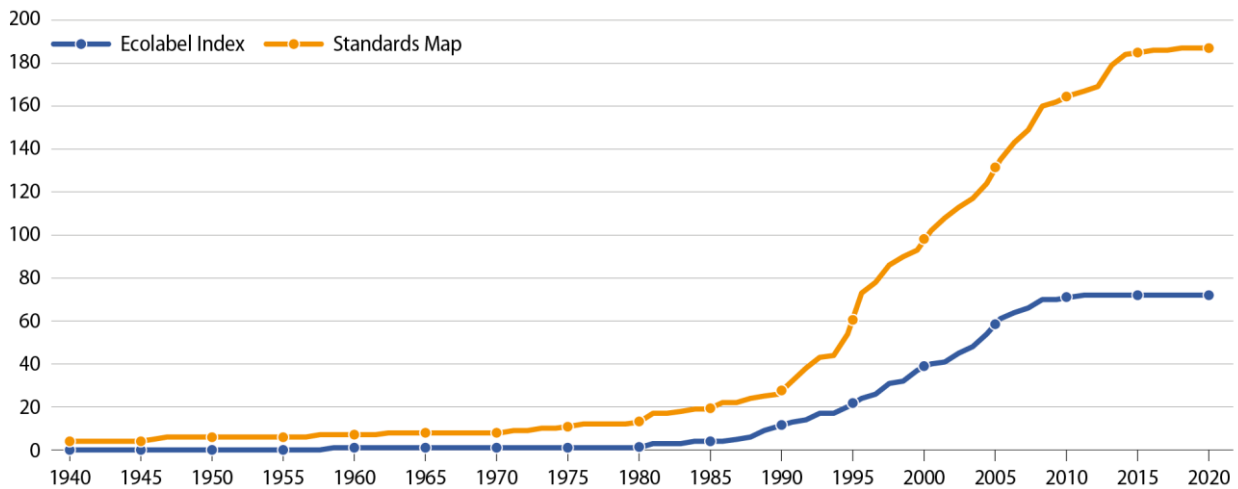
LAC is a key economic region for natural resource exports, but it also confronts pressing sustainability concerns. The agriculture and minerals resource sectors play an important role in the economic development of LAC. The region is home to almost 20% of the world's oil reserves, at least 25% of strategic resource reserves such as copper and lithium and more than 30% of primary forests. Natural-resource-based economic activities and products account for around 12% of Gross Domestic Product (GDP), led by agriculture (6%), minerals (4%) and electricity, gas, and water supply (3%). Moreover, natural resources represent about 16% of total employment and 51% of the region's total exports (ECLAC, 2023^[6]). However, both agriculture and mining face important and persisting environmental and human rights challenges with respect to land use, deforestation, biodiversity loss, water management, GHG emissions, socioenvironmental conflict, labour issues and displacement of communities (OECD, 2022^[7]; OECD, 2022^[8]).⁶

2 Landscape of sustainability initiatives in Latin America and the Caribbean

Use of sustainability initiatives

Several trends indicate a growing landscape of sustainability initiatives, particularly certification schemes, in LAC since the mid-1990s. These include a rise in the number of certification initiatives throughout the region, a growing market share of certified products, an increase in certified areas of production and growing numbers of certified producers. For instance, a UNECLAC study has analysed existing certification schemes introduced in LAC, tracking the year when certifications began to be applied to at least one company or product. Figure 2 shows a notable surge in certifications in the region starting in the mid-1990s and a slowdown in this growth since around 2015. As of 2022, the study lists a total of 191 certifications being used in the region according to the ITC Standards Map. An explanation for the difference in the two graphs could be associated with the different methodologies of the two data sources. The Standards Map is likely to have more data and information regarding the existence of certifications in LAC compared to the Ecolabel Index (Araya and Correa, 2023^[9]). While the number of certifications has increased and reached a plateau more recently, the certified area and volume of production has grown as well. For example, in agriculture, globally the minimum certified area of land has increased by 11% between 2017-2021, notable increases are reported for Bonsucro (60%), Rainforest Alliance (51%) and Roundtable on Sustainable Palm Oil (38%). In Brazil, for example, the minimum certified area harvested increased from 1 million hectares in 2011 to 4 million hectares in 2021 (see also section 4 on insights on the agriculture sector) (ITC, 2023^[2]). These trends are reflected in the sample of sustainability initiatives in LAC analysed in this paper, the majority of which were introduced between 2000 and 2020.

Figure 2. Certification schemes present in Latin America and the Caribbean



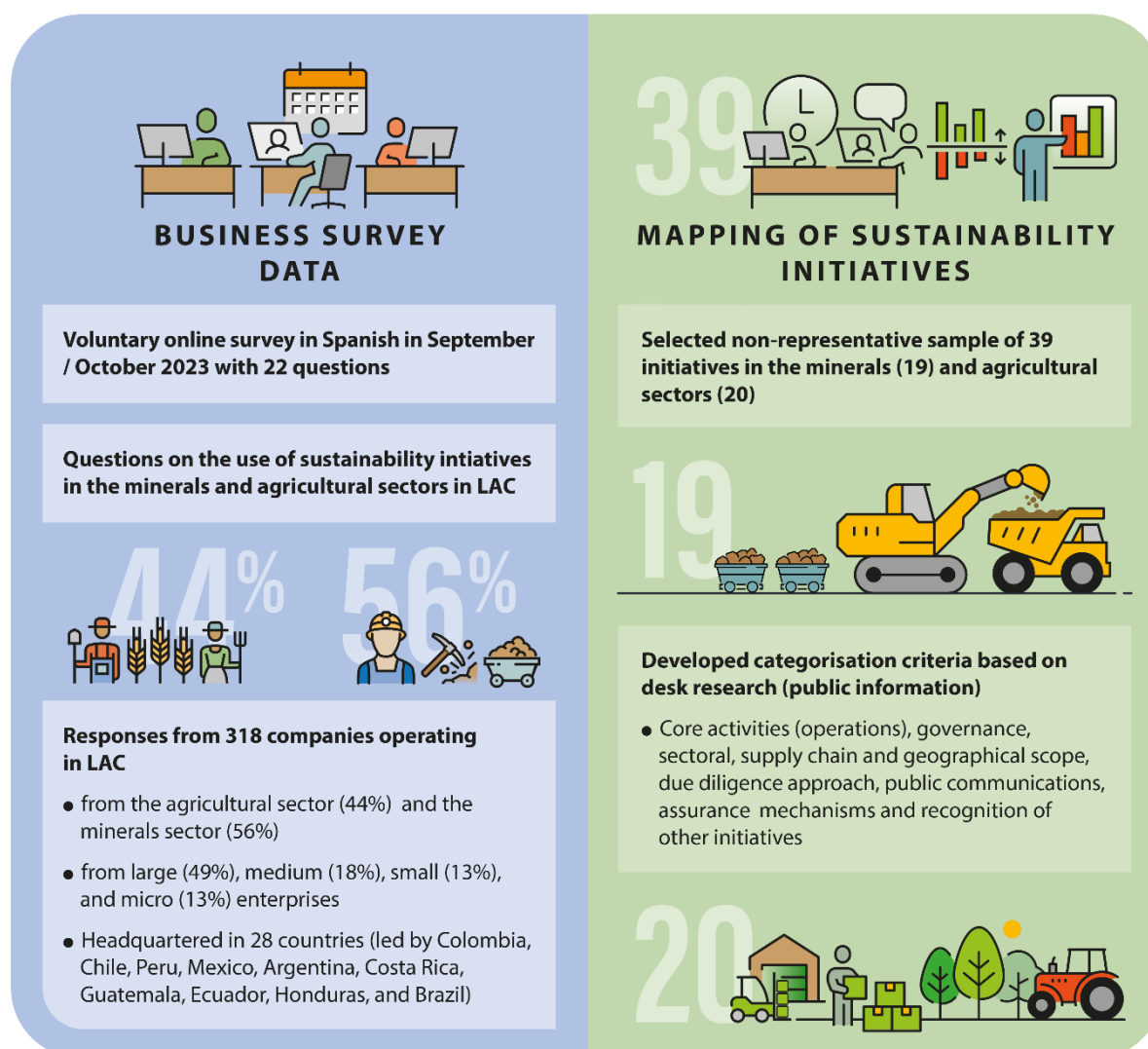
Note: Number of certifications, data from UNECLAC

Source: (Araya and Correa, 2023^[9])

Significant data gaps persist concerning the use of sustainability initiatives in LAC, particularly in relation to national and regional initiatives. Publicly available information regarding the use of sustainability initiatives is frequently unavailable or incomplete. Only some provide information on the number of businesses using certain sustainability initiatives such as certification schemes. Identifying trends is challenging because often sustainability initiatives themselves do not maintain complete statistics on their international coverage and producers may be associated with more than one sustainability initiative. For example, many sustainability initiatives do not publish data about participating businesses or the number of certified or assessed suppliers, areas, or sites. Moreover, there is often a lack of information regarding whether and how sustainability initiatives recognise other initiatives in terms of their requirements and scope.

A majority of LAC businesses use some type of sustainability initiative for both verification and facilitation purposes. As per the findings from the OECD survey (see Figure 3), the majority (63%) of surveyed businesses have reported adhering to a sustainability initiative. In addition, approximately 30% of the surveyed businesses require some type of certification (e.g., from suppliers, regarding materials, or production inputs). The results from the OECD survey suggest a probable increase in the adoption of sustainability initiatives by companies in both the agricultural and minerals sectors in the LAC region. A substantial 82% of the surveyed companies express their intention to adopt additional initiatives in the coming years.

Figure 3. OECD Business Survey and Mapping of Sustainability Initiatives in LAC



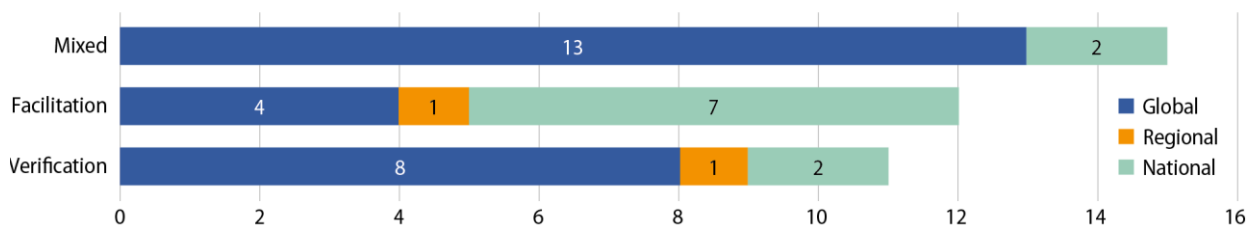
Scope and focus

The evolution of sustainability initiatives in LAC indicates a diverse landscape of both verification and facilitation activities. The analysed initiatives in this paper fall into three categories: 29% being only verification initiatives, 33% only facilitation initiatives, and the remaining 38% focussing on both verification and facilitation (see Annex A and C). With regard to their activities, among all mapped initiatives, 63% are engaged in certification or other assessment and verification activities, for instance, certifying organic products in the agriculture sector, monitoring business activities and benchmarking performance, 65% carry out facilitation activities such as providing guidance (40% of all analysed initiatives), enabling collaboration (33%), conducting training (32%), supplying information related to sustainability (30%), providing practical tools (24%).

National and regional initiatives concentrate on facilitation activities and support compliance with global initiatives and/or export standards. Regional (i.e., active in more than one LAC country) and national sustainability initiatives in LAC in the selected sample are for example Proamazonía in Ecuador

(focused on the protection of rainforest) or the Sustainable Agriculture Network based in Costa Rica (promoting sustainable farming practices). Regional and national initiatives provide limited publicly available information and may not hold a high level of recognition in the global trade landscape. They frequently concentrate more on facilitation than certification. In the selected sample, regional/national initiatives focus more often on facilitation than on verification (see Figure 4). National and regional initiatives in LAC often prepare for compliance with global initiatives and standards for exporting, serving as platforms for fostering dialogue and cooperation. This approach better enables them to address the unique needs of SMEs, individual producers, and specific regional issues (UNCTAD, 2023^[10]).

Figure 4. Sampled Initiatives by type of activity



Source: Author/ based on mapping of 39 sustainability initiatives.

An important segment of sustainability initiatives specialises in one specific economic sector or commodity group. Based on the sample of sustainability initiatives, over one third in the agricultural sector and over one fifth in the minerals sector concentrate on a specific commodity. The trend of focussing on single commodity groups broadly aligns with the export commodity focus of the LAC economy. In the agricultural sector, these commodities include for example coffee, sugarcane, palm oil, soybeans, and beef, which lead the exported agricultural goods in LAC. Relevant initiatives in the agricultural sector include the Common Code for the Coffee Community, Bonsucro, Roundtable on Responsible Palm Oil, Roundtable on Responsible Soy Association, and Roundtable for Sustainable Beef. In the minerals sector, commodities such as iron, copper, gold, lithium and coal are a key focus, and notable initiatives include The Copper Mark, Bettercoal Code, and World Gold Council (UNECLAC, 2023^[11]).

The geographical landscape of sustainability initiatives in LAC appears to be led by global initiatives which focus on certification for export markets. As indicated by the responses to the OECD survey, the most used initiatives are global ones, such as Global GAP, Rainforest Alliance, Fairtrade, Roundtable on Responsible Palm Oil (RSPO), International Council on Mining and Minerals (ICMM) or the Copper Mark for instance. Most of these initiatives focus on certification for key LAC commodities towards export markets such as Europe and the US. The analysed 39 initiatives for this paper operate across various LAC countries, particularly Colombia, Brazil, Mexico, Peru, Chile, Argentina, Ecuador, Costa Rica, and Panama. At the same time the global initiatives primarily originate from Europe, such as The Copper Mark and ICMM (UK), RSPO (Switzerland), Fairtrade and Global GAP (Germany), and from the US, such as Rainforest Alliance.

Grievance and complaint mechanisms

Global sustainability initiatives more often have grievance or complaint mechanisms compared to regional and national initiatives in LAC. Grievance mechanisms for those potentially impacted by enterprises' activities can be an effective means of providing remediation.⁷ More than half of the global initiatives surveyed incorporate various types of grievance and complaint mechanisms or procedures for external stakeholders to raise concerns or complaints regarding the initiative's own activities. Some others

provide mechanisms to handle complaints relating to participating or member enterprises and/or their suppliers. For instance, the Responsible Minerals Initiative (RMI) has introduced - in addition to its own grievance mechanism - an online cross-industry platform to review and address grievances associated with smelters and refiners within global supply chains. This collaboration involves the London Bullion Market Association (LBMA) and Responsible Jewellery Council (RJC). However, only two of the regional and national initiatives analysed have established grievance mechanisms for external stakeholders to raise complaints or grievances against the initiative or participating members and their suppliers. Additionally, certain facilitation initiatives, such as the Consejo Minero in Chile, provide platforms to facilitate information and access to their member company-based (operation-level) grievance and complaint mechanisms, without acting as an intermediary.

Governance

In terms of the ownership, governance structure and focus, the landscape is primarily shaped by private initiatives. Among the 39 selected initiatives, nearly all operate within the production or extraction phase of the supply chain. Some initiatives extend their efforts across other segments, such as processing, manufacturing, trading, and retail. The selected sample of sustainability initiatives is predominantly composed of private (industry-led) initiatives (41%), followed by multi-stakeholder initiatives (i.e., mix of at least two actors from different groups such as industry stakeholders, government, or civil society) (26%), and those led by national governments (15%). 35% of the sampled initiatives notably involve government participation, either through ownership or funding. Furthermore, according to the OECD survey responses, the most used initiatives in the agriculture and minerals sectors in LAC, such as Global GAP, Rainforest Alliance, RSPO, Fairtrade, ICMM or the Copper Mark either have a multi-stakeholder or private governance structure.

Disclosure practices

The disclosure practices of the sampled sustainability initiatives expose important differences in their levels of transparency. Transparent disclosure of results is a key component of due diligence processes and ensures accountability. In the case of sustainability initiatives, this includes the information they publicly disclose about their own systems and processes, and about participating or certified enterprises, products or sites. For example, only one⁸ of the 39 selected initiatives provides public information on all transparency criteria mapped for the purposes of this study (assessment methodologies, assessment results, complaints against the initiative, standards setting, governance structure, and list of participating companies). However, more than half of the initiatives disclose information concerning their assessment methodology, governance structure, and the list of participating or certified businesses. A comparison between global initiatives and national/regional ones in the sample reveals a disparity in public disclosure. National and regional sustainability initiatives, which lean towards facilitation rather than verification activities, show less developed public disclosure. For instance, while 86% of global initiatives release the list of participating companies, only 18% of national or regional ones disclose this information.

Motivations and challenges

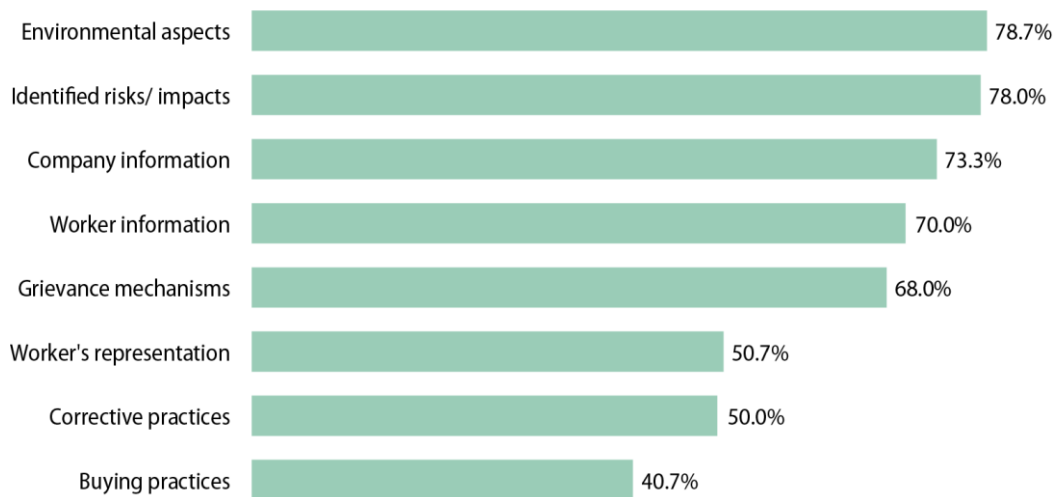
The use of sustainability initiatives by businesses in LAC arises from a mix of market and investor demands, regulatory pressures, and the practical necessity to support implementation. Businesses surveyed by the OECD cited the necessity to adhere to sustainability criteria to access export markets and meet existing and future regulatory demands. While many businesses reported they already integrate sustainability measures into their strategies and operations, they express a need for practical guidance

and training to translate regulatory requirements and internal sustainability criteria into tangible actions. Moreover, respondents noted that participating in sustainability initiatives allows them to compete in the market by showcasing leadership in addressing sustainability concerns. For instance, they stressed that initiatives aid their operations and processes by facilitating engagement with local communities and other stakeholders or by assessing risks in their supply chains. A representative from the minerals sector in LAC highlights: “certifications help us visualize future regulatory requirements and act accordingly. When the certification involves stakeholder communities, it allows us to actively listen and make necessary modifications”.

Businesses can tend to rely on simple compliance and box-checking instead of strategic sustainability improvements when participating in initiatives. According to the OECD survey responses, there can be an emphasis on cost-efficiency and maintaining uninterrupted operations and exports, with the risk that environmental and social certifications are used as checkboxes for legal compliance. For instance, a South American fruit producing and processing company highlighted that businesses obtain certifications for marketing purposes and prioritise cost and ensuring the continuity of the process, relegating the environment to a limited item of compliance within the industry. Further research and data would be beneficial to gain a more detailed understanding of the factors and motivations, including market demands and regulatory pressures, that drive businesses to increasingly use sustainability initiatives.

Businesses gather and use information relevant for RBC from sustainability initiatives in different ways. The survey respondents are using sustainability initiatives to gather information from them primarily related to environmental aspects (e.g., emissions, waste management) (79%), information about companies/ suppliers (e.g., ownership, size, location of suppliers) (73%), worker information (e.g., number of workers, gender) (70%) (see Figure 5). More than 76% of respondents respectively use this information to facilitate risk analysis, or to elaborate or update corporate policies (see Figure 6).

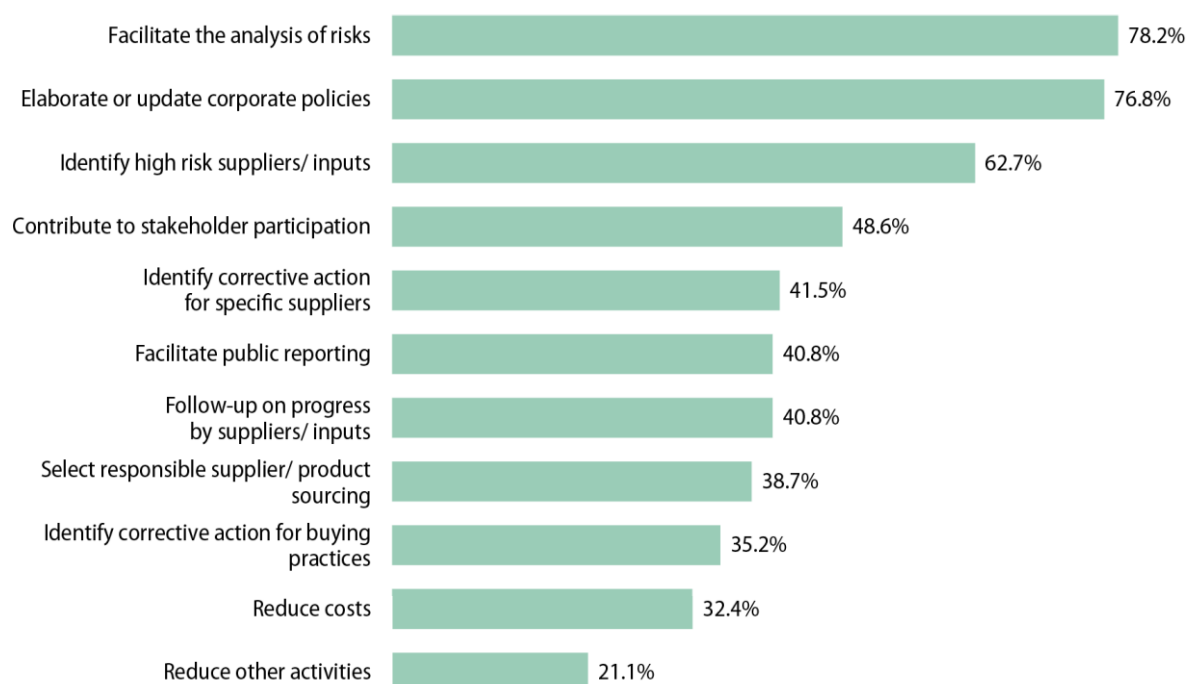
Figure 5. Type of information businesses gather through sustainability initiatives



Note: Percentage of positive responses

Source: Author/ OECD Business Survey 2023

Figure 6. Ways business use gathered information from sustainability initiatives

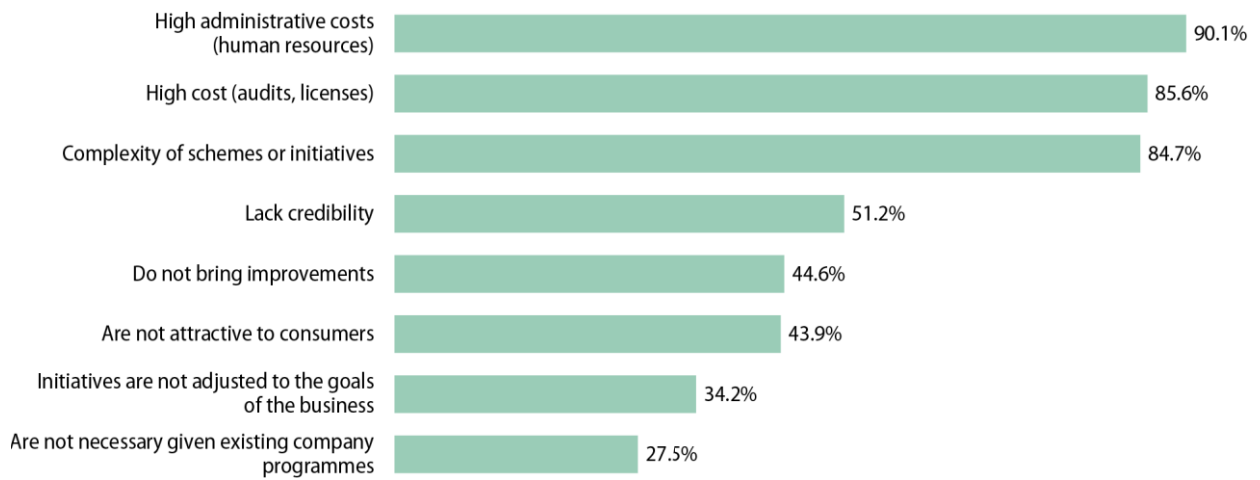


Note: Percentage of positive responses

Source: Author/ OECD Business Survey 2023

Businesses recognise the role of sustainability initiatives in supporting their due diligence efforts. However, there is great variety in how initiatives themselves integrate due diligence. Most business respondents (86%) acknowledge the pivotal role of initiatives in assisting them with due diligence processes implementation. However, this raises the question about the specific ways in which sustainability initiatives and associated information are used in companies, and how these practices align with international standards. Based on the mapping of initiatives in LAC, there seems to be substantial variability on how sustainability initiatives integrate due diligence standards and procedures. For instance, one third reference or mention any OECD RBC standard, while over 50% mention other RBC standards (such as those by ILO or the UN). For example, The Copper Mark aims to align with due diligence standards and requires the implementation of the OECD Minerals Guidance in its criteria for downstream sites (The Copper Mark, 2023^[12]). Furthermore, over a quarter of the sampled initiatives (predominantly global initiatives) claim to offer guidance or information on due diligence. For instance, among other initiatives, the Roundtable on Sustainable Palm Oil is currently aiming to establish a due diligence framework for its members.⁹

The primary challenges cited by businesses related to sustainability initiatives in LAC are cost, capacity constraints and complexity. As pointed out, more than half of the surveyed businesses already use sustainability initiatives (63%). However, businesses cited various challenges and barriers to using initiatives: 90% indicated the high costs for human resources and 86% the cost for audits or licenses, as well as the perceived complexity of sustainability initiatives (85%) as significant factors. Costs can include, for instance, fixed and negotiable membership or certification fees. The direct and indirect costs of adopting such initiatives can pose a particular challenge for SMEs and smallholder farmers who may lack the resources necessary to access global certification schemes according to the responses from surveyed businesses in LAC. Around 50% of the respondents mentioned lack of credibility and around 44% claimed initiatives do not bring improvements or are not attractive to consumers (see Figure 7).

Figure 7. Business challenges identified regarding use of sustainability initiatives

Note: Percentage of positive responses

Source: Author/ OECD Business Survey 2023.

3 Insights from the region's minerals sector

The minerals sector has significant socio-economic relevance in the LAC region. The sector's importance extends beyond economic considerations, forming an integral part of the transition to environmentally responsible energy solutions (IEA, 2023^[13]). Holding approximately 25% of global strategic metals for the green transition, minerals in the LAC region extend beyond copper and lithium, encompassing significant potential in graphite, nickel, manganese, and rare earth elements (ECLAC, 2023^[6]). Recognising the minerals sector's developmental significance, LAC governments have developed strategies to attract foreign direct investment (FDI) in this sector (ECLAC, 2023^[14]).

Businesses in the minerals sector across LAC are adopting sustainability initiatives as they face growing challenges related to social and environmental issues within the extractive industries.

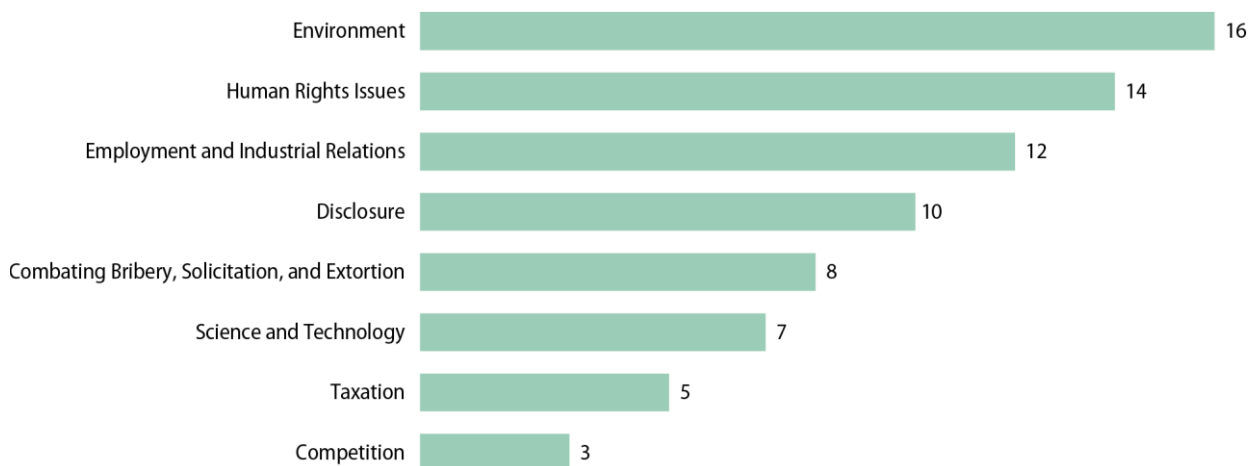
These sectors are often embedded within complex economic, social, and political dynamics that can pose significant risks (OECD, 2022^[7]). In addition, businesses and investors in the LAC mining sector, particularly in critical minerals, face mounting resistance as they progress investments and projects. Among others, governance concerns amplify stakeholder opposition, sparking conflicts at national and local levels (Purdy and Castillo, 2023^[15]). Responding to global expectations for responsible business practices, there is an increasing trend in LAC to adopt sustainability initiatives, including certification schemes. These schemes are emerging as valuable tools for aligning and bolstering efforts to mitigate risks within mineral supply chains (MINSUS, 2022^[16]). Notably, several LAC companies are actively involved in the Copper Mark and the Initiative for Responsible Mining Assurance (IRMA).¹⁰

Core activities of sustainability initiatives focus on verification and facilitation. Analysis of selected initiatives shows that 39% focus solely on verification, another 39% on facilitation, and 22% combining both approaches. These initiatives are diverse in their methods, with a third offering guidance, another third certifying activities, and over a quarter conducting audits without providing certification. Many involve collaboration between mining companies, governments, communities, and other stakeholders. However, it is important to acknowledge data limitations in the mapping, as most of the regional initiatives analysed are from Colombia and Chile. Facilitation initiatives exist mostly on national level such as the Dialogue Group on Mining in Colombia or the public private collaborative Fundación Chile's Tailing Programme "Programa Tranque", which focus on dialogue, monitoring, communication, and stakeholder engagement. Some global initiatives intend to improve transparency on mining, such as the Global Tailings Portal, which provides a free database with information on more than 1,800 mine tailings dams around the world. It enables users to sort data about tailings dams by location, company, dam type, height, volume, and risk, among other factors. The data was submitted by more than 100 of the world's largest mining companies, in response to requests from institutional investors (Global Tailings Portal, 2023^[17]).

Sustainability initiatives within the minerals sector place an emphasis on environmental, human rights, and labour issues. The coverage of these issues is extensive, with 94% of the mapped initiatives addressing environmental risks, 82% focusing on human rights, and 71% on employment and industrial relations (Figure 8). Most of these initiatives specify environmental concerns such as tailings management, water conservation, and biodiversity protection. This specificity in addressing environmental issues may stem from the considerable impacts mining can have, including soil and water contamination,

air pollution, and deforestation. The data suggests that while a broad range of RBC issues are covered, there is a distinct focus on specific environmental challenges, highlighting the sector's acknowledgment and response to its potentially significant environmental impact. For example, the Investor Mining and Tailings Initiative (IMTSI) was founded in 2019 after the disaster at Brumadinho in Brazil, where a tailings storage facility failed, killing 270 people, and caused significant environmental damage (UNPRI, 2020^[18]). Moreover, most initiatives analysed address human rights and labour rights issues. For instance, the Regional Cooperation for a more Sustainable Management of Mineral Resources in the Andean Countries (MinSus) has developed recommendations for incorporating a human rights-based approach in environmental impact assessment of mining projects.

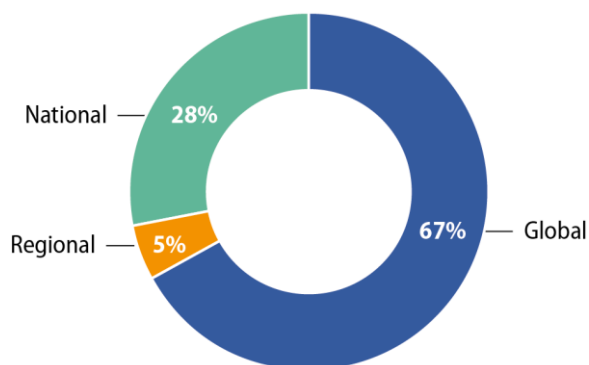
Figure 8. Minerals Initiative by Coverage of Risk Issue



Source: Author/ based on mapping of sustainability initiatives in the extractive sector.

Sustainability initiatives in the minerals sector display a broad range of geographical focuses, spanning from country-specific to global approaches. The geographical scope of impact of the mapped sustainability initiatives in the minerals sector varies, including country-specific, regional and global initiatives, which leaves room for complementarity and mutual recognition (Figure 9). For instance, Chile's National Programme for the Sustainable Development of the Mining Sector (Alta Ley) caters to the specific requirements of the Chilean context. On the other hand, CRAFT, executed in Colombia and developed by the Alliance for Responsible Mining, showcases a targeted approach that focuses on artisanal and small-scale mining. While not exclusive to a single country, CRAFT has been applied in various regions, including Latin America and beyond. This approach illustrates how some initiatives are designed to address the challenges of specific supply chain segments, such as artisanal mining, demonstrating the diversity and adaptability of sustainability initiatives within the sector. Conversely, global initiatives such as the Responsible Minerals Initiative (RMI) and the Copper Mark have a more expansive reach, with participation from companies across the globe.

Figure 9. Mapped Minerals Initiatives by Geographical Scope of Impact



Source: Author/ based on mapping of sustainability initiatives

In terms of publicly available information, the sampled minerals initiatives in LAC exhibit varying degrees of transparency. Approximately two-thirds of the sampled initiatives disclose the list of their participating companies, but less than half share details about the initiatives' governance structure. Moreover, only half provide details about their assessment methodologies, with approximately a third disclosing their standard-setting methodology and/or assessment results. For example, the World Gold Council discloses a map of their member gold mining companies on their website divided into three categories: member productive mines, member projects in development, and all other productive mines; however, detailed information on their assessments of mining companies' due diligence against their Conflict-Free Gold Standard is not publicly available.

Several initiatives in the minerals sector refer to or integrate some due diligence expectations.

Among the sampled sustainability initiatives, 57% explicitly refer to or promote the adoption of international standards on RBC, such as the OECD ones, to enhance sustainability performance. Yet, initiatives in the minerals sector vary regarding due diligence integration. For instance, in the context of operational practices and governance, the analysed sustainability initiatives exhibit a diverse range of stakeholder engagement approaches.¹¹ The Dialogue Group on Mining in Colombia (GDIAM), for instance, implements a multi-stakeholder strategy towards a sustainable, inclusive, resilient and competitive mining sector. This approach aims to engage a broad spectrum of participants, addressing various facets of the mining sector. On the other hand, initiatives such as Fairmined focus more narrowly on the unique challenges and requirements of artisanal and small-scale gold mining communities. This distinction highlights the varied operational and governance strategies employed by different initiatives to address sustainability.

4 Insights from the region's agriculture sector

The agriculture sector in LAC is central to the region's economic development. Over the last two decades, the agricultural sector in LAC has significantly boosted the region's economy, reduced hunger, and made LAC countries major agricultural exporters. The region accounts for about a quarter of global exports in agricultural and fisheries products and the sector is especially important to livelihoods. In 2018, 14% of total labour force in the region was employed in agriculture (OECD/FAO, 2019^[19]). However, this growth has also come with environmental and labour rights challenges. Policymakers and businesses in LAC are increasingly focusing on transforming the agri-food system while RBC approaches are starting to gain prominence, for example with respect to deforestation in agricultural supply chains. However, important gaps remain to address these issues and the awareness and implementation of due diligence remains low in this sector, particularly among smallholders (OECD, 2022^[8]).

There is a high number of sustainability initiatives in the agricultural sector in LAC. This observation is supported by research focusing on analysing certification schemes across LAC. The United Nations Forum on Sustainability Standards (UNFSS) noted a significant concentration of certifications globally in 2020 within the agricultural sector. For example, data from the ITC Standards Map reveals 111 certification schemes in the agricultural sector in LAC, in contrast to 27 schemes in the minerals sector, despite both sectors contributing significantly to GDP and exports across LAC countries. Several explanations and factors might contribute to this, potentially stemming from structural, (consumer) market, and historical differences between these sectors as well as from a possible bias in terms of existing research and data availability. For instance, in terms of commodities and products, the agricultural market tends to be more diverse as opposed to a narrower mining market in LAC. One reason could also be the emphasis on quality and food safety standards prevalent in the agricultural sector, as highlighted in Box 3. However, a higher number of sustainability initiatives in the agriculture sector does not necessarily imply a more advanced adoption of sustainability or RBC practices in this sector.

Box 3. Food safety and quality standards in the agricultural sector

Food safety standards in agriculture have a centuries-old history and govern various aspects of food production, processing, handling, storage, transportation, and sales, covering hygiene, sanitation, temperature control, allergen management, labelling, traceability, and testing. Over the past two decades, there has been a rapid surge in standards and certifications for agricultural production.

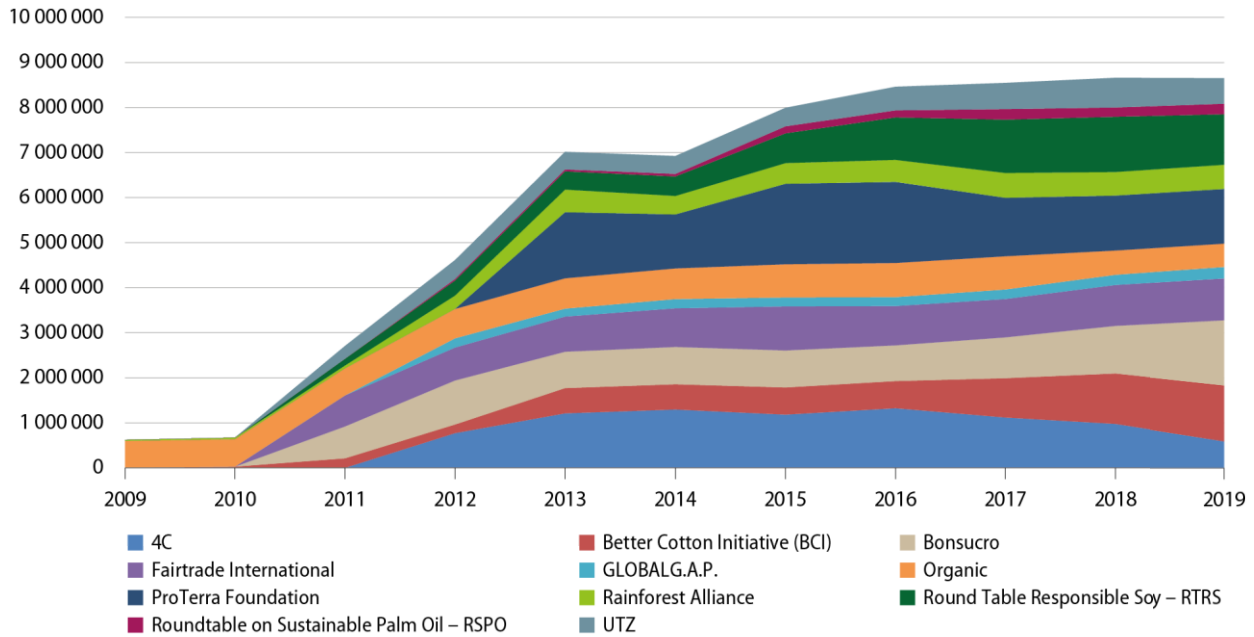
The private sector, in addition to national governments, has played a significant role by establishing new food and quality standards for products and processes. Many food businesses adopt private food safety standards, employing preventive approaches like Hazard Analysis and Critical Control Points (HACCP). Various industry-managed standards, such as the Safety Quality Food standard and the British Retail Consortium Global Standards for Food Safety, ensure safety and quality. Initiatives like the Global Food Safety Initiative benchmark international food safety certification programmes for equivalency. International standardization organizations have also developed food safety standards, such as ISO 22000, FSSC, and IFS Food Standard.

The agricultural sector has increasingly embraced sustainability initiatives, likely influenced by existing food safety and quality standards. For instance, the Global GAP standard integrates food safety and sustainability aspects. Despite this, OECD Business survey results indicate a comparatively lower awareness of due diligence in agriculture compared to other economic sectors. Aligning sustainability initiatives with due diligence expectations and international RBC standards therefore poses a unique challenge for the sector.

Source: OECD (2021), Improving Regulatory Delivery in Food Safety, <https://doi.org/10.1787/bf34907e-en>; OECD (2021), OECD Business Survey Results on Responsible Business Conduct in Latin America and the Caribbean <https://mneguidelines.oecd.org/survey-business-rbc-latin-america-caribbean.htm>.

The use of sustainability initiatives in the agriculture sector in LAC is focused on international certification for key export markets. The analysed agricultural initiatives for this paper include both facilitation and verification initiatives. Facilitation initiatives exist mostly at the national and regional level such as Proamazonía in Ecuador or the Sustainable Agriculture Network based in Costa Rica. According to the OECD survey results, most businesses in LAC use global certification initiatives for key export commodities such as coffee, sugarcane, soy, palm oil, beef or tropical fruit covering different aspects of social and environmental sustainability. Large international certification schemes are for instance the Common Code for the Coffee Community (4C), Bonsucro, Fairtrade International, Global GAP, Organic, Proterra Foundation, Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO) and the Round Table on Responsible Soy (RTRS). As Figure 10 illustrates, the use of these certification schemes in LAC has led to a significant growth in the number of certified agricultural land especially between 2010 and 2013, which amounts to almost 9 million hectares of farmland since 2016, equalling about 1.4% of agricultural land in LAC (Araya and Correa, 2023^[9]). At the global level, Organic is the sustainability standard with the largest variety of agricultural products and has the largest area certified representing 1.6% of all agricultural land worldwide in 2021. However, data challenges remain, for instance, regarding reporting a global total of certified commodities given that many producers are certified by more than one sustainability initiative, and there is not enough reliable information on the share of multiple certification (ITC, 2023^[2]).

Figure 10. Coverage of agricultural certifications in LAC

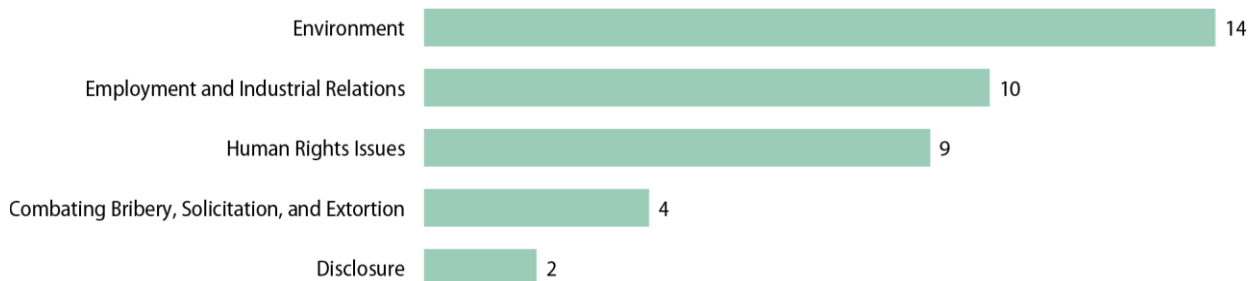


Note: Coverage in certified hectares of land.

Source: (Araya and Correa, 2023^[9])

The risk scope of sustainability initiatives is dominated by environmental issues. The agricultural initiatives in the region are diverse in terms of the types of risk issues they cover. According to the analysed sample, most of the initiatives cover more than one type of risk issue. In the sector, 93% of the initiatives address environmental risks, 67% cover employment relations, 60% human rights, 27% have anti-corruption criteria, and 13% seek to improve disclosure by companies (Figure 11). The focus on environmental risks could be attributed to the significant environmental impacts that agricultural production and farming can have (e.g., deforestation, water use, soil erosion and pollution and biodiversity loss caused by agro-chemicals). For example, at the national level, Alianza Ambiental de America has been working in Colombia, Costa Rica, and Mexico to strengthen awareness, capacities, and knowledge in relation to Life Cycle Analysis, carbon/water emissions and eco-labelling standards. At the global level, initiatives such Rainforest Alliance, RSPO, RTSS work in various countries in LAC on certifying a wide range of commodities and products including different environmental, labour and human rights criteria.

Figure 11. Agricultural Initiatives by Coverage of Risk Issues



Source: Author/ based on mapping of sustainability initiatives in the agricultural sector

In the agriculture sector, some sustainability initiatives have started to integrate due diligence aspects in the expectations they set for participating enterprises. For example, four of the analysed 20 initiatives in the agricultural sector explicitly mention the OECD RBC standards. Some global verification initiatives have started recently to refer to due diligence processes and expectations, such as Fairtrade, Rainforest Alliance, 4C and Bonsucro. For example, in 2023, Rainforest Alliance published information on their website about how their certification relates to the OECD due diligence framework. 4C refers directly to the OECD-FAO Guidance for Responsible Agricultural Supply Chains and positions itself as due diligence toolbox in the coffee sector. Beyond the findings from the mapping of sustainability initiatives, it is plausible that due diligence awareness and processes are generally less advanced in the agricultural sector than, for example, in the minerals sector in LAC. According to results from the OECD business survey RBC in LAC conducted in 2021, 58% of respondent businesses in the minerals sector adopt a due diligence process when risks are identified, while in contrast, 29% of respondents in the agriculture sector responded accordingly. This could be explained partly by the higher number of small businesses with lower resources in the agricultural sector (OECD, 2021^[20]).

References

- Araya and Correa (2023), *Certificaciones empresariales de sostenibilidad en America Latina y el Caribe*, <https://repositorio.cepal.org/server/api/core/bitstreams/4c452e3b-1d7b-4f23-b1fb-f1c80fece951/content>. [9]
- ECLAC (2023), *Foreign Direct Investment in Latin America and the Caribbean 2023*, <https://repositorio.cepal.org/server/api/core/bitstreams/fd2ce029-2846-4900-a0e6-14818f6191b3/content>. [14]
- ECLAC (2023), *Natural Resources Outlook in Latin America and the Caribbean.*, <https://repositorio.cepal.org/server/api/core/bitstreams/32eeb7a7-84fe-484c-bf98-db60407ec771/content>. [6]
- Global Tailings Portal (2023), *Global Tailings Portal*, <https://tailing.grida.no/about>. [17]
- IEA (2023), *Latin America's opportunity in critical minerals for the clean energy transition*, <https://www.iea.org/commentaries/latin-america-s-opportunity-in-critical-minerals-for-the-clean-energy-transition>. [13]
- ITC (2023), *The State of Sustainable Markets 2023: Statistics and Emerging Trends*, <https://intracen.org/file/sustainablemarkets202320231220webpages02pdf>. [2]
- MINSUS (2022), *Recommendations to Improve Local Governance through Mining Certifications*, <https://minsus.net/mineria-sustentable/documents/recommendations-to-improve-local-governance-through-mining-certifications.pdf>. [16]
- OECD (2023), *Declaration on Promoting and Enabling Responsible Business Conduct in the Global Economy*, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0489>. [21]
- OECD (2023), *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*, OECD Publishing, Paris, <https://doi.org/10.1787/81f92357-en>. [4]
- OECD (2022), *Responsible Business Conduct in the Agriculture Sector in Latin America and the Caribbean*, <https://mneguidelines.oecd.org/responsible-business-conduct-in-the-agriculture-sector-in-latin-america-and-the-caribbean.pdf>. [8]
- OECD (2022), *Responsible Business Conduct in the Extractive and Minerals Sector in Latin America and the Caribbean*, <https://mneguidelines.oecd.org/responsible-business-conduct-in-the-extractive-and-minerals-sector-in-latin-america-and-the-caribbean.pdf>. [7]

- OECD (2022), *The role of sustainability initiatives in mandatory due diligence*, [3]
<https://mneguidelines.oecd.org/the-role-of-sustainability-initiatives-in-mandatory-due-diligence-note-for-policy-makers.pdf>.
- OECD (2021), *OECD Business Survey Results on Responsible Business Conduct*, [20]
<https://mneguidelines.oecd.org/oecd-business-survey-results-on-responsible-business-conduct-in-latin-america-and-the-caribbean.pdf>.
- OECD (2018), *OECD Due Diligence Guidance for Responsible Business Conduct*, [5]
<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.
- OECD/FAO (2019), *OECD-FAO Agricultural Outlook 2019-2028*, OECD Publishing, Paris/Food and Agriculture Organization of the United Nations, Rome, [19]
https://doi.org/10.1787/agr_outlook-2019-en.
- Purdy, C. and R. Castillo (2023), *The Future of Mining in Latin America: Critical Minerals and the Global Energy Transition*, Brookings, https://www.brookings.edu/wp-content/uploads/2022/07/GS_07072022_LTRC-Future-Mining-Latin-America.pdf. [15]
- The Copper Mark (2023), *The Copper Mark Guidance on Criterion 31: Due Diligence in Mineral Supply Chains for Downstream Sites*, https://coppermark.org/wp-content/uploads/2023/02/The-Copper-Mark_Guidance-on-Downstream-Due-Diligence_17JAN23.pdf. [12]
- UN; OECD; EU; ILO (2019), *Responsible business: key messages from international instruments*, United Nations, OECD, European Union, International Labour Organization, Social Justice Decent Work, <https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf>. [22]
- UNCTAD (2023), *Sustainability standards in trade: How can developing countries benefit?*, [1]
<https://unctad.org/news/sustainability-standards-trade-how-can-developing-countries-benefit>.
- UNCTAD (2023), *Understanding Voluntary Sustainability Standards: : A Strengths, Weaknesses, Opportunities, and Threats Analysis*, https://unctad.org/system/files/official-document/ditctab2023d3_en.pdf. [10]
- UNECLAC (2023), *International Trade Outlook for Latin America and the Caribbean*, [11]
<https://repositorio.cepal.org/server/api/core/bitstreams/3635df29-96bc-4ae0-bff1-60bfc6034640/content>.
- UNPRI (2020), *Investor Mining and Tailings Safety Initiative*, <https://www.unpri.org/showcasing-leadership/investor-mining-and-tailings-safety-initiative/8943.article>. [18]

Annex A. Methodology

The methodological framework employs a two-fold approach, gathering insights from two distinct data sources:

1. Business survey data: online survey responses from 318 business representatives on the use of sustainability initiatives in the minerals and agricultural sectors in LAC.
2. Categorised information on selected sustainability initiatives: Mapping of 39 selected sustainability initiatives, based on desk-based research of publicly available information and pre-established prioritising criteria.

Business Survey

The OECD conducted a targeted business survey to better understand the motivations and practices of businesses using sustainability initiatives in the agricultural and minerals sectors in LAC. The survey design, consisting of 22 questions comprehensively covered three areas:

- Company characteristics: General information about participating businesses.
- Use of sustainability initiatives: Information on the use of and participation in sustainability initiatives, including motivations for participation and key challenges faced.
- Implementation of due diligence processes: Information on the implementation of due diligence within the company.

The survey was disseminated online in Spanish between 14 September - 2 October 2023. The descriptive statistics of the sample are listed in Annex B.

Mapping of selected sustainability initiatives

The OECD identified a sample of 39 sustainability initiatives employed in the agricultural (20 initiatives) and minerals sectors (19 initiatives) active in the LAC region listed in Annex C. The selection criteria for this sample were as follows:

1. Relevance of use in LAC: Combination of presence and use in the region, importance of commodity for trade, size of industry, insights from businesses participating in the OECD 2023 capacity-building programmes on due diligence.¹²
2. Stratified sample: Combination of Type of Governance: public, private, and multi-stakeholder initiatives; Type of Action: facilitation and verification initiatives; Geographic focus: global and regional/national initiatives.

The selected 39 sustainability initiatives were mapped against detailed criteria with respect to basic information, core activities, relevance, ownership/ governance, sectoral, supply chain and geographical scope, broad approach to due diligence, public communications, assurance mechanisms, recognition of other third-party initiatives, and relevance in LAC.

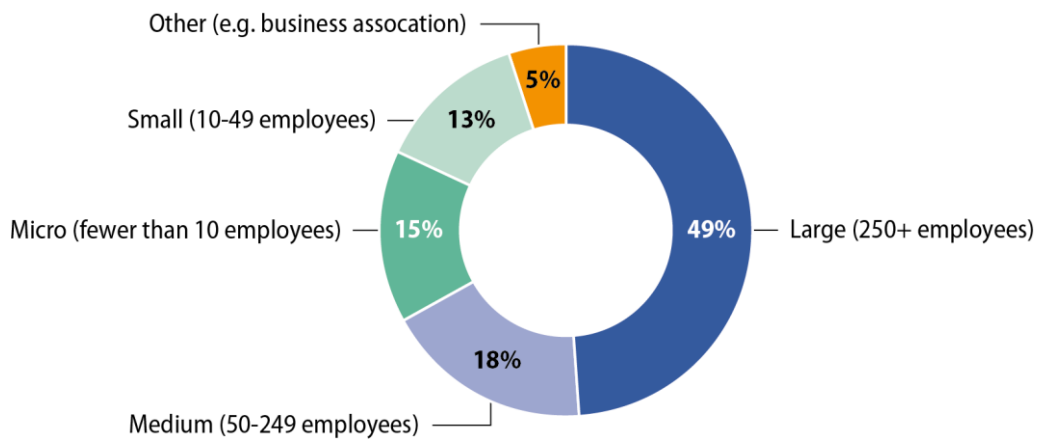
Methodological limitations of the findings

The methodology applied to analyse the use of sustainability initiatives provides valuable insights into the practices of business. However, these results must be interpreted with caution due to the various methodological limitations and potential biases associated with them. These limitations stem from both methodological approaches - the business survey data given the self-reported survey results and the non-probability sampling; and the mapping of initiatives given that the sample of sustainability initiatives is not representative of the population of all existing initiatives. While the OECD business survey received feedback from various businesses in different LAC countries, spanning different business sizes, ownership structures, and economic sectors, the response rates varied significantly within these categories. The resulting sample distribution across these categories differs from that of the business population within the region. For example, most of the responses came from larger corporations, even though SMEs constitute the primary source of employment in the LAC region. Furthermore, it is important to note that the survey data rely on voluntary reporting, which can introduce a non-response bias. For instance, businesses already involved in RBC activities might be more inclined to participate in the survey, potentially skewing the data compared to those who do not engage in such initiatives. For the mapping of sustainability initiatives, reliable information is often non-existent or incomplete, in particular, for smaller initiatives. Quantitative data is only available for large verification initiatives in relation to certified production areas, although it remains difficult to compare across commodities, countries or regions since many producers are certified by more than one initiative. The research outcomes should therefore be tested against further data sources and research methods to enhance their validity in the future.

Annex B. Business survey responses

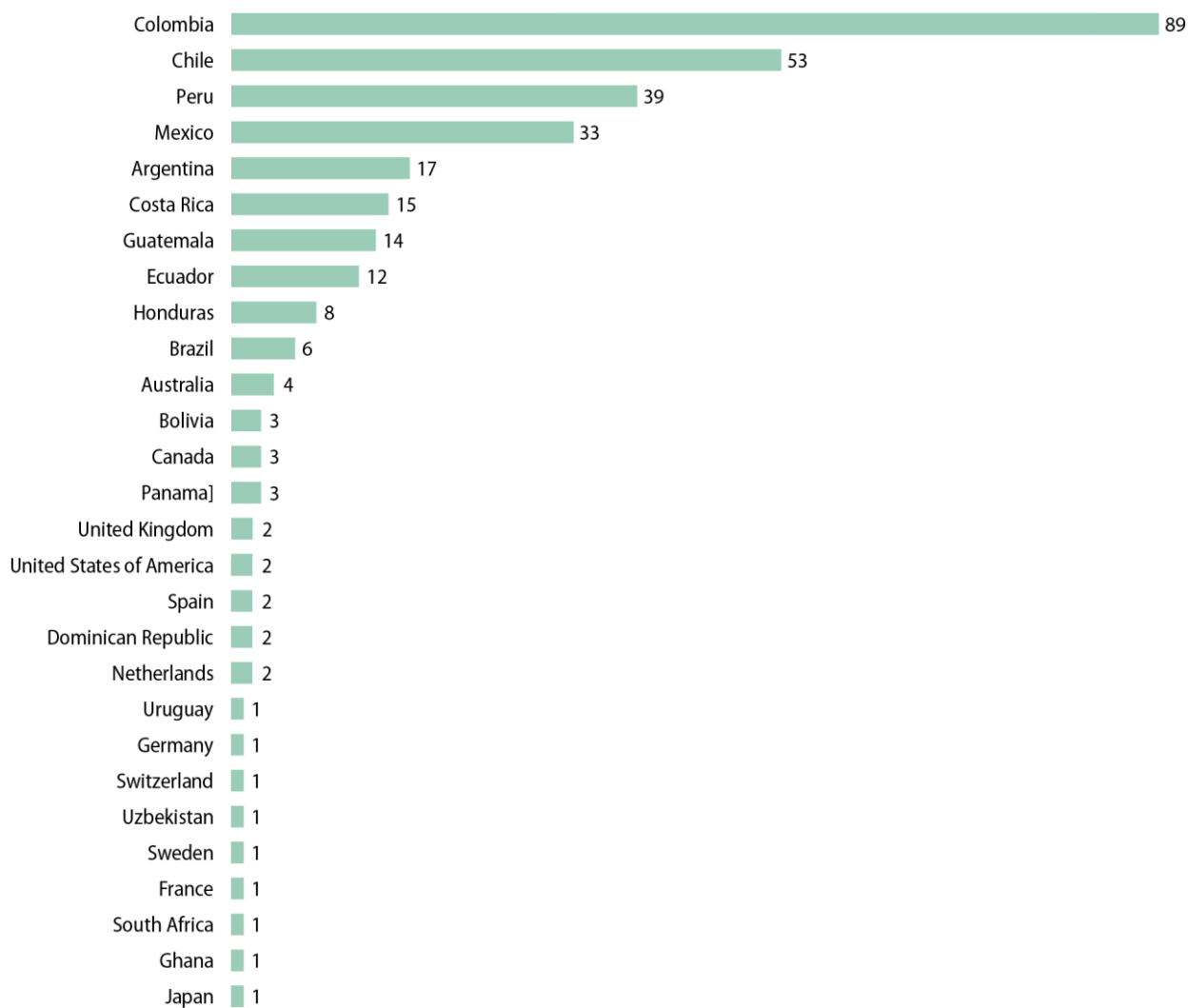
318 individual responses to the survey were submitted by businesses operating in Latin America. The sample includes responses from large (49%), medium (18%), small (13%), and micro (13%) enterprises (Figure 12). Moreover, representatives responded from companies operating in LAC with headquarters in 28 countries, most of them in Colombia, Chile, Peru, Mexico, Argentina, Costa Rica, Guatemala, Ecuador, Honduras, and Brazil (Figure 13). Responses were received from both the agricultural (56%) and the minerals (44%) sector (Figure 14), most of them operating in the production phase (41%), but also in processing, manufacturing of materials, finished products, distribution/ sales/ and commercial agents (Figure 15).

Figure 12. Responses by business size (number of employees)



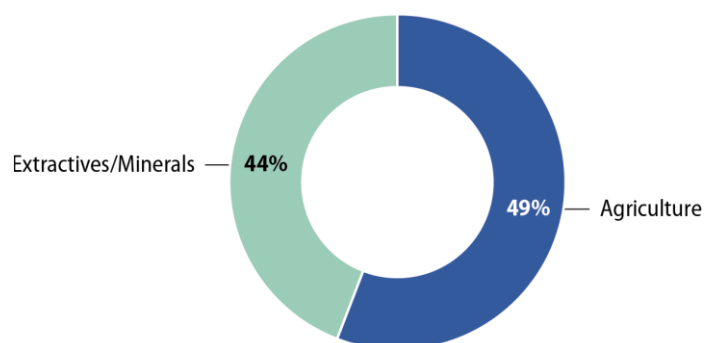
Source: OECD 2023 Business Survey on the role of sustainability initiatives in the minerals and agricultural sector in LAC.

Figure 13. Responses by country headquarters



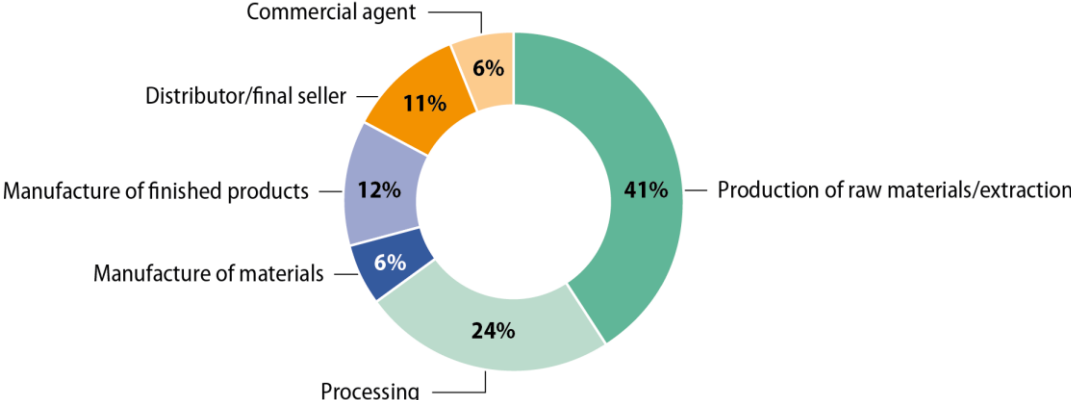
Source: OECD 2023 Business Survey on the role of sustainability initiatives in the minerals and agricultural sector in LAC.

Figure 14. Responses by economic sector



Source: OECD 2023 Business Survey on the role of sustainability initiatives in the minerals and agricultural sector in LAC.

Figure 15. Responses by business activity in the supply chain



Source: OECD 2023 Business Survey on the role of sustainability initiatives in the minerals and agricultural sector in LAC.

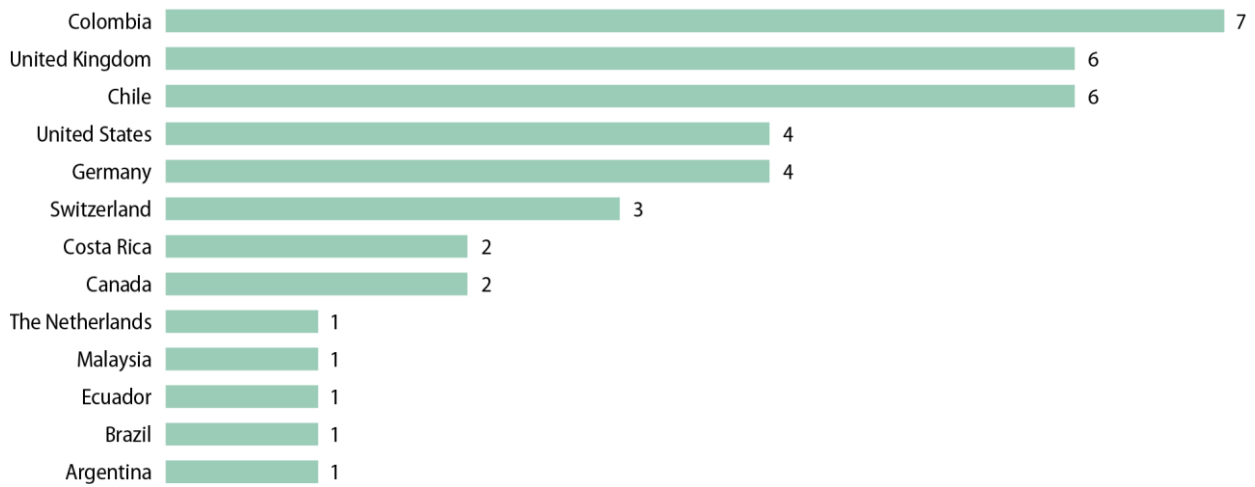
Annex C. Analysed sustainability initiatives

The mapping included 39 selected sustainability initiatives in the minerals and agricultural sector in LAC.

Table 1. Sample of analysed sustainability initiatives

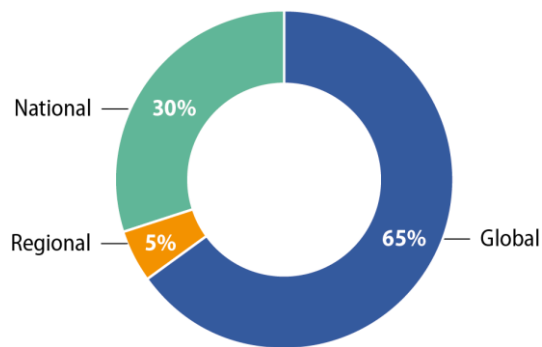
Number	Name of the sustainability initiative
1	Proterra Standard
2	Round Table on Responsible Soy Association - RTRS Producer Standard
3	Round Table on Responsible Soy Association - RTRS Chain of Custody Standard
4	Roundtable on Responsible Palm Oil
5	Roundtable for Sustainable Beef
6	Fairtrade
7	Bonsucro
8	4C (Common Code for the Coffee Community)
9	Rainforest Alliance
10	Global GAP
11	Florverde Sustainable Flowers
12	Global Coffee Platform
13	Costa Rica Regenerativa
14	Organización Internacional Agropecuaria
15	Brazilian Agricultural Research Corporation (Embrapa)
16	Sociedad Nacional de Agricultura (Chile)
17	Proamazonía
18	Sustainable Agriculture Network
19	Certification of Organic Products
20	Alianza Ambiental de América
21	Comité Minero Energetico
22	The Dialogue Group on Mining in Colombia (GDIAM)
23	Fundación Chile's Global Tailing Program
24	National Programme for the minerals sector (Alta Ley) (Chile)
25	"Regional Cooperation for a more Sustainable Management of Mineral Resources in the Andean Countries" project (MinSus)
26	Investor Mining and Tailings Safety Initiative / Global Tailings Portal
27	Towards Sustainable Mining (TSM)
28	Fairmined (under Alliance for Responsible Mining)
29	CRAFT (under Alliance for Responsible Mining)
30	The Copper Mark
31	Initiative for Responsible Mining Assurance
32	International Council on Mining and Minerals (ICMM)
33	Sello Ambiental Colombiano SAC
34	Consejo Minero (Chile)
35	Responsible Minerals Initiative
36	Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development
37	Responsible Mining Foundation
38	Bettercoal Code
39	World Gold Council

Figure 16. Initiatives by Place of Headquarters



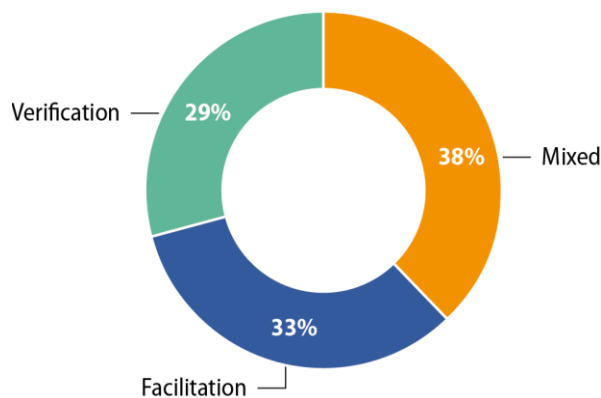
Source: Authors/ mapping of sustainability initiatives.

Figure 17. Initiatives by Geographical Scope of Focus



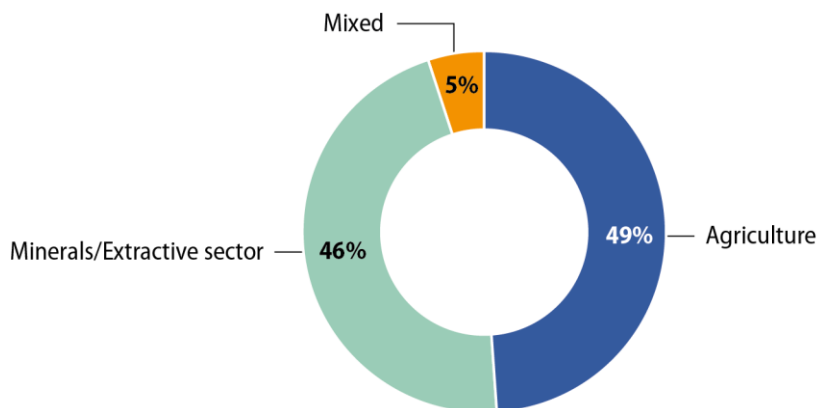
Source: Authors/ mapping of sustainability initiatives.

Figure 18. Initiatives by Type of Activity



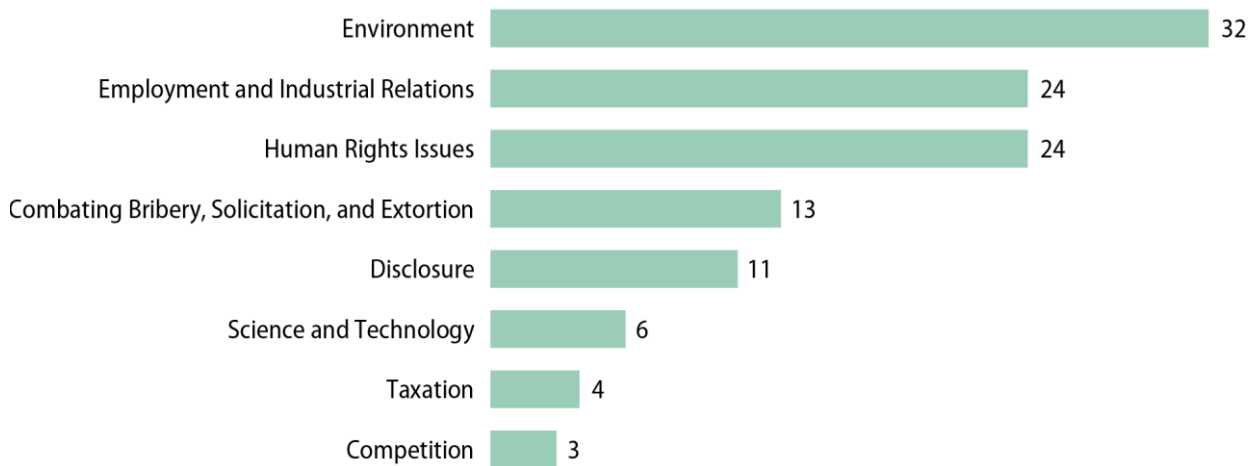
Source: Authors/ mapping of sustainability initiatives

Figure 19. Initiatives by Sector



Source: Authors/ mapping of sustainability initiatives

Figure 20. Initiatives by Coverage of Risk Issue



Source: Authors/ mapping of sustainability initiatives.

Notes

¹ The OECD's Alignment Assessments assess the alignment of sustainability initiatives in the minerals, garment and footwear and agriculture sectors against OECD due diligence standards. For more information, see: <https://www.oecd.org/corporate/industry-initiatives-alignment-assessment.htm>. See Box 2.² The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct state that initiatives should be “credible and transparent”. The OECD is currently developing harmonised credibility criteria for initiatives across different sectors following a mandate set out in the 2023 RBC Ministerial Declaration (OECD, 2023^[21]).

³ The three main international instruments that have become key references for responsible business practices globally are the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the OECD MNE Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. These instruments are aligned with and complement each other. <https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf>.

⁴ The OECD MNE Guidelines are the most comprehensive set of government-backed recommendations on responsible business conduct available. The 2023 edition of the Guidelines provides updated recommendations for responsible business conduct across key areas, such as climate change, biodiversity, technology, business integrity and supply chain due diligence, as well as updated implementation procedures for the National Contact Points (NCPs) for Responsible Business Conduct. <https://mneguidelines.oecd.org/targeted-update-of-the-oecd-guidelines-for-multinational-enterprises.htm>

⁵ Promoting coherence and capacity on due diligence is especially relevant considering possible new regulations such as the European Union's Corporate Sustainability Due Diligence Directive. See EU press release from 19 March 2024, <https://www.europarl.europa.eu/news/en/press-room/20240318IPR19415/first-green-light-to-new-bill-on-firms-impact-on-human-rights-and-environment>

⁶ Environmental matters in relation to human rights and sustainable development in LAC are addressed in the Escazú Agreement, an international treaty signed in 2018 by currently 24 LAC countries and ratified by 15 countries concerning the rights of access to information about the environment, public participation in environmental decision-making, environmental justice, and a healthy and sustainable environment for current and future generations. See <https://www.cepal.org/en/escazuagreement>.

⁷ Grievance mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on dialogue and engagement. See core criteria in Chapter IV, Para 51, OCDE Guidelines for Multinational Enterprises on Responsible Business Conduct.

⁸ Roundtable on Sustainable Palm Oil (RSPO)

⁹ RSPO Human Rights Working Group, see: <https://rspo.org/who-we-are/governance/working-groups/human-rights-working-group/>

¹⁰ For a comprehensive list of companies participating in the Copper Mark, please visit: <https://coppermark.org/participants-home/>. Additionally, for details on members and partners of the Initiative for Responsible Mining Assurance (IRMA), refer to: <https://responsiblemining.net/members-partners/>

¹¹ For further information on stakeholder engagement in the minerals sector, see OECD (2017), OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, OECD Publishing, Paris, <https://doi.org/10.1787/9789264252462-en>.

¹² The OECD carried out two regional capacity-building programmes on due diligence for businesses in 2023 focussing on the management of environmental impacts. 563 representatives from businesses including from 47 business associations from 18 LAC countries participated in the programmes.

