



Reaching suppliers beyond tier one

Drivers for working conditions and occupational safety and health improvement in food and agriculture global supply chains

Event Report

30/11/2017



International
Labour
Organization



Context

The joint EU-ILO project *OSH in Global Supply Chains* aims to improve knowledge base on safety and health in global supply chains to support G20 work on safer workplaces. It is part of the ILO Global Action for Prevention (OSH-GAP) Flagship Programme. The project particularly looked at identifying drivers and constraints for the improvement of occupational safety and health (OSH) in global supply chains.

In the framework of this project, 52 companies and private compliance initiatives (PCIs) were interviewed on the linkages between sustainable sourcing policies and OSH. The event *Reaching Suppliers Beyond Tier One* drew on research findings to discuss approaches for addressing key challenges to improve OSH in the lowest tiers of agricultural value chains. The objective of the event was to foster engagement at the global level on the basis of the conclusions of the project findings, and to mobilize public and private stakeholders on OSH.

Participants

The event counted over 40 participants, representing a range of stakeholders including multinational enterprises (MNEs), Private Compliance Initiatives (PCIs), UN specialized agencies, independent consultants working on corporate social responsibility and ILO staff.

Introductory remarks – Laetitia Dumas, Coordinator for Development Cooperation and Country Operations, LABADMIN/OSH, Governance and Tripartism Department, ILO.

Discussion points

Panel 1 Private compliance initiatives: achievements and constraints

- Mr. Mickael Blais, representative of The French Alliance for Sustainable Palm Oil.
- Mr. Wilbert Flinterman, Senior Advisor Workers' Rights and Trade Union Relations, Fairtrade International.
- Ms. Noura Hanna, Workers' Rights and Livelihood expert, UTZ.
- Mr. Ashwin Selvaraj, Assistant Technical Manager Europe, Roundtable on Sustainable Palm Oil (RSPO).
- Moderated by Ms. Githa Roelans, Head of the Multinational Enterprises and Enterprise Engagement Unit, Enterprises Department, ILO.

Three OSH challenges were identified: a) a poor use of personal protective equipment (PPE), b) the difficulty to control workers' use of agrochemicals and to reduce their exposure, c) the difficulty to identify less visible but persistent forms of OSH risks in the workplace, such as sexual harassment.

Four entry points for addressing these challenges were discussed:

1) Strengthening supplier risk assessments

Supplier risk assessments should identify OSH risks and hazards and be adapted to companies and organizations taking into account size, type of employment contract or informal settings, as well as the gendered structure of the workplace and its cultural norms. There is a need to better understand the link between OSH, migration, gender and precarious employment. Risk assessments are too often performed by a person with a basic level of understanding of OSH, preventing these linkages to be made.

2) Scaling up traceability

Traceability is an entry point for engaging beyond the first tier of suppliers. However, there is a maturity gap among companies regarding their capacity to trace back their supply chain. Few companies are leading the way for full traceability while many companies are lagging behind. The various European sustainable palm oil alliances provide platforms where companies can collectively address challenges and gradually move forward.

3) Creating leverage for enforcing certification

Producers often do not immediately see the advantages linked to certification. There is a need to engage with communities to raise awareness on the positive impact of becoming certified on producers' productivity and wages.

4) Stronger collaboration

PCIs have direct access to producers and could provide an entry point for other agencies involved in addressing working conditions down the supply chain, such as the labour inspectorate and OSH service providers. Consultation with governments, NGOs, unions and other stakeholders also allows to scale up projects aimed at improving working conditions down the supply chain. Joint auditing should also be encouraged to reduce the burden on producers where possible, as well as a progressive alignment of private standards.

Panel 2: Sustainable sourcing policies of multinational companies, examples of practice.

- Mr. Alexandre Couesnon, Coffee Sustainability Program Manager for East Africa, Nestlé Nespresso.
- Ms. Rozenn Kerviel, Global Sustainability Manager - Coffee, Louis Dreyfus Company.
- Ms. Carole de Montgolfier, head of Corporate Social Responsibility, Carrefour.
- Moderated by Mr. Ockert Dupper, Global Programme Manager of the Vision Zero Fund (VZF), LABADMIN/OSH, Governance and Tripartism Department, ILO.

Two main motivations for developing a sustainable sourcing strategy were identified during the discussion: a) consumer demand for traceability and ethically sourced products (particularly in European and Western consumer markets) and b) business incentives: investing in farmers increases their productivity and the quality of the final product, builds trust with suppliers and thus guarantees stable and sustainable supply.

The three companies experience specific challenges and experiences depending on the type of business and consumer market. However, there overarching challenges were identified: a) the difficulty to trace back their supply chain (particularly for South-South trade routes and fragmented supply chains), b) the inadequacy of PPEs, reported in a number of supplier sustainability assessments, c) the high use of agrochemicals and the absence of a viable market solution allowing to phase out their use.

Three entry points for addressing the identified challenges were discussed:

1) Going beyond certification

Although sustainability certifications are important tools for MNEs to check compliance beyond their tier one, they present some limitations. First, private compliance initiatives often target a niche consumer market and cannot be applied to a business's entire supply chain. Second, research on the effect of PCIs on OSH of small producers is limited. MNEs should therefore aim to expand good practice by developing internal policies to ensure working conditions improvement down their supply chain. Examples of such policies were presented, such as extending the company's internal OSH policy to the entire supply chain and focussing company efforts on traceability to their own brand products (particularly in the case of retailers).

2) Starting with the hanging fruit

Panellists underlined that it was important to acknowledge that sustainability is a long term process and that MNEs cannot guarantee 100% good practice in their supply chain immediately. In order to scale up good practice beyond the few companies leading the way in sustainability, consumers and other parties holding leverage need to accept that companies will be able to address sustainability step by step, via a continuous improvement model, and that there will be inevitable cases of non-compliance. Acknowledging this will allow MNEs to expose their challenges on supplier compliance in a more transparent way, which can lead to better cooperation for addressing them.

3) Education and training

Usually, producers will adopt innovative practices if they are convinced of the positive impact of these practices on their productivity, which may not always be self-evident. For example, reducing the use of agrochemicals may have a positive impact on producers' health, income and crop quality on the long term, but the immediate result experienced by farmers will be having less productive crops. The lack of international consensus on the use of chemicals places the burden of deciding which pesticide to use in the hands of the farmers, who may not have access to information allowing them to make an informed decision on the use of such chemicals. As a result, they often opt for the most cost-effective solution. Education and training on the correct use of agrochemical inputs is therefore key.

Across those three points, the question of funding was crosscutting. To scale up what few leading companies are doing, there is a need to incentivize companies to invest in sustainability, which is costly, by making the business incentives clear for all companies and supporting a continuous improvement model.

An overarching discussion point on the two panels was the role of national laws and international regulations in addressing the challenges identified. The French corporate duty of vigilance law was taken as an example as an interesting and recent evolution to strengthen risks assessments as it establishes a legally binding obligation for MNEs to identify and prevent adverse human rights, health and safety risks and environmental impacts resulting both from their own activities and from activities of their subcontractors and suppliers¹.

Knowledge Fair: Addressing working conditions and OSH in global value chains - Examples of ILO initiatives

- Mr. Steve Hartrich, Technical Officer for Monitoring and Results Measurement, The Lab, ILO ENTERPRISE/SMEs
- Ms. Lou Tessier, Project Coordinator, ILO Governance / LABADMIN/OSH.
- Mr. Benjamin Smith, Technical Specialist on Child Labour, ILO Governance / FUNDAMENTALS.

During the third session of the event, three presentations illustrated the ILO's approach to specific OSH challenges in lower tiers of global supply chains that companies and PCIs have been reporting, namely:

- The difficulty to work with SMEs at the lower end of global supply chains;
- The difficulty to develop successful approaches to eliminate hazardous child labour in food and agriculture global supply chains;
- The difficulty to address OSH vulnerability beyond PPEs.

The first presentation focused on the market systems approach to understand constraining factors for the improvement of working and living conditions in Small and Medium Enterprises integrated in global value chains, taking the example of the banana industry in the Dominican Republic.

The second presentation looked at the market systems' approach in the context of OSH. It showed the benefit of taking a bottom up approach to investigate OSH vulnerabilities and understand industry and country specific drivers for OSH in three food and agriculture value chains under the joint EU-ILO project on OSH in global supply chains.

Finally, the knowledge fair looked at examples of successful interventions in addressing hazardous child labour at the lowest tiers of agricultural value chains. Child labour was identified as an entry point for working on improving working conditions. Factors for successful interventions include tripartite engagement and social dialogue; government ownership; action plans for improvement; regular follow up and high-quality training both in the public sector (inspectorate) and private sector.

Closing remarks - Laetitia Dumas, Coordinator for Development Cooperation and Country Operations, LABADMIN/OSH, Governance and Tripartism Department, ILO

The closing of the three sessions opened up discussions on multistakeholder collaboration in the context of the ILO Global Action for Prevention (OSH-GAP) Flagship Programme as well as the G7 initiated Vision Zero Fund Initiative (VZF). Participants were able to exchange on this during and after the three sessions.

¹ Applicable to companies with more than 5,000 employees in France, or 10,000 salaried workers if headquarters are located outside of France. <https://www.legifrance.gouv.fr/eli/loi/2017/3/27/2017-399/jo/texte>