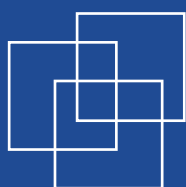




International
Labour
Organization



Occupational Safety and Health within Sustainable Sourcing Policies of Multinational Enterprises

Summary of research findings focusing on agriculture and textile



Occupational Safety and Health within Sustainable Sourcing Policies of Multinational Enterprises

Summary of research findings focusing on agriculture and textile

Copyright © International Labour Organization 2018

First published 2018

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: rights@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

Occupational Safety and Health within Sustainable Sourcing Policies of Multinational Enterprises. Summary of research findings focusing on agriculture and textile / International Labour Office, GOVERNANCE Department. Geneva: ILO, 2018.

ISBN: 978-92-2-031182-0 (web pdf)

GOVERNANCE Department

occupational safety and health / global supply chain / multinational enterprise / private compliance initiative

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

Printed in Switzerland



Summary of research findings focusing on agriculture and textile

Prepared by Lou Tessier, Alice Faudot-Miguet and Anna Buxaderas Rierola, Labour Administration, Labour Inspection and Occupational Safety and Health Branch (LABAD-MIN/OSH), ILO Governance Department.

The authors would like to thank the colleagues in LABAD-MIN/OSH Branch and in other technical Departments and Units for their technical inputs and review of the present summary of research as well as Joanne Land-Kazlauskas, Emilie Lafore and Gabriela Coll Vigo for their support with the publication process. They are particularly thankful to all the interviewees who participated in this research and their respective companies.



| Introduction

The new global estimate announced by the International Labour Organization (ILO) indicates that 2.78 million fatal work-related injuries and illnesses occur each year, which sharply acknowledges the human costs of failing to make sufficient investments in occupational safety and health (OSH)¹ at the international, national and enterprise levels (ILO, 2017a). This human cost carries with it a significant economic cost as well. New global estimates of work-related fatal and non-fatal injuries and illnesses amounts to 3.94 per cent of the global GDP or 2.99 trillion US dollars (ILO, 2017a). The demand for safe and healthy working conditions for women and men at work has grown significantly in the past decade. Demand is pushed, in part, by well publicized occupational accidents, from which no country is immune, and by these new estimates and the growing body of evidence connecting occupational safety and health with sustainable development. In response, governments, workers' and employers' organizations, international organizations and civil society, from the community to the international level, have made renewed commitments to improving OSH and to creating a culture of prevention.

The present publication is the result of a joint project between the ILO and the European Union (EU) under the ILO's OSH GAP flagship programme² and its follow-up through the EU contribution to the Vision Zero Fund Initiative (VZF).³ The project contributed towards filling existing gaps in knowledge related to drivers and constraints for OSH

-
- 1 Occupational safety and health is defined as the science of the anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers, taking into account the possible impact on the surrounding communities and the general environment (Alli, 2008). Governance of OSH is understood to be "the operation of the internal intra-organizational structures and processes involved in managing and monitoring arrangements for OSH" (Walters, James in Tessier et al., 2017a). Governance is not a synonym for regulation in this context.
 - 2 The ILO's Global Action for Prevention on Occupational Safety and Health (OSH GAP) Programme: http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/WCMS_495278/lang--en/index.htm
 - 3 The Vision Zero Fund (VZF) Initiative: https://www.ilo.org/safework/projects/WCMS_517539/lang--en/index.htm



improvement in Global Supply Chains (GSCs).⁴ As interest has grown related to the impact of GSCs - or transnational networks of production - on decent work, OSH was identified as a possible entry point for adapting interventions to new and future business models. To achieve this objective, the project sought to understand the dynamics at work in GSCs and to identify drivers and constraints for OSH improvement that may result from specific business relationships in the supply chain or within the institutional and policy environment in sourcing and consumer countries.

Within this framework, the joint ILO-EU project conducted three case studies on the drivers and constraints for OSH in the value chains of coffee from Colombia, palm oil from Indonesia and lychee from Madagascar. The research methodology developed by the project was subsequently implemented in the ginger value chain in Myanmar and in the textile value chain in Madagascar. The research process involved the systematic identification of all supply chain actors, including global buyers, and an analysis of their motivations for adopting improved OSH practices. Among the identified drivers for OSH im-

provement, one hypothesis was that downstream pressure from global buyers was a possible source of influence. Multinational enterprises (MNEs)⁵ at the top of global value chains might influence producing practices through setting sustainable sourcing criteria and certification requirements under private compliance initiatives (PCIs)⁶ for some or all of their imported products. These requirements aim for a trickle-down effect on working conditions along the value chain. However the extent of this effect remains poorly documented and seems to vary considerably from one case to another (Walters and James, 2010, 2011 and in ILO, 2017c). In order to test that hypothesis, each research stream sought to understand the relative importance of OSH within global buyers' sustainable sourcing policies. The present brief is a summary of findings.

In all three case studies mentioned above, four entry points were identified as untapped for knowledge and good practice sharing of OSH within global value chains, as illustrated in box 1. It is within this conceptual framework that the present brief was further developed, in order to identify more precise entry points for knowledge sharing opportunities.

-
- 4 The ILO has not yet adopted a set definition for the terms "global supply chains" and "global value chains" (GVCs). In its recent report on "World Employment and Social Outlook", the ILO published an estimate of the number of jobs included in GSCs from 1995-2013 for 40 countries (ILO, 2015a). To make this estimate, the definition of GSC used by the research team was "demand-supply relationships that arise from the fragmentation of production across borders, where different tasks of a production process are performed in two or more countries" (A definition similar to Krugman, 1995 and Antras; Chor, 2013). The ILO has also used the following definition of value chain. The term value chain "describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use" (Kaplinsky, 2004). The range of activities required may include design, production, marketing, distribution and support services. The activities that comprise a value chain can be performed "within a single firm or divided among different firms, within a single geographical location or spread over wider areas" (ILO, 2015b). A World Trade Organization (WTO) publication further asserts that "[t]he idiom might vary – referring to trade in value-added, production sharing, supply chains, outsourcing, offshoring, vertical integration, or fragmented production instead of GVCs – but the core notion of internationally joined-up production is the same" (WTO, 2013). During the research conducted as part of this joint ILO-EU project on OSH in GSCs and for purposes of this report, the two terms were used interchangeably.
- 5 As defined in the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 5th edition, 2017, for the purpose of this report, the term multinational enterprises or multinational companies will include enterprises – whether fully or partially state-owned or privately owned – which own or control production, distribution, services or other facilities outside the country in which they are based. They may be large or small; and can have their headquarters in any part of the world. The degree of autonomy of entities within multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned. Unless otherwise specified, the term "multinational enterprise" is used to designate the various entities (parent companies or local entities or both or the organization as a whole) according to the distribution of responsibilities among them.
- 6 Private Compliance Initiatives (PCIs) are defined by their status as private, voluntary mechanisms for monitoring compliance with established public (law or regulations) or private (codes of conduct, etc.) standards. They exist in a variety of types, including self-assessment (management systems), auditing (internal and external), certification and labelling, and public reporting. All PCIs, regardless of their type, aim at displaying levels of transparency, externality to the enterprise, consistency with national law, and advisory services (ILO, 2013b and 2013c).

The following extract was taken from Tessier, L. in ILO, 2017c:

Box 1. GSCs: untapped potential for knowledge sharing on OSH

- **“Institutional capacity building through engagement of support functions with GVCs in sourcing countries.** Indeed, as noted throughout the case studies, GVCs in food and agriculture, because of specific requirements of end market, often have more resources (the international market may remunerate better, especially if part of a PCI scheme), are at least partly integrated in the formal economy, and have acknowledged links and structure between actors. For supporting functions in sourcing countries that have limited institutional capacity, those characteristics may create an easier bridge to build their capacity and replicate the good practices that they developed in one supply chain to other sectors and progressively to the entire economy.
- **Knowledge sharing horizontally at each step of the supply chain that reaches the most vulnerable workers.** When OSH vulnerabilities are identified at a specific stage of the value chain, downstream actors may be mobilized to tackle the issue. In this respect, downstream actors, often with established OSH management systems, trained professionals and monitoring systems would have the potential to support smaller actors who are further removed from the formal sector.
- **Knowledge sharing horizontally at each step of the supply chain towards the most vulnerable workers.** If and when vulnerable links of the supply chain in terms of OSH have been identified, at each stage of production actors could share experiences on best OSH practices. As illustrated by the case studies, some actors (who for instance may have access to higher-value markets or may be part of a Foreign Direct Investment - FDI) have developed advanced systems to control risk factors and benefit from synergies between OSH and productivity at their stage of production. This wealth of knowledge and experience could be shared across the rest of the sector, including to those actors who may supply only the domestic market, so as to avoid the creation of two tiered sectors (i.e. those with good OSH practice and those without them).
- **Knowledge sharing across different sourcing countries on prevention measures within supply chains of the same product.** This last opportunity is of particular interest to OSH. Hazards and risk factors are highly contextual and dependent on work processes. Consequently, innovations on OSH developed for specific value chains in one sourcing country could potentially benefit others. In terms of possibilities to further leverage some market influence, global buyers may source from different countries a single product and may be willing to engage more easily on safer practices that would benefit their entire supply base.”

To better understand why and how MNEs may impact OSH down their supply chains, a qualitative ap-

proach was adopted.⁷ Box 2 illustrates the research instruments and approaches used.

7 The findings of the research are qualitative and cannot be used for quantitative purposes. Quantitative data on OSH, when referenced in the report, was collected from secondary sources and national and international databases. In addition, the research was conducted over a limited period of time and does not capture possible differences in various actors' OSH perceptions or practices and outcomes that may occur over time.

Box 2. Qualitative research process

■ Desk review:

- Review of existing literature on OSH in global supply chains, on decent work in sustainable sourcing policies, on food and safety standards in cross-border sourcing, and on the impact of public and private trade standards on OSH outcomes (see the bibliography and resources section for a full list of references reviewed).
- Desk review of the sustainable sourcing policies of 45 MNEs involved in one or several of the five value chains studied.

■ Semi-structured interviews:⁸

- Semi-structured interviews with 35 MNEs (interview guide shared in annex).

- Semi-structured interviews with 16 PCIs and 10 auditing firms in the field (interview guide shared in annex).
- Workplace observations, key informant interviews and focus group discussions of upstream actors of the five studied value chains.⁹

■ Benchmark:

- Benchmark of 15 private compliance initiative standards¹⁰ against ILO OSH 2001 Guidelines on OSH management systems.¹¹

■ Group discussion:

- Discussions and conclusions of the multi-stakeholder knowledge-sharing event organized by the joint ILO-EU project on 30 November 2017.¹²

The present brief summarizes the findings of the above-mentioned research process. It first introduces the identified drivers and instruments for OSH improvement within sustainable sourcing policies of

MNEs before taking a closer look at the OSH provisions of selected PCIs and their verification mechanisms. Lastly, the brief provides insights on challenges and opportunities for action and further research.

8 Interviews were conducted with responsible persons for sustainable sourcing in the following companies: Ahold Delhaize, Aldi Süd, Alnatura, Carrefour S.A., Coop, Coty Inc., Danone, Euroma, E. Leclerc, Firmenich S.A., General Mills Inc., Ikea Food, La Compagnie Fruitière, Les Mousquetaires group, Lidl, L'Oréal S.A., Louis Dreyfus Company, Marks and Spencer, Metro, Migros, Musim Mas, Sainsbury's, Sime Darby Berhad, Tesco plc, Nestlé Group, Nestlé Nespresso S.A., Neumann Kaffee Gruppe, Olam International, PepsiCo Inc., Sodexo, Starbucks Corporation, Sucafina, The Coca-Cola Company, Unilever, Wilmar International Limited, and following entities: 4C Global Coffee Platform, Alliance française pour une huile de palme durable, AOEL (Organic alliance Germany), Consumer Goods Forum, Ecocert, Ethical Trading Initiative (ETI), European Alliance for Sustainable Palm Oil, Fair For Life, Fairtrade International, GlobalG.A.P., Naturland, Rainforest Alliance, Responsible Roundtable for Sustainable Palm Oil (RSPO), The Sustainable Trade Initiative (IDH) and UTZ. Additional desk reviews were done on the following entities: Archer Daniels Midland Company, Biofoods, Cargill, Decathlon, Fast Retailing Company, GAP Inc., Hermès International, Levi Strauss & Co, McCormick, and Whole Foods Market Company.

9 Research design detailed in Tessier et al., (2017b) and forthcoming for textile from Madagascar and ginger from Myanmar.

10 4C Global Coffee Platform, Better Cotton Initiative (BCI), Business Social Compliance Initiative (BSCI), EU Organic / Ecocert, Ethical Tea Partnership, Fair for Life, Fair Labor Association (FLA), FairTrade International Fair Wear Foundation (FWF), GlobalG.A.P, Good Weave International, Initiative Clause Sociale (ICS), Rainforest Alliance / SAN, UTZ, and Worldwide Responsible Apparel Production (WRAP).

11 ILO. 2001 and 2009. Guidelines on occupational safety and health management systems, ILO OSH 2001. ILO: Geneva. Available at: http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_PUBL_9221116344_EN/lang--en/index.htm

12 30 November 2017, Reaching Suppliers Beyond Tier One: Drivers for working conditions and occupational safety and health improvement in food and agricultural global supply chains. Event report available at: http://www.ilo.org/safework/events/WCMS_597685/lang--en/index.htm

The background features a large dark blue diamond shape pointing left, a smaller dark blue diamond pointing right, and a light purple diamond pointing right at the bottom. The text is centered within the large dark blue diamond.

1 | OSH in sustainable sourcing policies of multinational enterprises

1.1 Drivers for the adoption by MNEs of sustainable sourcing policies including OSH

Five main drivers for MNEs to develop and implement a sustainable sourcing policy or strategy were mentioned during interviews. External and internal factors included:

- Pressure from consumer and civil society: NGOs, civil society groups or consumers may assert pressure for more transparency and accountability on operations within global supply chains.
- Anticipation and risk control: preventing human rights violations, anticipating regulatory and market moves, reducing environmental impact as part of industry-wide initiatives or standards.
- Market positioning: consumer demand for sustainably sourced products,¹³ meeting strict food safety requirements in consuming countries, remaining a leader in the sustainability agenda, improving the company image, and improving consumer and stakeholder trust.
- Company values: a number of respondents put forward their responsibility as leaders in global trade and advancing company values as part of a firm's overall sustainability strategy (one company highlighted that this had been identified in their Human Resources policy as part of attracting talent, for example), often driven by the top leadership.
- Business case for sustainable sourcing: improving productivity of suppliers to reduce costs, but also investing in suppliers to secure the supply base, which is particularly relevant for products with relative scarcity of supply in respect to demand.

However, these motivations varied according to the type of business. Figure 1 shows how often the above drivers were cited by businesses during interviews.

It is also important to note internal disparities in drivers depending on the type of commodities, for example:

- Palm oil: the most cited motivations were risk management, anticipating market moves and regulations, responding to consumer pressure and improving the company's image.
- Coffee: the business case for sustainable sourcing was the most cited incentive by coffee buyers, particularly using a sustainable programme to improve farmers' productivity and ensuring quality and sustainability of supply. This is all the more relevant in that there is a relative scarcity of coffee (especially specialty coffee) in respect to the global growth in demand.
- Fresh Fruit and Vegetable (FFV): being able to enter the EU market was a key motivating factor for the development of sustainable sourcing strategy for FFV buyers, as a tool to comply with EU regulations and importers' food safety standards. Improving company image however, was not cited as a significant driver for developing a sustainable sourcing strategy.

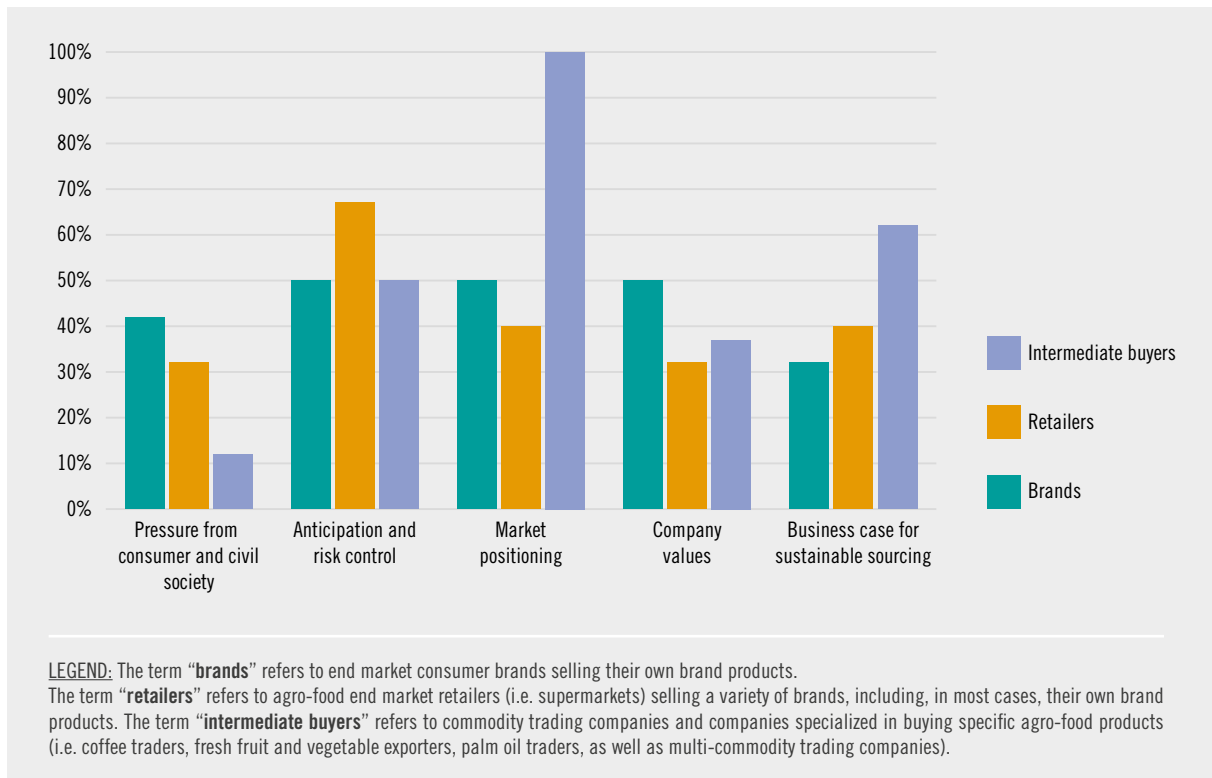
OSH was included in all the sustainable sourcing policies that were reviewed, but to a different degree in each. OSH objectives or requirements were either featured in the social (and labour) chapters of policies or related to environmental chapters. The nature of the requirements was usually broadly formulated in the policies. The importance of these requirements in a firm's sourcing decisions also seemed to vary. While some companies had a clear system where social and environmental criteria were equal to other business criteria (price, product quality, etc.), other companies used the social and environmental criteria as one of many sourcing criteria that overall remained driven by prices.¹⁴

The interview schedule explored linkages between the nature and extent of OSH requirements and the type of business, the firm's business model, the product market position, and the company's internal OSH policies and its collective agreements, with the following findings:

¹³ It is important to note that there are significant differences among the motivations of retailers. Retail companies selling to high-end consumer markets cited the will to anticipate risks of human rights violation and environmental impact in their supply chains as an important factor in the development of their strategy. This can be explained by the fact that they receive more demand for sustainable products from their consumers. Agri-food retailers in the lower-end consumer market consistently cited the challenge of a low consumer interest for sustainably sourced products given concerns over price.

¹⁴ This is congruent with practices reported under the survey on purchasing practices conducted by the ILO, see ILO, 2017b.

Figure 1. Drivers for developing a sustainable sourcing strategy by type of business



Source: Interviews.

- Confirming the importance of an organizational culture of safety and health within companies, the companies with the strongest sustainable sourcing policies in terms of OSH requirements (as well as the importance of those requirements in the sourcing decision and the extent of engagement with lower tier suppliers) were also the ones with strong internal OSH and social protection policies. Those policies were reflected within their established social dialogue platforms, including active international framework agreements.¹⁵
- In terms of the business model, interviewees within brands specializing in agro-food products shared that improving productivity implies better farming practices and reduced use of water and agrochemicals. In order to secure their supply base, some companies have built their business model around a sourcing policy that encompasses strong engagement with the lowest tiers of the supply chain and in-built OSH improvement.¹⁶ For manufacturing products, it was more difficult to identify such a trend during the interviews, as interviewees mentioned low product differentiation and high availability of supply.
- Interviewees reported, in terms of product positioning, a desire to enter markets with strict regulations on food safety and agrochemical residue in agricultural products. To comply with end market regulations or to improve the quality of their products, companies tend to incentivize their suppliers to adopt better practices that impact OSH, such as decreasing pesticide use and therefore reducing pesticide residue in agricultural products and developing systems to eliminate water contamination.

¹⁵ For a definition and review of pertinent literature, refer to: Papadakis, 2008, ETUC-CES, Syndex, Sustainlabour, 2010.

¹⁶ For an illustration, please refer to Garcia, Zarate, Guerrero and Tessier in ILO, 2017d (case study on drivers and constraints for OSH in the coffee value chain from Colombia), as well as in McFalls, 2017 (case study on the procurement practices under the Nespresso AAA programme).

When the main drivers for developing a sustainable sourcing strategy were external and linked to improving a company's image or responding to consumer and civil society pressure, companies, according to those interviewed, were more likely to use tools that a) are perceived by consumers as a guarantee of traceability and improved working conditions, environmental impact, or both; and b) cover their most at risk operations and not necessarily the entire supply chain for all sourced products. The importance of OSH in implementation of sustainable sourcing policies was reported to depend on consumer awareness and the weight they place on social and environmental factors. These considerations shape the type of tools that MNEs may adopt to implement their sustainable sourcing policies.¹⁷

1.2 Implementation tools of sustainable sourcing policies and perceived challenges

Throughout the interviews as well as the literature review, three main means of implementation of sustainable sourcing policies were mentioned:

- **Codes of conduct and audit of first tier suppliers.** First tier suppliers are the ones with a direct contract with the MNE. OSH was systematically included, though to varying extents, in the supplier code of conduct that applied to first tier suppliers. Audits were the main verification method cited by interviewees for the implementation of the code of conduct. Auditing practices vary from one company to another. In some cases, audits were conducted by third party auditing companies and

audit frequency would vary. The advance notification of audits to suppliers was not systematic and also varied. In most cases, companies would categorize suppliers according to an estimated level of risk of non-compliance (by industry, type of operations or country of operations) and audit more frequently "high risk" suppliers.

- **Purchase of certified products.** Certified products are either raw material, intermediate products or final products¹⁸ which benefit from a certification of some or all workplaces involved in the chain of custody of the product. The certification is based on a private standard, which usually includes OSH requirements, and is developed through a platform (more or less participatory) that sets the standard and accredits auditing companies that then verify its application in practice. They are designated by the ILO as pertaining to private compliance initiatives. This was the most widely mentioned tool for implementing sustainable sourcing requirements beyond tier one suppliers during the interviews. This process outsources implementation requirements to a third party (usually an auditing firm). The second part of this brief looks more closely at the OSH requirements of those schemes.

- **Direct engagement and support with suppliers below tier one.** More than half of the studied companies¹⁹ mentioned that they recognized the limitations of certification schemes and audits and therefore had ways of engaging beyond their first tier of suppliers. Most of these ways were through partnerships with NGOs or other organizations by which training or organizational support was provided to the lowest tier suppliers, especially small producers in the agro-food sector. Still, this engagement was usually directed

17 For example, in the palm oil value chain, consumers and civil society's concerns initially focused mostly on deforestation. As a result, both codes of practices and the Roundtable on Sustainable Palm Oil included primarily extensive requirements on land and environmental issues. With more interest being paid by civil society to labour issues, those instruments have started to further expand requirements on those aspects.

18 While trade tariffs decline as a result of multilateral trade negotiations and regional trade agreements, the relative importance of non-tariff measures increased in recent years. High income countries implemented, to a varying degree, strict sanitary and phytosanitary requirements for agricultural imports. These result in a rising number of standards required by importing companies via Private Compliance Initiatives. More recently, BRIC countries, which represent important exporting opportunities for producing countries, have also been setting more stringent standards for agricultural imports (Ferro et al., 2013). Those requirements are factors, in addition to consumers' social and environmental concerns, that explain the multiplication of product certification schemes in agriculture. One of the criteria for the selection of the 15 PCIs studied was the type of certified products covered by the PCI: raw materials and agricultural commodities including coffee, fresh fruit and vegetable (e.g. lychee), cotton, and processed agricultural commodities such as palm oil. The breadth of coverage of these PCIs however is larger and not limited to these products, although they systematically focus on agricultural commodities, either raw or processed.

19 24 out of 45 had at least one type of engagement with NGOs or other organizations to provide support to lower tier suppliers.

at a limited number of suppliers in the supply base rather than as a generalized practice with all second or third level suppliers. Less than 5 per cent of the companies studied had systematically embedded in their business model purchasing practices that included both OSH requirements and supporting services on OSH, down to their lowest tier of suppliers. Those few cases were identified for agricultural products for which there was a relative scarcity of supply worldwide and consequently a strong business case for such an engagement could be made.²⁰

Throughout the interviews, it was possible to distinguish trends in perception by MNEs of the challenges they face implementing the OSH requirements of their sustainable sourcing policies. Perceived challenges can be categorized as follows: i) difficulty getting a shared understanding, within the supply chain, regarding the need to tackle hazardous child labour in the broader framework of the fight against child labour, which is a stated priority; ii) difficulties reaching suppliers beyond tier one and especially conveying OSH requirements towards SMEs at the bottom end of supply chains; and iii) shortcomings of the current tools used to implement sustainable sourcing policies, which mostly focus on verification of OSH checklists by external auditors.

OSH requirements and the fight against child labour

The fight against child labour was mentioned by interviewees and is explicitly part of sustainable sourcing policy and private compliance initiative documents reviewed. Many of the interviewed companies are members of the Child Labour Platform and are UN Global Compact members. Nevertheless, companies mentioned that when translating this requirement into practice, it can be difficult to clearly convey to their supply chain the importance of identifying and addressing hazardous child labour as part of the fight against child labour. Indeed, in some sourcing countries that have not ratified the Worst Forms of Child

Labour Convention, 1999 (No. 182), it was reported to be challenging to engage in informed discussions on this issue, either because the definition of hazardous child labour at national level was unavailable or was not fully understood in relation to the minimum age for work.

Reaching suppliers beyond tier one: OSH requirements and SMEs

A recurrent issue reported throughout the interviews was the difficulty to effectively place OSH requirements beyond the first tier of suppliers and towards the smallest actors. Over two third of the interviewees (both MNEs and PCIs) cited this as a key challenge. Three main constraints were mentioned during the interviews:

- **Traceability:** Many of the interviewees²¹ recognized that they had difficulties tracing their supply beyond their first tier of suppliers. For agricultural commodities or supply chains with multiple countries and transformation stages, it was both difficult and costly to identify the supply base with precision. In turn, without being able to identify the actors, it is not possible to set or verify OSH requirements in their workplaces. Certification processes that include a chain of custody going to the origin of the product (i.e. organic products, single origin products with geographical indication of origin,²² etc.) provide more traceability, but remain quite costly and cover a very small portion of traded and consumed products. For retailers, the issue of traceability was cited as a major constraint to engage below their first tier of suppliers, especially considering the very high number of products sold on their premises.²³ The issue of traceability is particularly acute in respect to small actors in the supply chain. Keeping track of a large number of small actors is very costly and some interviewees acknowledged that favouring sourcing from bigger actors to ensure traceability had been a strategy for some “high risk” products.

²⁰ For an illustration, see footnote 16.

²¹ This was particularly identified by companies who supply palm oil and garments (for the cotton supply base) due to the complexity of their supply chain and multiple transformation stages that make it difficult to trace back to the lowest tiers of suppliers.

²² http://www.wipo.int/geo_indications/en/

²³ It was reported during the interviews that retailers engage with suppliers (mostly of the first tier but sometimes below) for their own branded products. For references commercialized under other brands, retailers reported entering into a process of recognizing the sustainable sourcing policies of the respective companies.

- **Organization:** Small actors are less likely to be organized in cooperatives or business associations and their workers are less likely to be unionized, which makes it more difficult to identify them, but also to engage meaningfully with them on OSH. Indeed, companies reported during the interviews that though they may be able to engage beyond audits and PCIs towards some transfer of knowledge and practices on OSH, this was often limited to either big companies or organized small actors, as they did not have the capacity to provide such a level of engagement with a multiplicity of unorganized actors individually.
- **Price and cost structure:** The increase of buyer requirements (audits of first tier suppliers by international buyers, certification schemes) has a cost that may be too high for the smallest actors or those with limited value-added and tight margins. While some certification schemes and sustainable sourcing policies provide a financial reward (price incentive) or a longer term stability of orders, it was reported that incentive structures were sometimes insufficient for the smallest actors to make the necessary investments and further bear the recurrent costs of compliance with OSH requirements of sustainable sourcing policies. The administrative requirements that form part of the verification processes were also identified as not fully adapted to suppliers that may have lower levels of formal education.

Going beyond the verification of OSH checklists

As outlined above, for the most part sustainable sourcing policies were reported to be implemented primarily through audits of first tier suppliers on the basis of the supplier code of conduct and through the purchase of products certified through private compliance initiatives, hence also operating through audits. In this framework, suppliers are regularly audited against a wide range of sourcing criteria, including OSH requirements. The audits are conducted against a checklist of verification points for OSH.

Interviewees reported three main constraints associated with this approach:

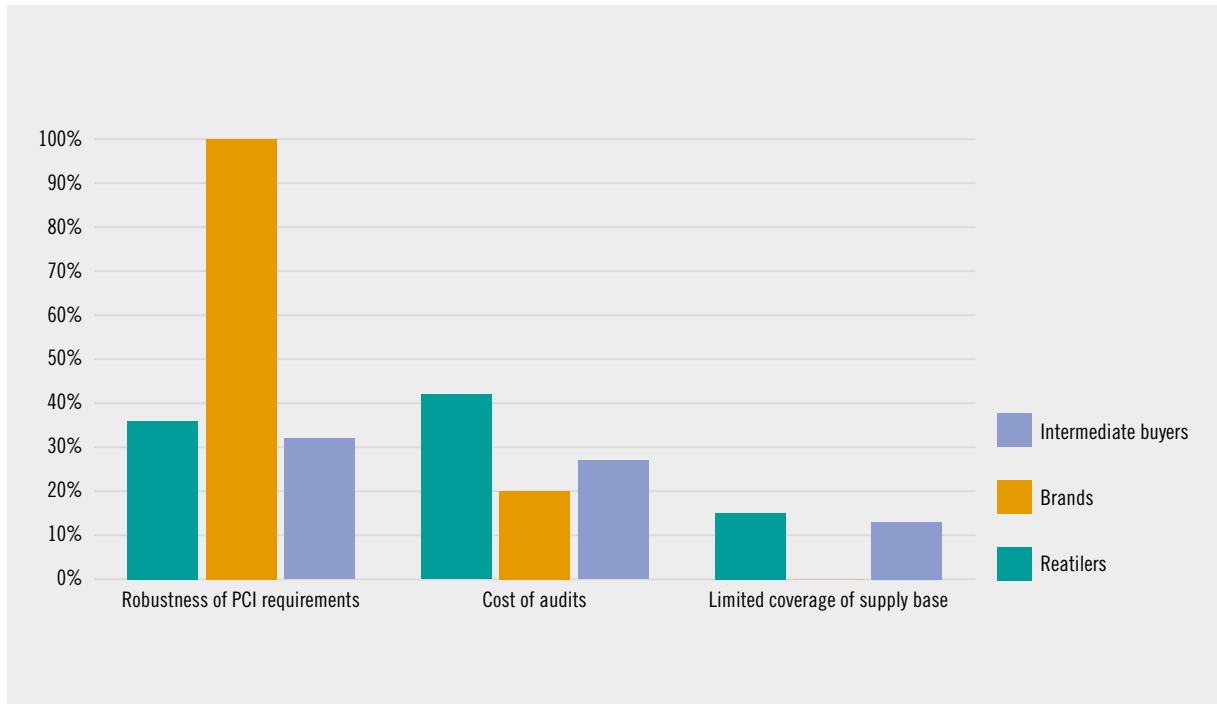
- **Recurrent non-compliance reports focusing primarily on the use of personal protective equipment (PPE) by workers in audited workplaces.** This recurrence pushed the concerned companies to acknowledge that OSH was not necessarily or systematically addressed. Given that audits focus on visible checklist requirements such as PPEs, suppliers tend to adapt to those more visible features. For example, they tend to provide PPEs without workers fully understanding how the equipment should be used or its pertinence for their personal safety, hence their tendency not to comply.
- **Continuous use of chemicals, especially in the agriculture sector.** For farmers, the short-term benefits of using agrochemical inputs was reported to often outweigh the long-term impact of their reduction on health, income and crop quality. Farmers often opt for the most cost-effective solution. Limited cost-effective alternative solutions to phase out the use of agrochemicals was identified as a barrier to improving OSH at SME and small producer level. Verification mechanisms focusing on checklists were highlighted as not addressing this issue.
- **Difficulty to identify less visible but persistent forms of OSH hazards and risks in the workplace, such as sexual harassment and other psychosocial risks.** Audit processes are complex and time consuming for suppliers. It was reported that audits often failed to detect less quantifiable and more subtle occupational hazards and risks.

Interviewees identified PCI requirements and the verification processes as both drivers and constraints for the improvement of OSH in their supply chains. It was reported that while they increase visibility beyond the first tier of suppliers and allow for the monitoring of lower tier suppliers in smaller entities such as farms, PCI requirements on OSH were limited. Verification processes often focused on visible protection against obvious hazards rather than sus-

tainable elimination of hazards, including less visible practices. All interviewed interlocutors viewed PCIs and their social audits as necessary, but insufficient in improving sustainable OSH at the bottom tiers of supply chains. They also noted the importance given to OSH requirements within their sourcing practices

and subsequent use of PCIs for agricultural and textile goods was relatively new - in comparison to existing practices in specific sectors perceived as particularly hazardous, such as extracting industries for example. The following section will look more closely at selected PCIs for agricultural and textile goods.

Figure 2. Perceived limitations of PCIs and social audits by global buyers²⁴



Source: Interviews.

24 Although intermediate buyers are not strongly affected by the limited coverage of supply base, it is important to note that nearly half of coffee buyers interviewed identified shortages in supply of certified coffee as a limitation for the implementation of their sustainability strategy.





2 OSH in private compliance initiatives and certification standards

As mentioned earlier, private certification schemes or private compliance initiatives are the main instruments cited by interviewed companies as a mean to implement their sustainable sourcing policies to the widest spectrum of suppliers. PCIs are voluntary mechanisms for monitoring compliance with established public (law or regulations) or private (codes of conduct, etc.) standards. A variety of types exist, including self-assessment (management systems), auditing (internal and external), certification and labelling, and public reporting. All PCIs, regardless of their type, aim to display levels of transparency and consistency with national law, are external to the enterprise, and sometimes include advisory services (ILO, 2013b and 2013c).

PCIs have two key characteristics: their private, voluntary character and their assessment of behaviour against defined standards. The standards monitored by a PCI could be:

- The code of conduct of a single enterprise or global brand, or industry;
- A multi-sectorial model code;
- A global programme in the character of the UN Global Compact or Global Reporting Initiative;
- A certification initiative; or
- Standards set in national laws and regulations.

PCIs vary in respect to the parties involved in their operation (including public authorities)²⁵ and the roles played by those parties, the consequences of audit results, and other features. Depending on the type of PCI, the entire chain of custody may or may not be involved.

A broad classification of distinguishable types is detailed below (ILO, 2013b and 2013c):

- a. *Self-assessment*: enterprises make efforts to comply with standards and regulations through self-assessment processes. Auditing is not a necessary element for PCIs of this type, but may be a practice.
- b. *Auditing – Internal and external*: The purpose of auditing is to reach conclusions on compliance

on the basis of verifiable data. Enterprises can engage their own employees or persons not in its direct employ, or another firm, to conduct an internal audit. External audits are conducted by parties outside the enterprise. These could be second parties, such as buyers, or entirely independent third parties. External auditing can be conducted regularly or used to confirm the findings of internal audits. Audits made by external actors are typically seen to be more credible than those conducted internally, particularly where steps are taken to reduce the chances of conflicting interests and corruption. The partial or complete results of internal or external audits could be used in public reports.

- c. *Certification and labelling*: certification confirms benchmark standards were achieved and offers the certificate holder a recognized way of demonstrating compliance to interested parties. Certifications are typically made to private standards that are in the public domain, with known accreditation methods. In some cases, the publication of certification is permitted through product labelling. Some certification-based PCIs address physical facilities used by the enterprise, certifying, for example, workplace safety at the facility. Other PCIs certify management systems used assure standards that touch on working conditions. Others certify the working conditions during the production process (total or partial) of a specific product.
- d. *Public reporting*: a framework for publicly reporting compliance with public law or private commitments is the distinguishing characteristic of this type of PCI. The level of visibility of the publicly available information varies: online publication provides a high level of visibility, while publication elsewhere, in hard or non-digital forms, is less effective.
- e. *Other approaches*: some PCIs engage other mechanisms to help assure compliance, often in combination with approaches identified above. For example, Better Cotton Initiative (BCI) prompts compliance through membership and the exchange of learning and good practices – with the threat of disciplinary action, refusal of membership in the organization

²⁵ For example some PCIs include in their governance structure the participation of public institutions or relevant government counterparts.

and expulsion in the event of non-compliance. Attaining membership requires subscription to the organization's code and compliance is usually ensured through auditing.

The present chapter looks at the benchmark for OSH requirements of 15 of those instruments as well as their modus operandi as defined in publicly available guidelines. The benchmark sheds light on the areas that could be improved in terms of OSH or that are absent and would need to be addressed by those PCIs or by other actors within national OSH systems. It was identified across the interviews as well as the different field research and knowledge-sharing events of the ILO-EU project on OSH in GSC as a knowledge gap. The purpose of this chapter is to lay out the results of this comparative analysis to inform concerned actors.

2.1 Provisions on OSH in selected PCIs

Scope of the benchmark

The OSH provisions of 15 PCIs²⁶ were benchmarked against the ILO OSH 2001 Guidelines (ILO, 2001 and 2009).²⁷ The Guidelines were developed in the context of promoting a preventative culture of safety and health at all levels. The introduction to the Guidelines lays out the following:

"[...] The positive impact of introducing occupational safety and health (OSH) management systems at the organization level, both on the reduction of hazards and risks and on productivity, is now recognized by governments, employers and

workers" and that the Guidelines were developed "[...] according to internationally agreed principles defined by the ILO's tripartite constituents. This tripartite approach provides the strength, flexibility and appropriate basis for the development of a sustainable safety culture in the organization. The ILO has therefore developed voluntary guidelines on OSH management systems which reflect ILO values and instruments relevant to the protection of workers' safety and health."

The Guidelines are built along three chapters outlining "practical recommendations [...] intended for use by all those who have responsibility for occupational safety and health management". The two first chapters focus on the Guideline objectives and the national framework for occupational safety and health management systems. The third chapter focuses specifically on workplace OSH management systems.²⁸ The PCIs were benchmarked against this third chapter of the Guidelines. In addition, the benchmark included criteria on working conditions that are known to influence OSH outcomes in the workplace (in particular working hours, payment systems, maternity protection, and access to sick leave, maternity leave, medical care and compensation in case of occupational accidents or diseases).²⁹

The 15 PCIs were selected as they represent those most used for agriculture and garment value chains and these two are also the focus of the ILO-EU joint research project on OSH in global supply chains (under the OSH-Global Action for Prevention Flagship Programme) as well as the Vision Zero Fund Initiative. This choice also corresponds to PCIs operating in the manufacturing and agricultural sectors that are a strategic priority for the ILO (in particular the

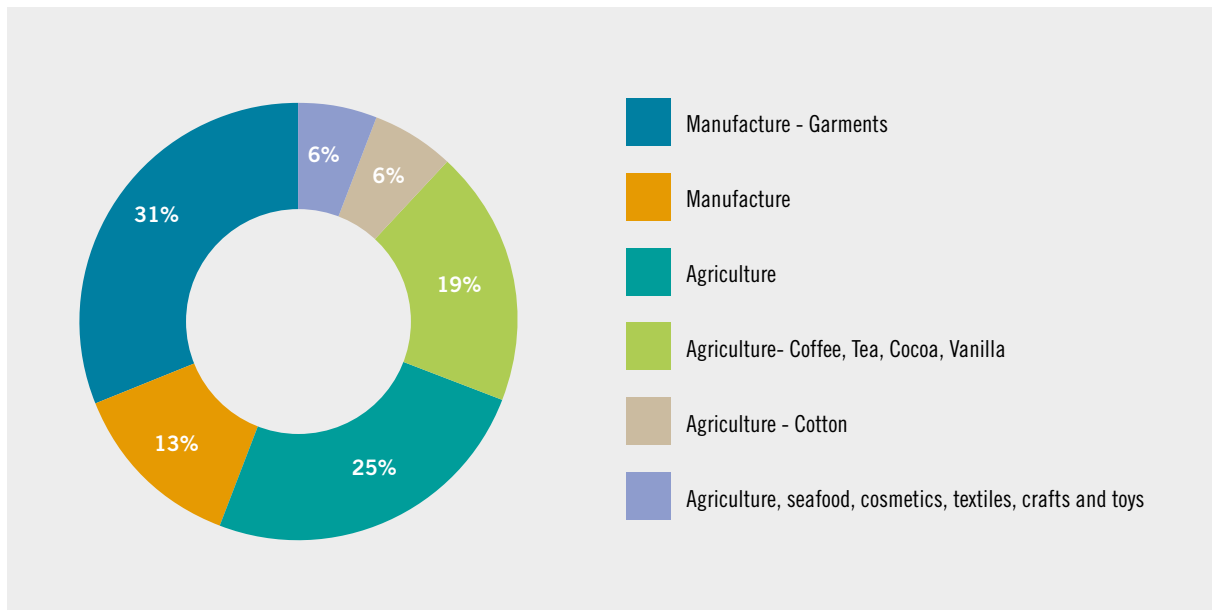
26 Refer to footnote 10.

27 "They are not legally binding and are not intended to replace national laws, regulations or accepted standards. Their application does not require certification. The employer is accountable for and has a duty to organize occupational safety and health. The implementation of an OSH management system is one useful approach to fulfilling this duty. The ILO has designed these guidelines as a practical tool for assisting organizations and competent institutions as a means of achieving continual improvement in OSH performance."

28 Defined as "A company, operation, firm, undertaking, establishment, enterprise, institution or association, or part of it, whether incorporated or not, public or private, that has its own functions and administration. For organizations with more than one operating unit, a single operating unit may be defined as an organization." (ILO, 2001 and 2009).

29 ILO Conventions: Forty-Hour Week Convention, 1935 (No. 47); Labour Inspection Convention, 1947 (No. 81); Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) art. 2, 3; Social Security (Minimum Standards) Convention, 1952 (No. 102); Employment Injury Benefits Convention, 1964 (No. 121); Labour Inspection (Agriculture) Convention, 1969 (No. 129); Medical Care and Sickness Benefits Convention, 1969 (No. 130), art. 19; Minimum Wage Fixing Convention, 1970 (No. 131) art 2, 3, 14; Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Maternity Protection Convention, 2000 (No. 183) art. 2, 3, 10. ILO Recommendations: Protection of Wages Recommendation, 1949 (No. 85) principle 6; Reduction of Hours of Work Recommendation, 1962 (No. 116), principle 4; Medical Care and Sickness Benefits Recommendation, 1969 (No. 134); Collective Bargaining Recommendation, 1981 (No. 163) principles 2, 3, 5, 7; Maternity Protection Recommendation, 2000 (No. 191) principles 5, 7, 8, 9.

Figure 3. Benchmarked PCIs by sector



Source: Authors.

Strategic Outcome on the Rural Economy³⁰ and the Better Work Flagship Programme).³¹

All the benchmarked PCIs focusing on agriculture are product certification standards aimed at providing assurance to the end consumer about the social and environmental production practices of a certain product. Transparency to the end consumer is obtained by means of certification-based logos and/or labelling. Except for one, the benchmarked PCIs concentrating on manufacturing provide transparency to purchasing brands and/or contractors instead of end consumers. The pass/fail approach of the product certification PCIs is replaced by information sharing systems, which provides more granular detail about the current status of compliance than would a compliance certificate or label. Sharing assessment reports, publishing factory performance scores and providing different levels of certification or membership programmes are thus the prevalent approaches among manufacturing PCIs,

but their scope does not include the entire chain of custody of the product.

The specific focus of these sectors is explained by the context in which this research was conducted, as laid out in the introduction and through the qualitative interviews. Hence, the benchmark did not include PCIs from other sectors that may have a stronger focus on OSH, in particular sectors or value chains perceived as at high risk of industrial accidents such as for example extractive industries, oil and gas, mining or chemical industries.

Scope of application of the benchmarked PCIs

PCIs differ widely on their scope of application. While some are restricted to the production of one single product on a single site³² or to one single production site,³³ others cover the whole supply chain of products marketed under a particular brand.³⁴ Some

30 There are 10 priority policy outcomes under the ILO Programme and Budget, including Policy Outcome 5: Decent work in the rural economy. <http://www.ilo.org/global/topics/dw4sd/theme-by-policy-outcomes/lang-en/index.htm>

31 Better Work is one of the five ILO Flagship programmes: <http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/flagships/lang-en/index.htm>

32 Two of the benchmarked PCIs.

33 Two of the benchmarked PCIs.

34 Two of the benchmarked PCIs.

certificates also cover multiple sites³⁵ or groups of producers considered as units.³⁶

Some PCIs include smallholders. However, the scope of some requirements vary depending on the size of the producers, with the requirements being less extensive or stringent for smallholders.

While, in general, the scope of the benchmarked PCIs cover all workers including temporary, seasonal, sub-contracted and permanent workers,³⁷ some standards have different requirements for different types of workers. The requirements are less extensive or stringent for non-permanent workers.

Alignment of PCIs' requirements with the national legislation

All benchmarked PCIs, except one, require compliance with national legislation, some as a principle, and others as a requirement. Therefore if a PCI requirement is lower than what is required by a national law, compliance with the PCI requirements should not be considered sufficient for conformity (and certification) since the highest level of the national law prevails.

However, in this case, if auditors are only not fully aware of national labour law, identification of legal non-compliance issues not related to specific PCI requirements might be missed. For example, sick leave payment is mentioned by only four of the benchmarked PCIs. The others have only general requirements to comply with national legislation. Consequently, some auditors might not verify the legal compliance of paid sick leave practices against national legal requirements since it is not clearly outlined as part of the PCI requirements (i.e. in the provided checklist). Some PCIs try to address this by in-

cluding the requirement to verify legal compliance as a criteria on their checklist, however this verification is usually done by checking if there are systems in place to ensure legal compliance more than making a full verification of each legal requirement.

Alignment of PCIs' requirements with ILO OSH 2001 and relevant instruments

Overview

International Labour Standards (ILS) are referred to in reviewed public documentation relating to PCIs' requirements. While some PCIs refer only to the Fundamental Principles and Rights at Work³⁸ and the eight fundamental Conventions,³⁹ nearly half (seven out of 15) include an exhaustive list of ILO Conventions and Recommendations. ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO, 1977) is also often referred to by PCIs and / or sustainable sourcing policies of buyers⁴⁰ and clearly includes OSH. UN Conventions are also referred to by some PCIs.

The benchmark did not reveal any correlation between the degree of alignment⁴¹ with ILO OSH 2001 and either the governance structure of the PCIs (more or less participatory) or the sector for which they were designed (manufacturing or agriculture).

None of the benchmarked PCIs mention ILO OSH 2001 and their OSH requirements have rather low alignment with ILO OSH 2001. Moreover, while none of the PCIs were fully aligned with ILO OSH 2001, they instead had sections on specific hazards (such as chemicals, water and sanitation, and a few ergonomics and psychosocial hazards). As such, those sections were benchmarked against relevant ILO

35 Two of the benchmarked PCIs.

36 Two of the benchmarked PCIs.

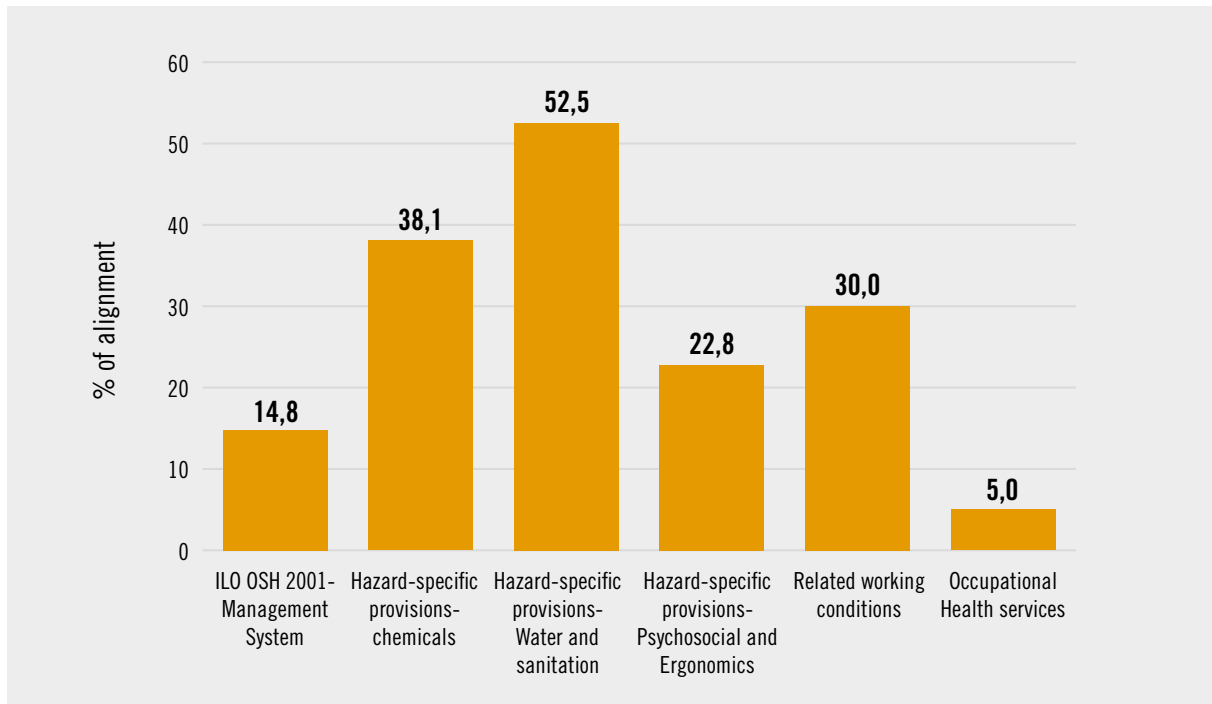
37 Workers are waged employees, whether they are permanent or seasonal/temporary, migrant or local, subcontracted or directly employed.

38 ILO Declaration on Fundamental Principles and Rights at Work, 1998, Annex revised in 2010

39 Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

40 Either directly or through the reference made to the OECD Guidelines for Multinational Enterprises.

41 The level of equivalence between the PCIs criteria against each ILO requirement has been assessed and scored from 1 to 6. The scoring results from a combination of two factors, the alignment of PCI requirements with ILO guidelines and the mandatory or non-mandatory nature of the PCI requirement.

Figure 4: Corrected Alignment Score per benchmarking section⁴³

Source: Authors.

guidelines and instruments⁴² (they are regrouped in “Hazard-specific provisions” in figure 4). Highest alignment scores are concentrated in those hazard-specific requirements such as those relating to chemicals and water and sanitation. It is to be noted that, though there may be alignment of specific provisions, within ILO instruments on OSH hazard controls such as those relating to chemical safety must be part of the OSH management system, which is largely not a requirement of the benchmarked PCIs. In addition to the requirements on OSH, the benchmark included criteria on working conditions that are known to influence OSH outcomes in the workplace (in particular working hours, payment systems, maternity protec-

tion, and access to sick leave, maternity leave, medical care and compensation in case of occupational accidents or diseases), regrouped in Figure 4 under “Related working conditions”. Lastly, the benchmark also looked at whether there were provisions in PCIs requirements on the availability of Occupational Health services, featured in figure 4 as well.

Alignment with ILO OSH 2001

As outlined by the ILO Global Strategy on Occupational Safety and Health (ILO, 2003),

“[...] Building and maintaining a preventative safety and health culture require making use of

42 Chemicals Convention, 1990 (No. 170) art. 7 and 14, Occupational Safety and Health Convention, 1981 (No. 155), Chemicals Recommendation, 1990 (No. 177) 14 and 16; Occupational Safety and Health Recommendation, 1981 (No. 164) 3(o) and the ILO Code of Practice on Safety and Health in Agriculture. Other ILO instruments include: Occupational Health Services Convention, 1985 (No. 161), art. 5, 14, 15; Plantations Convention, 1958 (No. 110); Workers’ Housing Recommendation, 1961 (No. 115), principles 2, 6; Occupational Health Services Recommendation, 1985 (No. 171), principles 3, 4, 32, and the ILO Fire Risk Management Guidelines ILO 2012.

43 OSH management systems aligned against ILO OSH 2001 Guidelines. Hazard control – chemical safety criteria was benchmarked against Stockholm Convention (Persistent Organic Pollutants), Rotterdam Convention (2004), Chemicals Convention, 1990 (No. 170) art. 7 and 14, Occupational Safety and Health Convention, 1981 (No. 155) art. 12(b) and art. 16-21, Chemicals Recommendation, 1990 (No. 177) 14 and 16. Hazard control – Water and sanitation criteria was benchmarked against Occupational Safety and Health Recommendation, 1981 (No. 164) 3(o) and the ILO Code of Practice on Safety and Health in Agriculture. Other hazard controls include: psychosocial risks and specific ergonomic risks. Other working conditions that may be impacted by provisions related to: Minimum age for work, Hazardous child labour, Workers representation (collective bargaining and freedom of association), paid sick leave, paid maternity leave, special provisions for pregnant and breastfeeding women (return to work, child care, breastfeeding space / breaks), Compensation in case of injury, disease or death, Maximum hours of work, Wage structure, Services provided by the employer.

all available means to increase general awareness, knowledge and understanding of the concepts of hazards and risks and how they may be prevented or controlled. A systems approach to OSH management at the enterprise level has recently been developed in the ILO Guidelines on Occupational Safety and Health Management Systems (ILO OSH 2001). Building on this concept and related methodology, the global OSH strategy advocates the application of a systems approach to the management of national OSH systems”.

The Strategy, alongside ILO Convention No. 155, its 2002 Protocol, and Convention No. 187, outlines the importance of knowledge and understanding of the concepts of hazards and risks and how they may be prevented or controlled by workers and employers at enterprise level. It is precisely for that purpose that ILO OSH 2001 puts a specific emphasis on a management systems approach at the enterprise level, rather than on a prescriptive approach based on pre-identified hazards.

The low alignment of the benchmarked PCI requirements on key components of OSH management systems results from the fact that none of the benchmarked PCIs require a formal OSH management system with a continuous improvement approach in line with ILO OSH 2001 Guidelines. In addition, as mentioned earlier, the requirements set out in PCIs may not always refer to national legislation or policies on OSH, leaving them largely outside of the scope of national systems.⁴⁴

While public documentation from PCIs clarifies the aim to support the continuous improvement of labour conditions and mentions a safe and healthy work environment, the OSH requirements focus mainly on controlling and reducing certain pre-identified hazards and risks. This might be due to the fact that when specific hazards and risks are pre-identified, it is much easier to build compliance check tools specific to desired controls (i.e. specify the prohibition of certain substances, specific engineering controls, necessary PPEs, etc.). Consequently, those in return are much easier to verify for an auditor who may not

have been trained on OSH management and hazard identification.

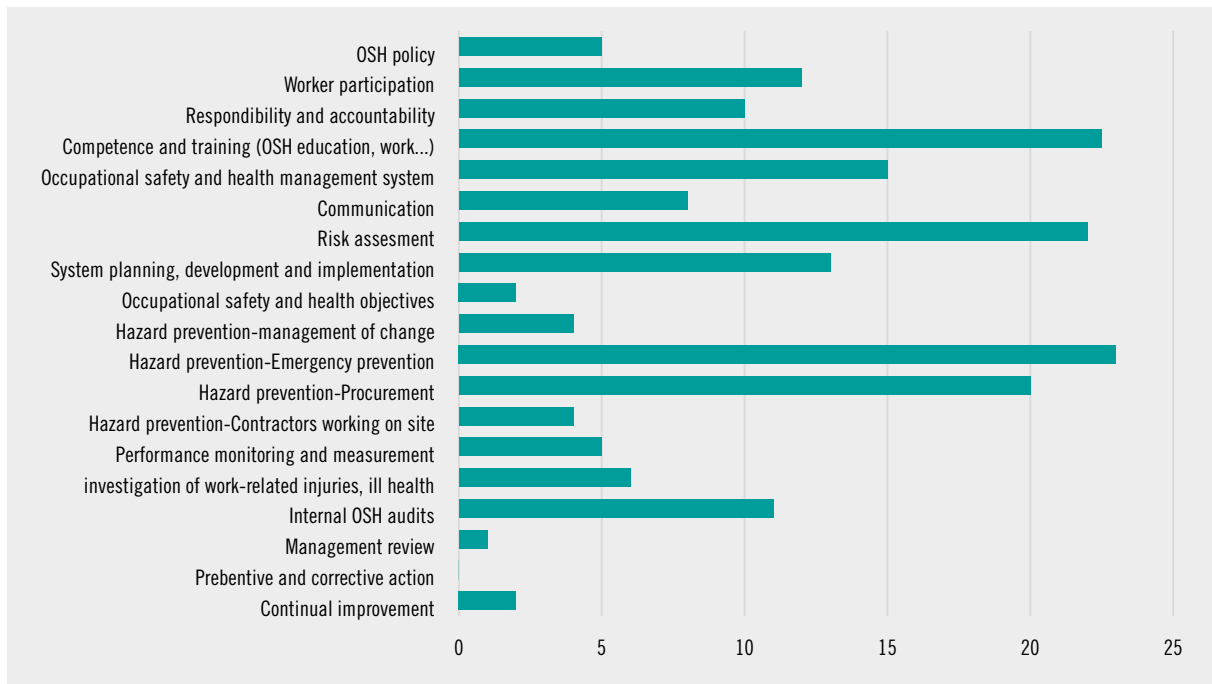
From an OSH management perspective, these type of requirements tend not to contribute to building a culture of prevention in the workplace in line with the guidance provided by ILO Tripartite Constituents.⁴⁵ Instead they may contribute to a culture of compliance to controls that are not necessarily tailored to a specific workplace and that are, consequently, not necessarily assessed or owned internally. When this is the case, it is unlikely that workers and employers internalize the need to change their practices and adopt a culture of prevention. For this to happen, additional services, further than compliance checks, would be needed in coordination with the overall national OSH system. In this line, only two of the benchmarked PCIs envisage advisory services as part of their cycle of continuous improvement in addition to audits.

For each benchmarked PCI, OSH requirements were compared to the sixteen sections of the third chapter of the ILO OSH 2001, covering: OSH policy, worker participation, responsibility and accountability, competence and training, OSH management system documentation, communication, initial review, system planning, development and implementation, OSH objectives, hazard prevention – including five subsections on prevention and control measures, management of change, emergency prevention, preparedness and response, procurement, and contracting – performance monitoring and measurement, investigation of work-related injuries, ill health, diseases and incidents, and their impact on OSH performance, audit, management review, preventive and corrective action, and lastly continual improvement, totalling 24 benchmarking criteria.

Figure 5 shows the score for each of the 24 criteria and supports the conclusion that PCIs are poorly aligned with ILO OSH 2001. More specifically, alignment with the provisions that focus on building a culture of prevention in the workplace is low. The lowest scores are for OSH objectives, management review and preventive and corrective measures resulting

44 For more information on the systems approach to OSH, refer to: ILO. 2013d. *Building a Preventative Safety and Health Culture. A Guide to the Occupational Safety and Health Convention, 1981 (No. 155), its 2002 Protocol and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).*

45 Which is an ILO priority. See: ILO. 2003. *Global Strategy on Occupational Safety and Health, Conclusions adopted by the International Labour Conference at its 91st Session, 2003.* ILO. 2010. *Plan of Action (2010-2016) to achieve widespread ratification and effective implementation of the occupational safety and health instruments Convention No. 155, its 2002 Protocol and Convention No. 187.* Adopted by the Governing Body of the International Labour Organization at its 307th Session (March 2010).

Figure 5: Corrected Alignment Score against ILO OSH 2001⁴⁶

Source: Authors.

from the measurement and monitoring of the OSH system performance.

Accident investigation, fundamental to identifying the root cause of accidents and to ensure effective preventive measures, scores low. It is relevant to note that:

- Only one of the benchmarked PCIs has minimum mandatory requirements for the compilation of accident reports and a proposal of corrective actions. However, it does not require a proper and documented investigation of the origin and underlying causes of the accident by competent persons with worker participation.
- Another of the benchmarked PCIs checks that there are no “excessive” accidents or work-related health problems that are “disproportional” to the activity (which leaves the definition of excessive up to interpretation and implies that a certain number of accidents are “normal”).

Conversely, the establishment of prevention and control measures for sector specific risks, fire and emergency prevention, and hazard prevention at the residential facilities are the criteria with higher alignment scores. All the benchmarked manufacturing PCIs except two include provisions for the structural stability of buildings, most likely as a response to the Rana Plaza disaster⁴⁷.

The hazard prevention aspects that received the least attention were:

- Safety of contractors working on site: only required by one benchmarked PCI as “Mandatory”⁴⁸ and another as “Improvement”.⁴⁹
- Management of changes: only one benchmarked PCI requires updating the risk assessment when internal changes are introduced and as “Improvement” only. An additional benchmarked PCI includes mandatory provisions to ensure that changes in legislation are considered, but it does not mention internal changes that could have an impact on the risk assessment.

⁴⁶ Corresponding to the guidelines 3.1. to 3.16. of the ILO OSH 2001 Guidelines on occupational safety and health management systems.

⁴⁷ On 24 April 2013, the collapse of the Rana Plaza factory building in Bangladesh took the lives of 1,134 people. (See for instance <https://www.theguardian.com/cities/2015/apr/23/rana-plaza-factory-collapse-history-cities-50-buildings>).

⁴⁸ Compliance with the requirements of the criteria is necessary for certification.

⁴⁹ A certain percentage or average compliance is required for initial certification or after a certain period of time.

None of the benchmarked PCIs explicitly require psychosocial and ergonomic factors in the risks assessments. However, nine benchmarked PCIs include mandatory measures to prevent corporal punishment, physical or mental coercion, verbal violence, bullying, sexual and other harassment or intimidation. These practices are often linked to forced labour, which has high visibility towards consumer and civil society organizations. Ergonomic considerations are only included in three of the manufacturing PCIs.

Alignment in regards to provisions on OH services and working conditions closely related to OSH

Only three PCIs include provisions concerning occupational health (OH) services at the workplace in addition to the local legal requirements. While the presence of OH services is not required (i.e. dealing with prevention), most of the benchmarked PCIs include provisions to ensure that access to adequate medical care at no charge is provided.

In addition to the requirements on OSH, the benchmark included criteria on working conditions that are known to influence OSH outcomes in the workplace (in particular working hours, payment systems, maternity protection, and access to sick leave, maternity leave, medical care and compensation in case of occupational accidents or diseases). As a general rule benchmarked PCIs limit the weekly hours of work to a maximum of 48, excluding overtime. Two PCIs did not have any requirement on working hours. Requirements in relation to maternity protection also show a weak alignment while almost no PCIs include provi-

sions for paid sick leave or compensation in case of occupational injury, disease or death. Maternity protection, sick leave and compensation in case of occupational accident or disease are usually covered by national social security systems. However, the fact that they are not explicitly addressed by the PCIs might result in: i) the lack of effective verification of those requirements during audits and ii) the absence of protection in countries with no social security schemes or when enforcement of the schemes is poor.

2.2 Provisions on verification mechanisms in selected PCIs

Typology

There is a wide diversity of verification mechanisms depending on the objective of the PCI (product certification or workplace improvement) and the scope of the supply chain to cover (single production units vs. whole supply chain, small production units vs. large ones). Verification mechanisms include self-assessments, internal audits, external audits, improvement reports and many different combinations of these. It is to be noted that procedures for the verification mechanisms of two of the benchmarked PCIs were not publicly available. As a result of the wide variation of verification mechanisms, it has not been possible to establish a robustness scale of the verification mechanisms since this is the result of the combination of multiple factors.

Independence and impartiality

One of the main challenges of the PCIs verification systems is to ensure independence and an impartiality of auditors. While labour inspections are carried out by public officials whose status and conditions of

service are not related to the outcome of the inspections, certification bodies and external auditors might be remunerated by the PCI owners, the global buyer, and more often the supplier or the producer themselves, which might be a potential source of conflict of interest.

It is common practice to include provisions aimed at ensuring the independence and impartiality of auditors, such as prohibiting the auditing company/auditor to offer or provide internal audits or consulting to the audited firms. This is done by requesting that internal and external personnel of auditing companies reveal any potential conflict of interest and/or by rotating auditors.

The procedures for selection and monitoring of auditors are not publicly available for four of the benchmarked PCIs. Six of the seven PCIs owned by multi-stakeholder initiatives rely on Certification Bodies⁵⁰ (CBs) for the compliance assessment activities. The other benchmarked PCIs usually use internal auditors, independent external auditors that have gone through an approval process, or both.

All available documents detailing the requirements for certification bodies and auditors include provisions to ensure the competence of auditors such as auditing experience, sector specific working experience, local knowledge of working conditions and legislation and/or specific training on the PCI requirements and protocols. However specific OSH competencies such as recognizing hazards and risks and being able to advise on hazard elimination or controls and risk management are not specifically mentioned in the requirements.

None of the benchmarked PCIs include provisions for the health and safety of the auditors while on site.

Audits

Product certification programmes follow the traditional approach for certification audits including initial, follow up, verification and periodic recertification audits with a certification validity ranging from 1 to 5

years. Most of the product certifications require that the audit occur during production/harvest times.

Five of the benchmarked PCIs do not perform unannounced audits, whereas three perform unannounced audits and the rest perform a combination of both. Audit frequency varies between PCIs ranging from once every 6 months to every 5 years.

Document checks, site inspections and worker and manager interviews are common requirements, while checking specific hazard exposure with actual measurements (noise, dust, etc.) or analysis (i.e. testing samples of chemicals, biological risk factors, etc.) and external stakeholder interviews are often not required.

When observing a sample of workplaces is required, the most usual method is the stratified sampling method according to ISO 19011 B3, which considers the risk level and the number of sites covered by the assessment. For smallholders, usually only a sample of workplaces are verified at each audit cycle. The way sampling typically works is that the auditor takes the square root of the total number of certified producers pertaining to a given cooperative or association. This requirement means that individual smallholders who are not organized in cooperatives or associations are usually not eligible for certification. It also means that some of the workplaces in producer cooperatives or associations are seldom audited.⁵¹

Non-compliance

There is a wide range of approaches to address non-compliance depending on the particularities of each PCI. Initial certification is not granted or current certificates are temporarily suspended if non-compliance regarding zero tolerance, non-acceptable or critical/major requirements are identified.⁵² However, some PCIs allow a short timeframe for correction before the certificate is suspended. Failure to address critical issues results in the cancellation of the certificate, which can be followed by a waiting period before a new certification can be requested.

⁵⁰ An organization independent of the manufacturer that has demonstrated adequate competence, authority, and credibility to perform independent and objective audits of another organization to provide evidence that the audited organization satisfies applicable requirements.

⁵¹ To address this limitation, a number of PCIs are built on the principle of group certification and solidarity among group members – meaning that if the workplaces that are effectively audited during one round of audit are found non-compliant, the entire group loses the certification.

⁵² These mostly relate to child labour and forced labour.

It is however relevant to note that only two of the benchmarked PCIs consider witnessing working conditions that endanger the life of one of several workers as a zero tolerance issue requiring immediate action, and that those two do not have established protocols to report this kind of situation to the labour inspectorate.

The most common approach for minor non-conformities is to request a corrective action plan to address the issues in a given time frame (usually between three to six months). Minor non-conformities subject to an improvement plan usually do not prevent certification and some PCIs do not verify the implementation of the corrective actions until the next follow up or certification audit.

Complaint mechanisms

Most of the benchmarked PCIs had detailed requirements on complaints and appeals. However, in most cases those requirements were for the CBs to put such mechanism in place, which means complaints are not necessarily going back to the PCI itself (in a way that could inform further standard development). The level of explicit requirements imposed to the CB by PCIs ranges from no specific requirements to specified Standard Operating Procedures.

2.3 Impact on OSH

The above sections analysed PCI requirements in terms of OSH as well as their verification systems as per publicly available guidelines. This is not an assessment of how those are implemented in practice, which may have a set of additional successes, challenges and constraints. In order to shed more light on how the former relates to the latter, the section

below provides an overview of the existing literature on the subject.

A limited body of evidence exists on the impact of private compliance initiatives certification schemes. Impact studies are limited in their scope and consequently rather context-specific and not fully comparable across a wider body of literature (Newitt, 2013; Grassnick; Kopp in ILO, 2017c).⁵³ Two main limitations of the existing impact studies are as follows: i) their scope often does not encompass both certified and non-certified production units, and when they do there is no evidence of positive spillover;⁵⁴ and ii) results are usually not applicable to workers on temporary contracts and in non-standard forms of employment who are likely to be subject to the poorest working conditions.⁵⁵ The latter may exacerbate inequalities between producers who are able to afford certification and benefit from more advantageous market access, including exporting to high end consumer market, and the ones who do not.⁵⁶

Existing studies on the impact of PCIs on occupational safety and health outcomes at supplier level are also limited, though the ones that were conducted revealed impact on:

- Certified farmers' health through lower exposure to agrochemicals, better worker protection, increased access to training on farming practices and improved food quality and diets (Kuit et al., 2016; Ferro et al., 2014; Okello, J. J; Swinton, S. M. 2010; Asfaw et al., 2010).
- Reduced illnesses and acute reactions to pesticide exposure (Asfaw et al., 2010).
- Increased earnings resulting from a reduced work-time loss due to work-related illnesses and injuries (Becchetti, L.; Gianfreda, G. 2010).

⁵³ Most empirical studies measuring the impact of PCIs on working conditions are qualitative and context specific. It is difficult to implement a randomized control trial, and the majority of studies find positive effects among certified farmers only.

⁵⁴ Asfaw et al., (2010) state that although their study showed a positive correlation between the adoption of GlobalGAP and improved working conditions, only 20 per cent of farmers in Kenya are certified GlobalGAP, and this number is likely to stagnate as the remaining 80 per cent do not have the financial capacity to invest in becoming certified.

⁵⁵ For instance, in its annual report 2013-14, Fairtrade states that studies conducted on casual workers were "not able to find evidence that Fairtrade was making a positive difference to wages or working conditions of these casual labourers" (Fairtrade 2014).

⁵⁶ Newitt (2013), Ferro et al., (2014), Asfaw et al., (2010), Subervie, J.; Vagneron, I. (2013) all show evidence that producers that are able to become certified have distinct characteristics from those that are unable to comply with PCIs requirements. Producers who managed to become certified are generally more formalized and unionized, have better access to information, have achieved a higher level of education and have better access to transformation plants and/or exporting companies compared to non-certified producers. Evidence suggests that PCIs are a "circle of virtue" for producers with sufficient resources to become certified while it further excludes other producers from the export consumer market, the same markets which provide the opportunity for producers to receive higher prices for their products and more sustainable contracts.

In line with the results of the benchmark outlined above, the literature confirms that PCIs tend to concentrate efforts on improving best practices in areas that are accepted industry parameters such as visible OSH practices.⁵⁷ In addition, while PCIs may have a positive impact on certified producers' practices and a basic knowledge of specific hazards, they tend not to address root causes of OSH deficits, for three main reasons:

- In many instances those mechanisms are disconnected from local and national policy processes and institutions (Raynolds, 2014), which constrains their possible impact on rights-based issues (Newitt, 2013).
- Those mechanisms are often externalized or conducted on the side of market models which may create opposite or non-congruent incentives (Barrientos; Smith, 2007).⁵⁸

- The nature of verification systems is insufficient to create a culture of prevention, especially amongst lowest tier suppliers (see Newitt, 2013 for a summary of existing literature). This last finding is aligned with the case studies conducted as part of the joint ILO-EU project on OSH in GSCs (See Tessier et al. in ILO, 2017d). The above benchmark of PCI provisions and verification processes provides a concrete illustration of the importance of an integrated national OSH management system.

It is important to note that a number of the existing impact studies on the effect of PCIs on working conditions, including OSH, were commissioned by PCIs themselves. This reveals an increasing concern for their impact on working conditions and is in line with trends emerging from the interviews conducted with PCIs. For instance, a number of them identified the above-mentioned limitations and were reflecting on ways to improve both their standards and their verification processes.

57 Raynolds (2014) finds that Fairtrade's certification body FLO, "like most labour standard systems, FLO regulations focus largely on occupational health and safety and while these rules identify key hazards and encourage "best practices," they work largely within accepted industry parameters [...]. A number of employment issues are simply not amenable to industrial technical solutions. For example while FLO outlines anti-discriminatory procedures, fair treatment is hard to regulate and workers must have the power to ensure it is practiced."

58 Barrientos; Smith, cited in Raynolds (2014), claim, "corporate codes have a role to play in improving labour standards but are currently doing little to challenge existing commercial practices or embedded social relations that underpin poor labour standards in global production systems".

| Concluding remarks

The present summary of research findings outlines both entry points for private sector engagement on occupational safety and health and perspectives for further research. OSH is present in most of the sustainable sourcing policies and strategies of the studied Multinational Enterprises, which highlights the importance they give to OSH outcomes in their supply chains. A central tool for the implementation of those strategies, especially beyond the first tier of suppliers, is certification schemes (workplace or product) managed by private compliance initiatives.

As confirmed by a body of existing research (Brown, 2002, 2005 and 2015; Eisenbraun et al., 2015; Oka, 2010; Schuster; Maertens, 2016; Sudha, 2014; among others) and case studies (See Tessier et al. in ILO, 2017d), those schemes, especially product certifications covering and entire chain of custody, are able to reach some actors at the bottom of supply chains that individual companies would have difficulties reaching on their own. In addition, the schemes reach actors who have limited access to institutional support in countries where public resources are constrained. Thus, when trying to improve OSH practices at the lowest levels of those supply chains and from a perspective of maximizing possible spill over effects to local value chains, it would be beneficial that those private standards align with ILO OSH 2001 Guidelines (that are specifically directed towards workplace-level implementation). While essential, as highlighted throughout this publication, this is unlikely to be sufficient. The ILO OSH 2001 Guidelines would need to be further promoted as part of national OSH systems in line with relevant ILO instruments. From this perspective, the growing acknowledgement of the limitations and constraints of current auditing practices opens a window for engaging new ways to complement verification processes. Such new ways include services on the identification of OSH hazards and control measures in a systemic manner within national OSH systems - as defined per ILO Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) - and in line

with the provisions of the Occupational Health Services Convention, 1985 (No. 161).

Further research is needed to document, in a systematic and comparable manner, the impact of sustainable sourcing policies on OSH, at the level of suppliers, especially beyond the first tier. From this vantage point, it would be of particular interest to document the necessary conditions at national level for the effective integration of workplace-level OSH management systems within national OSH systems. Doing so would inform both policy makers and companies on the most effective practices for the prevention of occupational injuries and diseases in supply chains. In this endeavour, it would be of interest to look at the practices developed by value chain actors in sectors that are perceived as high risk for industrial accidents such as oil and gas, mining, chemical industries and others. Empirical research could focus on measuring the impact and documenting innovative practices in the three areas identified as particularly challenging, namely: i) the need to move away from OSH checklists towards a more systemic approach involving workers and employers jointly, connecting with a national framework of promotion of ILO OSH 2001 Guidelines; ii) the development of ways to engage on OSH that is better tailored to the smallest actors; and iii) the need to further promote the ratification and effective national engagement and awareness-raising on ILO Convention No. 182 as well as relevant OSH instruments, in particular Convention No. 155, its 2002 Protocol and Convention No. 187.

Consistent with the conclusions of the joint ILO-EU research project on OSH in GSCs, the above-mentioned entry points for private sector engagement and further research can be part of a wide mobilization of actors necessary to improve OSH outcomes in global supply chains and beyond. It is also in line with the strategic directions put forward by the ILO in its Programme of Action on Decent Work in Global Supply Chains as a follow-up to the International Labour Conference general discussion on this topic in 2016 (ILO, 2016a).

Bibliography and other reviewed resources

Alli, B. O. 2008. *Fundamental principles of occupational health and safety*. Second Edition. ILO: Geneva.

Antras, P.; Chor, D. 2013. *Organizing the global value chain*, in *Econometrica*, Vol. 81, No. 6, pp. 2127–2204.

Asfaw, S.; Mithöfer, D.; Waibel, H. 2010. *Agri-food supply chain, private-sector standards, and farmers' health: Evidence from Kenya*. *Agricultural Economics*. Vol. 41, No. 3-4, pp. 251–263.

Barrientos, S.; Smith, S. 2007. *Do workers benefit from ethical trade?*, *Third World Quarterly*. Vol. 28, pp. 713–729.

Becchetti, L.; Gianfreda, G. 2010. "L'impact du commerce bio-équitable sur la santé des producteurs marginalisés au Kenya", in *Cahiers Agricultures*, Vol. 19 No. 1.

Brown, G. D. 2002. *The Global Threats to Workers' Health and Safety on the Job*. *Social Justice* Vol. 29, No. 3, p. 89.

Brown, G. D. 2005. *Protecting Workers' Health and Safety in the Globalizing Economy through International Trade Treaties*. *International Journal of Occupational and Environmental Health*, Vol. 11, pp. 207–209.

Brown, G. D. 2015. *Effective protection of workers' health and safety in global supply chains*. *International Journal of Labour Research*, Vol. 7 Issue 1-2. ILO-ACTRAV: Geneva.

Colen, L.; Maertens, M.; Swinnen, J. 2012. *Private Standards, Trade and Poverty: GlobalGAP and Horticultural Employment in Senegal*. *The World Economy*, Vol. 35, No. 8, pp. 1073–88.

Eisenbraun et al. 2015. *Occupational Safety and Health Conditions in Apparel Factories: Worker Perceptions and the Role of Management Systems*. *Better Work Discussion Paper No. 18*. ILO: Geneva.

ETUC-CES, Syndex, Sustainlabour. 2010. *Occupational Health and Safety and Environmental Clauses in International Framework Agreements: a Study*. ETUC: Brussels.

Fairtrade International. 2014. *Strong Producers, strong future*. Annual report 2013-14. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2013-14_AnnualReport_FairtradeIntl_web.pdf [Accessed 8 Oct 2017]

Ferro, B. E.; Wilson, S.; Otsuki, T. 2014. *Policy Note: The Effect of Product Standards on Agricultural Exports from Developing Countries*. Available at: <https://openknowledge.worldbank.org/handle/10986/15878> [Accessed 8 Oct 2017]

International Initiative for Impact Evaluation (3ie): London. Available at: <http://www.3ieimpact.org/media/>

filer_public/2017/03/15/sr34-certification-schemes-agricultural-production_yNjL10W.pdf [Accessed 8 Oct 2017]

International Labour Organization (ILO). 1977. *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*. ILO: Geneva. Available at: www.ilo.org/wcmsp5/groups/public/---ed_emp/---.../wcms_094386.pdf [Accessed 8 Oct 2017]

—. 2001 and 2009. *Guidelines on occupational safety and health management systems*, ILO OSH 2001. ILO: Geneva.

—. 2003. *Global Strategy on Occupational Safety and Health, Conclusions adopted by the International Labour Conference, 91st Session, Geneva, 2003* (Geneva).

—. 2010. *Plan of Action (2010-2016) to achieve widespread ratification and effective implementation of the occupational safety and health instruments Convention No. 155, its 2002 Protocol and Convention No. 187*. Adopted by the Governing Body of the International Labour Organization, 307th Session, Geneva, 2010 (Geneva).

—. 2013a. *Social Dimensions of Free Trade Agreements. Studies on Growth with Equity*. International Institute of Labour Studies. ILO: Geneva. Available at: www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/.../wcms_228965.pdf [Accessed 8 Oct 2017]

—. 2013b. *Labour inspection and private compliance initiatives: Trends and issues*. Background paper for the Meeting of Experts on Labour Inspection and the Role of Private Compliance Initiatives. Geneva, 10–12 December 2013. Available at: www.ilo.org/wcmsp5/groups/public/---.../meetingdocument/wcms_230798.pdf [Accessed 8 Oct 2017]

—. 2013c. *Report of the Meeting of Experts on Labour Inspection and the Role of Private Compliance Initiatives*. Geneva, 10–12 December 2013. Available at: www.ilo.org/wcmsp5/groups/public/---.../meetingdocument/wcms_230798.pdf [Accessed 8 Oct 2017]

—. 2013d. *Building a Preventative Safety and Health Culture. A Guide to the Occupational Safety and Health Convention, 1981 (No. 155), its 2002 Protocol and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)*.

—. 2015a. *A rough guide to value chain development: a short guide for development practitioners, government and private sector initiatives*. ILO: Geneva. Available at: http://www.ilo.org/empent/areas/value-chain-development-vcd/WCMS_366005/lang--en/index.htm [Accessed 8 Oct 2017]

—. 2015b. *World Employment and Social Outlook 2015: The Changing Nature of Jobs*. ILO: Geneva. Available at: http://www.ilo.org/global/research/global-reports/weso/2015-changing-nature-of-jobs/WCMS_368626/lang--en/index.htm [Accessed 8 Oct 2017]

- . 2016a. Resolution concerning decent work in global supply chains following the general discussion on the basis of Report IV, Decent work in global supply chains ILC, 105th Session, Geneva, 2016 (Geneva). Available at: http://www.ilo.org/ilc/ILCSessions/105/texts-adopted/WCMS_497555/lang--en/index.htm [Accessed 8 Oct 2017]
- . 2016b. Webpage of the joint ILO-EU project on OSH in Global Supply Chains. Available at: www.ilo.org/osh-gsc [Accessed 8 Oct 2017]
- . 2016c. Webpage of the Vision Zero Fund initiative. Available at: http://www.ilo.org/safework/projects/WCMS_517539/lang--en/index.htm [Accessed 8 Oct 2017]
- . 2016d. Webpage of the project on OSH improvement in the ginger value chain from Myanmar. Available at: http://www.ilo.org/safework/projects/WCMS_563285/lang--en/index.htm [Accessed 8 Oct 2017]
- . 2016e. Webpage of the project on OSH improvement in the textile value chain of Madagascar - case study: forthcoming. Project information. Available at: http://www.ilo.org/safework/projects/WCMS_616166/lang--en/index.htm [Accessed 8 Oct 2017]
- . 2016f. Webpage of the ILO OSH-GAP Global Flagship Programme. Available at: http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/WCMS_495278/lang--en/index.htm [Accessed 8 Oct 2017]
- . 2017a. *Global estimates on occupational accidents and diseases*. ILO: Geneva. Available at: http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_573118/lang--en/index.htm [Accessed 8 Oct 2017]
- . 2017b. INWORK Policy Brief No. 10: Purchasing practices and working conditions in global supply chains: Global Survey results.
- . 2017c. Food and agriculture global value chains: Drivers and constraints for occupational safety and health improvement - Volume One - Perspectives from relevant research areas. ILO: Geneva.
- . 2017d. Tessier, L. et al. Food and agriculture global value chains: Drivers and constraints for occupational safety and health improvement - Volume Two - Three Case Studies. ILO: Geneva.
- James, P. et al. 2007. *Regulating Supply Chains to Improve Health and Safety*, Journal of Cleaner Production.
- Kaplinsky, R. 2004. *Spreading the gains from globalization: what can be learnt from value-chain analysis*. Problems of economic transition, Vol. 47, No. 2, pp. 74-115.
- Krugman, P. 1995. "Growing world trade: Causes and consequences", in Brookings Papers on Economic Activity, Vol. 1995, No. 1, pp. 327-377.
- Kuit M. et al. 2016. *Estimating the impact of implementation of the 4C entry level standard in Uganda and Vietnam*. Available at: http://www.globalcoffeeplatform.org/assets/files/4C-report-H-Uganda-and-Vietnam-16032_160524_135338.pdf [Accessed 8 Oct 2017]
- Locke, R.; Amengual, M.; Mangla, A. 2009. *Virtue out of necessity? Compliance, commitment, and the improvement of labor conditions in global supply chains*, Politics & Society, Vol. 37, No.3, pp. 319-351.
- McFalls, R. 2017. Good procurement practices and SMEs in supply chains: Nespresso AAA sustainable quality program impact of procurement practices in an SME in Colombia. Geneva: ILO.
- Newitt, K. 2013. *Private Sector Voluntary Initiatives on Labor Standards*, background paper for the world development report 2013, Ergon Associates, The World Bank.
- Okello, J. J; Swinton, S. M. 2010. *From Circle of Poison to Circle of Virtue: Pesticides, Export Standards and Kenya's Green Bean Farmers*. Journal of Agricultural Economics, Vol. 61, No. 2, pp. 209-24.
- Oya, C. et al. 2017. *Effects of certification schemes for agricultural production on socio-economic outcomes in low- and middle-income countries: A systematic review*. 3ie Systematic Review 34.
- Papadakis, K. (Ed.) 2008. *Cross-border social dialogue and agreements: An emerging global industrial relations framework?* Geneva: International Institute for Labour Studies.
- Raynolds, L. T. 2014. Fairtrade, certification, and labor: *Global and local tensions in improving conditions for agricultural workers*. Agric Hum Values, Vol. 31, No. 3, pp. 499-511.
- Schuster, M.; Maertens, M. 2016. *Do private standards benefit workers in horticultural export chains in Peru?* Journal of Cleaner Production, Vol. 112, Part 4, pp. 2392-2406.
- Sudha, T. 2014. "The transformation of Agri-Food Supply Chain", Agriculture, p. 177.
- Walters D.; James P. 2010. Understanding the role of supply chains in influencing health and safety at work. IOSH Research Committee: Wigston.
- . 2011. "What motivates employers to establish preventive management arrangements within supply chains?" Safety Science, Vol. 49, pp. 988-994.
- WTO. 2013. *Global value chains in a changing world*. Edited by Deborah K. Elms and Patrick Low. Fung Global Institute (FGI), Nanyang Technological University (NTU), and World Trade Organization (WTO). WTO: Geneva.

Annex

Interview guide for certification schemes

1. Briefly explain the origins and evolution of your standard / certification scheme, focusing on the identities of those involved in its development and the motives that informed it.
2. How is the standard / certification scheme currently structured in terms of:
 - ▶ Subjects covered by its requirements?
 - ▶ Processes governing the standard-setting decisions and processes (global / local levels)?
3. What is the process needed for a company to get certified (if various certification options such as supply chain, book and claim and so on, exist, provide detail for each):
 - ▶ Process by which certification is subsequently granted or denied and the length of time and cost of this process;
 - ▶ Period of time before it is necessary to seek certification renewal.
4. Who undertakes compliance checks (audits) – internal personnel or external third party organizations? In the case of the latter:
 - a. How many organizations have been authorized to carry out audits?
 - b. What is the process through which this authorization is granted?
 - c. What training and other support is given to such organizations?
 - d. How is their performance monitored?
5. What Occupational Safety and Health (OSH) requirements must be met in order to be certified?
6. How many organizations are currently certified under the scheme and what is the breakdown of those in terms of organizational size, nationality of ownership, and focus of activities?
7. Why do companies seek certification? What are the main challenges to obtaining certification?

8. What Occupational Safety and Health (OSH) requirements must be met in order to be certified?
9. How many organizations are currently certified under the scheme and what is the breakdown of those in terms of organizational size, nationality of ownership, and focus of activities?
10. Why do companies seek certification? What are the main challenges to obtaining certification?
11. What evidence is there that certification, under the scheme, improves OSH? What features of the scheme facilitate (or hinder) the scheme having a positive OSH impact? Why?
12. What are the connections and collaborations (if any) with regulatory bodies and enforcement agencies (such as the labour inspectorate) at national and local levels?
13. Are there any plans to revise the standard / certification scheme? If there are, what changes are proposed and will they alter the place of OSH within it?
14. What, if anything, could be done to improve the performance of the scheme in supporting OSH arrangements within certified companies?

Interview guide for auditors in sourcing countries

1. What role do audits play in the evaluation and granting of certificates?
2. How are audits undertaken?
3. What is being checked on OSH?
4. Who verifies the OSH part of the audit? What is the training of auditors like? What does it include on OSH?
5. To what extent do audits go beyond the inspection of documentation to encompass the examination of actual operational practices (such as exposure, measurements, etc.)?
6. Who is consulted / interviewed during the audit?
7. What would happen were non-compliance be detected? How often have cases of non-compliance been identified and what actions have been taken in response to them?
8. In your experience, what are the main challenges for companies to comply?
9. What are the main points of non-compliance? Is OSH compliance challenging?
10. Do challenges and levels of compliance vary by size, geographical location, etc.?

Interview guide for Multinational Enterprises

1. Framework for supply chain management

1.1 Sustainable sourcing policy / strategy

- ▶ Does the sourcing policy / strategy include provision on labour, environment, OSH?
- ▶ On which basis were those adopted (consultations – internal, external – pressures, requirement from buyers, regulation, etc.)?
- ▶ Motivations for the adoption of the sustainable sourcing policy / strategy?

1.2 Implementation of the policy / strategy

- ▶ How are those policies implemented by the company? What are the challenges (countries/regions where it is particularly difficult to implement)? Why? What are the main issues of non-compliance? Are there similar difficulties in all countries?
- ▶ Is there a code of conduct that suppliers need to sign off on? Is it the same for raw material / agricultural commodities and others?
- ▶ How does the company monitor progress? Auditing system? Third party auditing, announced / un-announced (and why)?
 - On which aspects?
 - Down to which level?
- ▶ Do those policies have a specific implementation budget?
- ▶ Does the company receive support in implementing such policies? From whom?
- ▶ Suppliers:
 - First tier suppliers
 - ▶ How is the contractual relationship with the suppliers (based on one order / volume, a specific length of time, long term / short term, with set price / fluctuating prices, with advance payments or not)? Sustainability in the contract with the supplier?
 - ▶ How does the company select its suppliers? What are the criteria that are used for the selection? What is the selection process like?
 - ▶ What is the weight of OSH in the final sourcing decision?
 - ▶ What is the process (first audit then regular audits)? Are audits surprise audits?
 - ▶ How many suppliers?
 - ▶ Are suppliers required to place the company requirements on their own suppliers (second, third tier)? How does the company monitor it?
 - ▶ Any additional engagement on OSH beyond audits?
 - Lower tier suppliers
 - ▶ Traceability: is it being done? If yes, down to which level does the company trace its supply chain? What information is available for each stage of production / level of supplier?
 - ▶ Is there traceability down to the producer level? Why? Challenges?

- ▶ Is it feasible / easy / difficult to trace down the chain? Is it necessary? Why (quality, consumers demand, securing sourcing, etc.)? What are the challenges?
- ▶ What is the weight of OSH in the final sourcing decision?
- ▶ Any additional engagement on OSH beyond audits? For example engagement with small-holders (partnerships with NGOs, governmental bodies)?

1.3 Challenges for responsible sourcing

- ▶ Challenges (i.e. is it easily accepted by purchaser inside the company? Was it easy to get buy-in from management and colleagues?)?
- ▶ How does the company manage to source sustainably while keeping the company's financial sustainability and cost structure?
- ▶ What are the main non-compliance points within suppliers (first tiers and lower tiers)? How are they addressed / what are the main constraints / difficulties for suppliers to comply?

1.4 Reporting

- ▶ Is the company publicly reporting on all of its sustainable sourcing efforts? How? Why?

2. Certifications

2.1 Company policy

- ▶ Why did you choose to buy from certified suppliers?
- ▶ What certifications do you buy? Do you have any targets (100 per cent certified by...)?
- ▶ If they work with different certifications: Is it for any particular reason? What are the advantages? Challenges?

2.2 Product positioning

- ▶ Was it a request from your own buyers / consumers for certified products?
- ▶ Are you branding your products with the certification? Is the consumer ready to pay for certified products?

2.3 Financing

- ▶ Did you provide support to your suppliers for implementing the certification? If yes, from whom? What is the scope of assistance provided (training, financing of cost of certification, financing of specific investments required for compliance)?
- ▶ What is the cost of this process to the company? Does it mean an increase in costs?
- ▶ Is it worth it financially to get certified products?

2.4 Implementation and challenges

- ▶ Was it a big change of operations?
- ▶ What were the challenges if any?

3. **Linkages with the state of internal working conditions and social dialogue**

- ▶ Is your company signatory of an International Framework Agreement (IFA)? With which TU Federation?
- ▶ Is sustainability in sourcing a topic mentioned in the agreement? Why?
- ▶ Do you believe that social dialogue practices in your company (materialized by the IFA if any) influence your responsible sourcing policy and how you see the requirements you pose on OSH to your suppliers?
- ▶ Do you believe that OSH policies and procedures developed in your company influence the requirements you put on your suppliers? Do you benefit from internal expertise on OSH when designing sustainable sourcing requirements?
- ▶ Are you a member of multi-stakeholder platforms and initiatives to improve working conditions and sustainability in supply chains? Which ones? What are the main benefits of participation for your company?



This publication benefited from funding from the European Commission through both the Joint ILO-EU project on OSH in Global Supply Chains under the ILO's Global Action for Prevention on Occupational Safety and Health flagship programme and the Vision Zero Fund.



International
Labour
Organization

GOVERNANCE Department
International Labour Office
Route des Morillons 4
CH-1211 Geneva 22
Switzerland

Tel: +41 22 799 67 15
Fax: +41 22 799 68 78
Email: labadmin-osh@ilo.org
www.ilo.org/labadmin-osh

ISBN 9789220311820



9 789220 311820