

# THE PEOPLE BEHIND THE PRICES

A Focused Human Rights Impact Assessment of SOK Corporation's Italian Processed Tomato Supply Chains

www.oxfam.org

OXFAM

This focused Human Rights Impact Assessment (HRIA) of SOK Corporation's Italian processed tomato supply chains is a pilot for the company's new approach to assessing human rights impacts in high risk supply chains that goes ‘beyond audits’. The assessment took place over six months, and consisted of five phases of analysis in a methodology aligned with the UN Guiding Principle on Business and Human Rights (UNGPs). The objective was to assess the actual and potential human rights impacts at the production stage of the company's Italian processed tomato supply chains, identify their root causes and make recommendations for prioritized actions to address, mitigate and/or remediate identified impacts.

© Oxfam International February 2019

This paper was written by Tim Gore with the assistance of Sabita Banerji. Oxfam acknowledges the assistance in its production of Helen Brodeur, Giorgia Ceccarelli, Federica Corsi, Anouk Franck, Niclas Holm, Barbara Sennholz-Weinhar, Danielle Smith, Irit Tamir, Rachel Wilshaw and Sarah Zoen (from Oxfam); Anna Maenpaa, Sanni Martikainen, Lea Rankinen and Jari Simolin (from SOK Corporation); and all of the stakeholders that agreed to be interviewed for this assessment or to participate in the multi-stakeholder roundtable discussion. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please email niclas.holm@oxfam.se

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. E-mail policyandpractice@oxfam.org.uk.

The information in this publication is correct at the time of going to press.
Published by Oxfam GB for Oxfam International under
ISBN 9781787484030 in February 2019.
DOI: 10.21201/2019.4030
Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

Cover photo: Cerignola (Foggia, Apulia region, Southern Italy), African immigrants working in the tomato fields ©Dino Fracchia/Alamy Stock Photo]

# FOREWORDS

## SOK Corporation

Respecting human rights is a key priority to S Group and expected from us by our owners – that is our customers – as well as other stakeholders. Consumers and other stakeholders also value transparency. Consumers are keen to know where the products they consume are manufactured and produced and we want to make that information available as easily and transparently as possible.

This assessment is one part of strengthening our human rights due diligence and our pursuit of promoting human rights in our supply chains. This report is also one attempt to be as transparent as possible. Oxfam has analysed our practices, listened relevant stakeholders and interviewed our suppliers and workers at Italian tomato farms and we want to publish Oxfam's analysis openly to all and challenge other companies to do the same.

To develop and complement our human rights due diligence, we have developed a new concept for assessing root causes of human rights risks that occur in our supply chains. The assessment concept complements our other tools – like third party audits and use of certified raw materials – to assess and address human rights in supply chains. The goal of the concept is to go deeper to discover the typical and current human rights issues and their root causes in the production regions or potential procurement areas of S Group's central products. This will help us identify measures and procedures which can help us to minimise the typical challenges. An external partner familiar with the target area will conduct the assessment. This human rights impact assessment of S Group's processed tomatoes supply chains in Italy is the pilot assessment to test the concept in practice.

Italian processed tomatoes supply chains were chosen as pilot assessment for many reasons. Firstly, Italy is not considered as high risk country, which means that the usual due diligence measures like third party audits are more difficult to conduct due to lack of accredited auditors. Also, Italy is not unique with regards to migrant flow and its implications to vulnerable work force being available. Many of the findings may apply to other European countries too and we can use the learnings from this assessment there as well.

The report and collaboration with Oxfam has taught us a lot. No actor can solve the complex issues alone, but we continue collaboration with others and seek new partnerships to take action and address the root causes outlined in this report.

**Lea Rankinen**
**Vice President Sustainability**
**S Group**

## Oxfam

In many ways, food supply chains are a marvel of the global economy. They generate millions of jobs worldwide and deliver customers a vast array of food products, all year round, at ever-lower prices. But too often they do so at an unacceptable cost: the human suffering of the people producing our food.

Research for Oxfam's Behind the Barcodes campaign has documented wide-ranging human and labour rights violations in food supply chains, from forced labour aboard fishing vessels in Southeast Asia to poverty wages on Indian tea plantations and hunger faced by workers

on South African grape farms. It is a brutal irony that those producing our food are themselves among the most likely to be unable to adequately feed their own families.

Oxfam's Behind the Barcodes campaign calls on supermarkets, who play such a critical role in shaping today's food supply chains, to do more to ensure that the human and labour rights of those producing the food they sell are respected. We are asking companies to move beyond reliance on social audits of suppliers for compliance with company codes of conduct, towards robust processes of human rights due diligence, in line with the UN Guiding Principles on Business and Human Rights.

A key component of such an approach is the identification of a company's human rights impacts and their root causes in high-risk supply chains, including through the use of comprehensive human rights impact assessments.

Oxfam commends SOK Corporation for initiating such a process. It helps to demonstrate not only to the company's own stakeholders in Finland, but to their peers in the food retail sector internationally, that it is not only desirable to move ‘beyond audits’ in ensuring respect for human rights in food supply chains, but entirely possible and demonstrably beneficial to do so.

We hope that this report serves both to stimulate changes in SOK Corporation's policies and practices to address the human rights impacts identified in the company's Italian processed tomato supply chains, and to encourage other actors in the food retail sector to follow suit.

Those that do so can capture business opportunities in higher quality products, more resilient supply chains and a more honest relationship with their customers. Most importantly, they can help to lift millions of people working in food supply chains from a life of in-work poverty, to a decent and dignified standard of living.

**Winnie Byanyima**
**Executive Director**
**Oxfam International**

# CONTENTS


Executive summary 9

Introduction 15
- Background and objectives 15
- Methodology and limitations 16

1. Country and industry context 21
   i. The Italian processed tomato value chain 21
   ii. SOK Corporation's Italian processed tomato supply chains 23

2. Human rights in SOK's Italian processed tomato supply chains in theory 26
   i. Human rights in Italy in theory 26
   ii. Human rights in SOK Corporation in theory 27
   iii. Human rights in key SOK Corporation suppliers in theory 29

3. Human rights in SOK's Italian processed tomato supply chains in practice 34

4. Root cause analysis of identified impacts 48
   i. The agricultural labour supply side 50
   ii. The agricultural labour demand side 53

5. Prioritization, remediation and mitigation 59
   i. Attribution and prioritization of human rights impacts 59
   ii. Recommendations to address the root causes of human rights impacts 69

Concluding remarks 76
- From SOK Corporation 76
- From Oxfam 79

Annexes 82

Endnotes 91

# LIST OF TABLES, FIGURES AND BOXES

## Tables


Table 1: Summary of identified adverse human rights impacts 10

Table 2: Summary of the major recommendations for SOK corporation 13

Table 3: Phases and principal steps in the assessment process 16

Table 4: SOK Corporation's suppliers of Italian processed tomato products in 2018 25

Table 5: Human rights framework concerning forced labour issues 35

Table 6: Human rights framework concerning low wage issues 36

Table 7: Human rights framework concerning excessive working hours 39

Table 8: Human rights framework concerning poor housing 40

Table 9: Human rights framework concerning health and safety issues 43

Table 10: Human rights framework concerning access to justice 45

Table 11: Human rights framework concerning freedom of association 46

Table 12: Human rights framework concerning sexual harassment and discrimination 47

Table 13: Prioritization of identified human rights impacts in SOK Corporations Italian processed tomato supply chain 62

Table 14 Recommendations to SOK Corporation to address identified human rights impacts in the company's Italian processed tomato supply chains 69


## Figures


Figure 1: Root causes of adverse human rights impacts in SOK Corporation's Italian processed tomato supply chains 12

Figure 2: The number of stakeholders interviewed during the assessment 17

Figure 3: The number of stakeholders who participated in the multi-stakeholder roundtable 18

Figure 4: Main actors and price-setting mechanisms in the Italian processed tomato value chain 21

Figure 5: Major agricultural labour flows in southern Italy in summer 22

Figure 6: S-Group's business model and purpose 23

Figure 7: Main actors in the SOK Corporation's Italian processed tomato supply chains 24

Figure 8 La Doria audit results against the nine Fair Labour Association workplace code of conduct principles 37

Figure 9 Reported piece rate wage levels among interviewed workers in 38

tomato harvesting for processing

Figure 10: Root causes of negative human rights impacts in SOK Corporation's Italian processed tomato supply chains 50

Figure 11: The implications of the relationship of a company to an adverse human rights impact 59

# Boxes

Box 1: Semi-structured interviews with rights-holders in Foggia, Southern Italy 34

Box 2: Risk of forced labour in SOK Corporation's supply chains 36

Box 3: Risk of low wages in SOK Corporation's supply chains 39

Box 4: Risk of excessive working hours in SOK Corporation's supply chains 40

Box 5: Risk of poor housing in SOK Corporation's supply chains 42

Box 6: Risk of health and safety concerns in SOK Corporation's supply chains 45

Box 7: Risk of lack of access to justice in SOK Corporation's supply chains 46

Box 8: Risk of infringements of freedom of association in SOK Corporation's supply chains 47

Box 9: Risk of sexual harassment and gender discrimination in SOK Corporation's supply chains 48

Box 10: Tomato processing industry agreements with trade unions 52

Box 11: Trade union for migrant workers 52

Box 12: New government migrant reception resources 53

Box 13: Regional ethical certification ‘Equapulia’ 53

Box 14: The mode of tomato production and demand for labour exploitation 56

Box 15: Joint Ethical Trading Initiatives Italian Tomato Working Group 57

Box 16: The Coalition of Immokalee Workers (CIW) in the US tomato sector 57

Box 17: Social business models 58

Box 18: Attribution of adverse impacts 59

# EXECUTIVE SUMMARY

## Background, objectives and methodology

S-Group is a Finnish network of companies operating in the retail and service sectors. It has more than 1,600 outlets in Finland, in the supermarket trade and various other sectors. It is comprised of twenty regional independent cooperatives and seven local cooperatives and SOK Corporation, which provides procurement and other services to the group.

This focused Human Rights Impact Assessment (HRIA) of SOK Corporation's Italian processed tomato supply chains is a pilot for the company's new approach to assessing human rights impacts in high risk supply chains that goes 'beyond audits'. The objectives of the assessment were:

- To assess SOK Corporation's actual and potential human rights impacts at the production stage of the company's Italian processed tomato supply chains, to identify their root causes and on that basis to make recommendations to SOK Corporation for prioritized actions to address, mitigate and/or remediate identified impacts;
- To identify lessons that can inform the further development of SOK Corporation's new approach to conducting focused HRIAs of this nature.

The assessment took place over approximately six months between June and December 2018, and consisted of five phases of analysis in a methodology aligned with the UN Guiding Principle on Business and Human Rights (UNGPs):

- Context analysis;
- Mapping of human rights impacts;
- Root cause analysis, prioritization and recommendations;
- Validation;
- Report finalization and communication.

The main sources of data include:

- Semi-structured interviews conducted with approximately 50 stakeholders;
- Discussions with approximately 25 stakeholders in a one-day multi-stakeholder roundtable in Rome;
- Written responses to questions from four SOK Corporation suppliers;
- Documents shared by SOK Corporation, Coop Trading and selected suppliers; and
- Quantitative analysis of supply chain price trends.

## Context

In recent years there have been a range of reports in Italian[1] and international media outlets[2], by civil society organizations[3] and multi-stakeholder initiatives[4] of exploitative labour practices on farms, especially in the South of Italy, supplying the processed tomato industry. These reports have documented the practice of recruitment of workers, the vast majority of whom migrants, through illegal labour brokers called *caporale*, whose control extends to many aspects of workers' lives.

Reported conditions include low wages paid as piece rates rather than according to collective

wage agreements, excessive working hours, unsafe transport to and from work and informal accommodation housing thousands of workers without basic amenities including running water and electricity. The risk of human rights impacts such as these in SOK's Italian processed tomato value chain are explored in the assessment.

# Identified adverse human rights impacts in SOK Corporation's Italian processed tomato supply chains

Table 1 summarizes the major adverse human rights impacts identified and their assessment against key criteria outlined in the UNGPs.

**Table 1: Summary of identified adverse human rights impacts**

| | | | |
|---|---|---|---|
| **Forced labour**<br>The two suppliers investigated in depth for this assessment require suppliers to use formal contracts with 'regular' workers, a policy approach which reduces the risk of the most egregious practices associated with forced labour. However, even where workers are formally employed on mechanized farms, there is still a high risk that workers remain under the strong influence of *caporale* (for recruitment and/or transport, for example) and therefore there remains a risk of practices that would meet certain indicators of forced labour under the ILO operational definition, including 'influence of a person linked to the employer for non-work life'. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Moderate scale, major scope, remediable | Very likely | Contributes | Low - Medium |
| **Low wages**<br>Payment of wages as piece-rates significantly below the rate established in the collective agreement for the sector (seen by trade unions active in the sector as sufficient to support the basic needs of workers) is commonplace, with most earning approximately 4 euro/300kg box of tomatoes picked. Such wage levels are seemingly common irrespective of whether workers have formal contracts or not, are employed in mechanical or manual harvesting or have been recruited by *caporale* or not. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Large scale, moderate scope, remediable | Actual | Contributes | Moderate |
| **Excessive working hours**<br>Workers regularly exceed the working hours stipulated in the collective agreement for the sector. Many of those interviewed for this assessment reporting working up to 10 hours a day, often without breaks, and several reporting waking at 3.30 or 4.00am in order to travel to work. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Large scale, moderate scope, remediable for most | Actual | Contributes | Moderate |
| **Unsafe and unsanitary housing**<br>The vast majority of workers in the sector live in appalling informal settlements that lack basic amenities including running water and electricity. Several of those interviewed for this assessment reported no fixed accommodation whatsoever. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Large scale, moderate scope, remediable | Very likely | Contributes | Moderate |
| **Health and safety risks on farms and in transport to work** | | | |

| | | | |
|---|---|---|---|
| The majority of workers in the sector are transported to farms packed into over-crowded vans operated by *caporale*, which are regularly involved in accidents. In the period of this assessment, 16 tomato harvest workers were killed in two crashes in 48 hours with trucks transporting tomatoes in a region from which SOK Corporation suppliers source tomatoes.<br>There have been several cases of worker deaths on farms linked to excessive working hours in the heat of the Italian summer, including one worker in recent years on a farm supplying a supplier to SOK Corporation. No workers interviewed for this assessment reported being provided with safety equipment or free drinking water on farms. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Large scale, moderate scope, remediable for most | Actual | Contributes | Moderate |
| **Lack of access to justice**<br>There are no effective grievance mechanisms for workers provided either by SOK Corporation or their suppliers, while those provided by the state are very unlikely to be used. Only local trade unions offer any vehicle through which workers can raise grievances. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Large scale, moderate scope, remediable | Actual | Caused | High |
| **Restrictions to freedom of association**<br>Several trade unions are active in the sector. No evidence was found of efforts to restrict the ability of workers to join trade unions, although collective bargaining agreements on wages are clearly not respected (see above). | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Medium scale, moderate scope, remediable | Likely | Linked | Low-medium |
| **Gender discrimination and sexual harassment**<br>Sexual harassment and gender discrimination in wage levels are reported in the Italian agriculture sector. Although only men were identified for interview for this assessment, at least some women are employed in tomato production in SOK Corporation's supply chains, who likely face a range of risks to their rights. | | | |
| ***Severity*** | ***Actual / potential*** | ***Attribution*** | ***Leverage*** |
| Low scale, moderate scope, remediable | Likely | Linked | Low |

# Root cause analysis

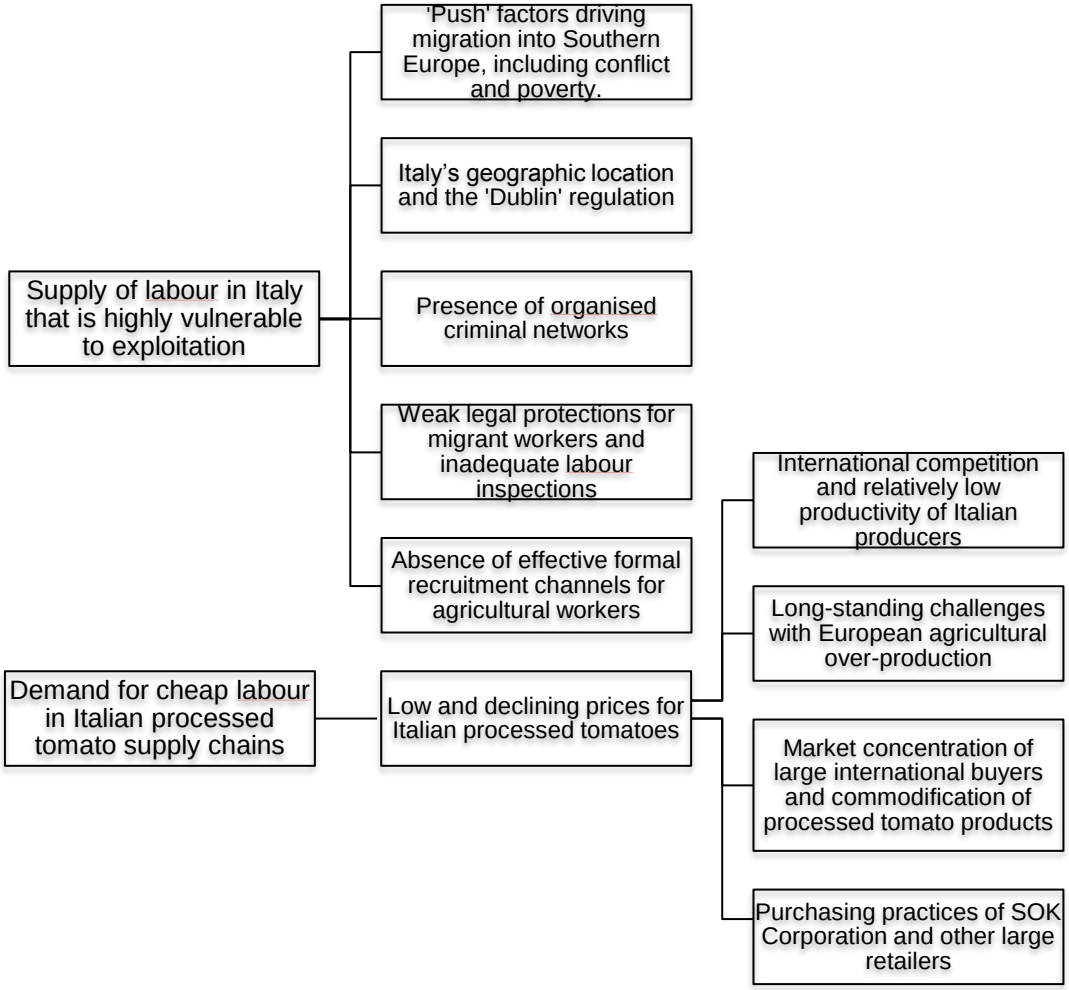
The assessment makes use of a political economy approach to assess root causes of these identified impacts. This analyses the exercise of power within underlying social and political structures, examining the 'rules of the game' rather than the actions of any individual player.[5] The framework adopted has been developed by Oxfam to identify root causes of labour exploitation in global food value chains, which distinguishes structural drivers of the problem in two categories:

- The supply of labour that is acutely vulnerable to exploitation in sourcing countries - often reflective of the suppression and/or decline of the relative bargaining power of workers and/or small-scale food producers; and
- The creation downstream in global value chains of demand for cheap labour in sourcing countries - often reflective of the increasing market concentration and

resulting buying power of food retailers and other buyers in global food value chains.

A summary of the root causes identified in the assessment according to this framework is shown in Figure 1.

**Figure 1 Root causes of adverse human rights impacts in SOK Corporation's Italian processed tomato supply chains**




Source: Oxfam

# Recommendations

Table 2 provides a summary of the major recommendations for SOK Corporation, related both to actions that can be taken with regard to its own policies and practices, and actions that it can take with regard to influencing others – including the Italian state as the primary duty-bearer in this instance – to change policies and/or practices to mitigate the risks of adverse impacts.

In view of SOK Corporation's relatively limited leverage with regard to several of the identified impacts, the company should seek to pursue many of these actions with others, including the Ethical Trading Initiative (ETI) working group on Italian tomatoes, amfori BSCI and Eurocoop. Top priorities, highlighted in red, should be pursued within six months, medium priorities in orange within a year and lower priorities in yellow within 18 months.

**Table 2 Summary of the major recommendations for SOK corporation**

| Impact and prioritization | | Recommendations |
|---|---|---|
| | *Low wages, excessive working hours, health and safety on farms, unsafe and unsanitary housing and unsafe road transport* | Bring **buying and sustainability functions closer** together in SOK and Coop Trading, so that:<br>• **buyers receive training** to understand the impact of their purchasing practices on their suppliers' ability to respect labour rights in their operations and supply chains;<br>• **buyers are given more explicit responsibility to undertake due diligence** with regard to prices quoted by suppliers, and empowered to propose to their managers changes to practices that may increase the risk of labour rights abuses;<br>• **buyers cease to use benchmark prices to guide negotiations with suppliers that bear no relation to the costs of ethical production in Italy** (e.g. prices from suppliers that have not been subject to adequate human rights due diligence, or prices from competitors in other countries). |
| | | Respond to the voluntary agreement initiated by the Italian ministry of agriculture by agreeing to **end the use of e-auction-type purchasing practices in Coop Trading**. |
| | | Support the **establishment of price premiums** for private label products to benefit workers' rights on farms in SOK's supply chains. |
| | | Work with others to **advocate towards the Italian processing industry association ANICAV** to ensure that price negotiations with Italian tomato producers reflect the full costs of ethical tomato production, and to report annually on how they have done so. |
| | | Set a **time-bound requirement for suppliers of Italian processed tomatoes to progressively increase the share of farms from which they source that are members of the Network on Quality Agricultural Labour towards 100%**, and to publish the list of farms from which they source which are registered to this network. Progressively expand this requirement to all suppliers of Italian agricultural products. |
| | | **Revise the SOK Corporation and Coop Trading codes of conduct to include reference to the standard of workers' housing** even where not provided directly by employers of workers. |
| | *Cross-cutting* | **Strengthen the SOK Corporation due diligence approach** by:<br>**establishing Italy as a *'high risk'* country** with regard to agricultural production, and exploring indicators for assessing whether other countries not in the BSCI *'high risk'* category should be;<br>**seeking to work with trade unions and local civil society organizations active in the Italian agriculture sector** to improve audit processes, particularly in relation to the monitoring of working hours and creation of grievance mechanisms. |
| | | Join or establish a close working relationship with the ETI working group on Italian tomatoes, and encourage other like-minded Nordic companies to do the same. |
| | | Signal public support for the work of trade unions active in the Italian agricultural sector, including promoting pilot projects at local level to enhance workers' rights and improve recruitment, transport and housing conditions, and/or to undertake joint advocacy at EU level. |
| | | Require all suppliers over a certain size to make a public commitment to the UNGPs - including the establishment of effective due diligence processes, grievance mechanisms and regular and robust reporting of implementation efforts (e.g. through an annual sustainability report.) |

| | | |
|---|---|---|
| | | Consult internally and with stakeholders on a time-bound, comprehensive action plan to address the findings and recommendations of this assessment, including regular reporting of progress with regard to implementation and consideration of future updates to the assessment. |
| | *Multiple dependency on* caporale | Support the establishment of alternative recruitment models among SOK Corporation suppliers. |
| | | Work with others to advocate towards the government of Italy for the full implementation of Law 199/2016 - in particular with regard to Article 8 on the Network on Quality Agricultural Labour - and to improve formal recruitment channels in the sector. |
| | *Lack of access to justice* | Support the establishment of effective grievance mechanisms for agricultural workers in SOK Corporation's supply chains. |
| | *Cross-cutting* | Establish a mechanism that allows all SOK Corporation suppliers in this (and other) supply chains to report transparently on their experiences of working with SOK Corporation, and report annually on steps taken as a result. |
| | | Publish a single, annually updated list of all suppliers of processed tomato products, including the names and locations of the farms from which they source, and details concerning their workforce (number and gender split of seasonal and permanent workers, and presence of a trade union). |
| | | Strengthen public advocacy for legislation in Finland establishing requirements for corporate human rights due diligence processes, and for the establishment of a similar EU regulation. |
| | | Advocate towards the EU to establish regular and safe entry channels for migrant workers, in order to guarantee the full respect of rights and the dignity of migrant workers. |
| | *Lack of access to medical facilities* | Work with others to advocate towards the government of Italy on the need to tackle barriers to migrant workers making use of medical facilities, even where they may be entitled to them (E.g. ensuring that services are located in places that are easily reachable by workers; or developing training of doctors and health professionals on health and migration). |
| | *Women's rights impacts* | Commission a gender assessment of SOK's supply chains to ascertain the proportion of women workers on farms from which SOK's suppliers source, and any instances of discrimination that they may face. |
| | | Endorse the UN Women's Empowerment Principles[6] and consider the development of a gender policy to apply to sourcing in this and other supply chains. |
| | *Cross-cutting* | Educate consumers about the cost of ethical production in processed tomatoes (and other products). |

# Next steps

SOK Corporation have committed to communicate about this assessment report to its stakeholders, to publish an action plan in response to the assessment's findings and recommendations, and to publicly communicate subsequent actions taken. Further details in this regard are included in the company's Concluding Remarks at the end of the full assessment report.

# INTRODUCTION

## Background and objectives

The corporate responsibility to respect human rights, one of three pillars comprising the UN Guiding Principles on Business and Human Rights (UNGPs), means that companies should avoid infringing on the rights of others and address harmful human rights impacts with which they are involved.[7]The responsibility relates to all internationally recognized human rights.[8]

To meet this responsibility, companies should have in place:[9]

- A policy commitment to respect human rights;
- A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;[10]
- Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

This Human Rights Impact Assessment (HRIA) of the Italian processed tomato supply chains of SOK Corporation - the procurement service provider for S-Group, a Finnish cooperative which among other interests owns the country's largest supermarket chains[11] - has been commissioned as a part of the company's efforts with regard to human rights due diligence. It is undertaken as a pilot assessment of a new company approach, which aims to assess actual and potential human rights impacts in prioritized supply chains.

The aim of this new approach is to allow the company to go 'beyond audits' – the industry-standard tool for assessing compliance with a company's supplier code of conduct. However, in view of the very wide range of supply chains – spanning tens of thousands of products, a great many of which sourced from countries and/or sectors which can be considered at high risk of negative human rights impacts – SOK Corporation's new approach is designed to produce impact assessments which are of a focused nature, such that their number can be scaled-up over time.

In this instance, the assessment has been focused in three primary ways, in terms of:

- The duration of the project (spanning approximately six months, from 8 June to 19 December 2018);
- The limitation of the scope to human rights impacts among agricultural workers at the production stage of the supply chain only;
- The provision of recommendations as they relate to SOK Corporation's responsibility to respect human rights, although this includes the company's actions with regards to other duty-bearers, in particular the state.

The objectives of the assessment are therefore two-fold:

- To assess SOK Corporation's actual and potential human rights impacts at the production stage of the company's Italian processed tomato supply chains, to identify their root causes and on that basis to make recommendations to SOK Corporation for prioritized actions to address, mitigate and/or remediate identified impacts;
- To identify lessons that can inform the further development of SOK Corporation's new approach to conducting focused HRIAs of this nature.

# Methodology

The methodology is aligned with the UNGPs and informed by the OECD Due Diligence Guidance for Responsible Business Conduct.[12] In its analysis of root causes of human rights impacts and many of the recommendations that ensue, it also draws on the field of international political economy and notably that of Global Value Chain Analysis.[13] The principal steps in the assessment process are outlined in Table 1.

**Table 3 Phases and principal steps in the assessment process**

| Phase and objectives | Steps taken | Period |
|---|---|---|
| *Context analysis*<br>• Build understanding of the nature of the SOK supply chains;<br>• Assess the approach to human rights in theory in Italy and in SOK Corporation. | Literature review completed in English and Italian. | June - July 2018 |
| | Semi-structured interviews conducted with stakeholders in SOK Corporation. | |
| | Review of relevant SOK Corporation documents undertaken. | |
| *Mapping of human rights impacts*<br>• Identify actual and potential human rights impacts in SOK Corporation's Italian processed tomato supply chains in practice. | Semi-structured interviews conducted with stakeholders outside of SOK Corporation. | July - October 2018 |
| | Semi-structured interviews conducted with selected SOK Corporation suppliers. | |
| | Semi-structured interviews conducted with workers in the Italian tomato production sector in off-work locations in Foggia, Southern Italy and observations in an informal workers' accommodation. | |
| | Multi-stakeholder roundtable discussion held in Rome. | |
| | Additional questionnaires sent to selected SOK Corporation suppliers and review of relevant SOK Corporation suppliers' documents. | |
| *Root cause analysis, prioritization and recommendations*<br>• Identify root causes of human rights impacts in SOK Corporation's supply chains according to an analytical framework;<br>• Prioritize human rights impacts for SOK Corporation to address to guide the company's use of resources;<br>• Develop prioritized recommendations to SOK Corporation to address the root causes of human rights impacts. | Quantitative analysis conducted with regard to SOK Corporation's supply chain pricing structures and trends. | October 2018 |
| | Prioritization exercise conducted on basis of severity, likelihood, attribution and leverage. | |
| | Initial recommendations drafted. | |
| *Validation*<br>• Test and improve analysis, conclusions and recommendations. | Semi-structured interviews conducted with stakeholders in SOK Corporation. | October - November 2018 |
| | Written responses sought from trade unions and civil society stakeholders in Italy and semi-structured interviews with stakeholders | |

| | | |
|---|---|---|
| | in Finland. | |
| | Opportunity to comment offered to selected SOK Corporation's suppliers on relevant excerpts of the draft assessment. | |
| | Review of first draft assessment by stakeholders in Oxfam. | |
| | Review of first draft assessment by SOK Corporation. | |
| *Report finalization and communication*<br>• Provide an opportunity for SOK Corporation to outline an initial response to the assessment findings, and to communicate initial lessons from the pilot assessment;<br>• Provide an opportunity for Oxfam to respond to SOK Corporation's immediate response to the assessment, and to communicate initial lessons from the pilot assessment;<br>• Ensure the assessment is made publicly available and initial communications undertaken. | Second draft of report submitted to SOK Corporation. | December - January 2018 |
| | SOK Corporation concluding remarks drafted. | |
| | Oxfam concluding remarks drafted. | |
| | Oxfam publication of assessment including both sets of concluding remarks. | |
| | SOK Corporation stakeholder engagement event held to present assessment. | |

The number and range of stakeholders interviewed during the course of the assessment is indicated in Figure 2, and the number who participated during the one-day multi-stakeholder roundtable in Rome, excluding participants from Oxfam, is indicated in Figure 3.

**Figure 2: The number of stakeholders interviewed during the assessment**

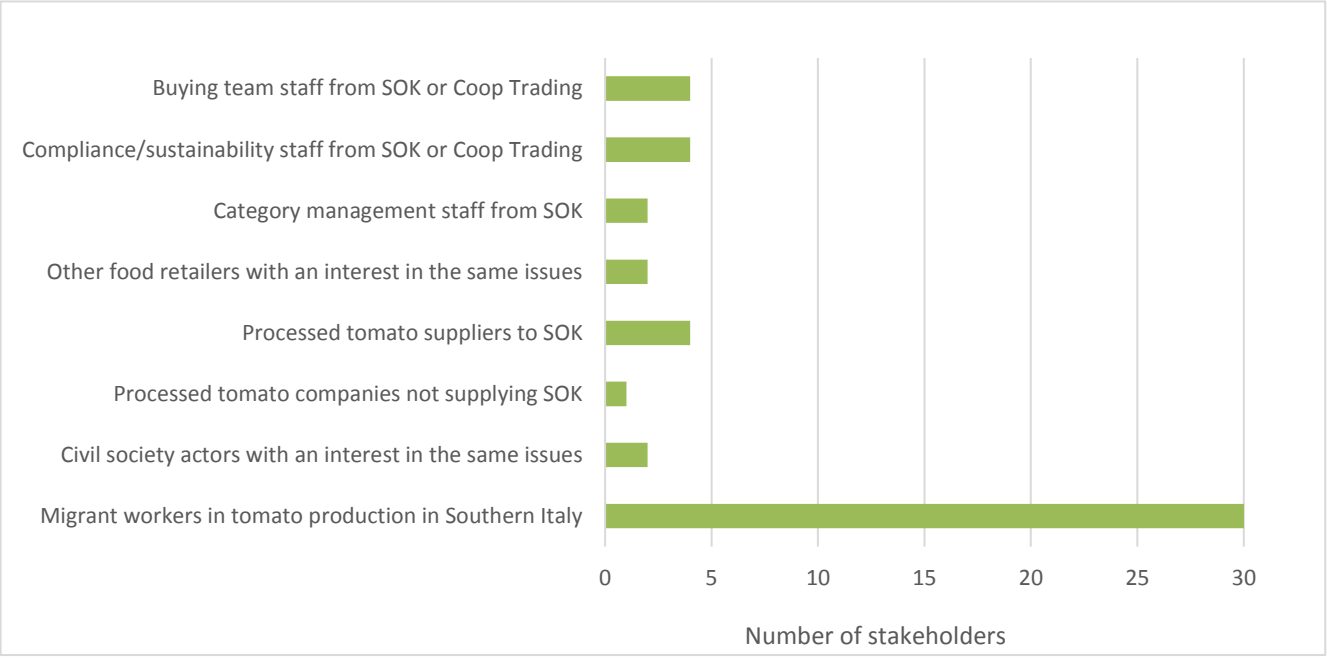


**Figure 3: Stakeholders who participated in the multi-stakeholder roundtable**




# Limitations

In light of the political context in Italy during the period of the assessment, one limitation to the assessment method has been the lack of access to representatives of the government of Italy. Representatives were invited to - and had initially accepted to attend - the multi-stakeholder roundtable, but unfortunately did not attend on the day. Subsequent efforts to arrange interviews have been unsuccessful.

Due to the relatively limited duration of the project, the complexity of the supply chains in question in terms of the numbers and variability year-to-year of SOK Corporation's suppliers and to the available budget, it was not possible to conduct interviews and assess documentation from all of SOK Corporation's current suppliers (let alone all of its previous suppliers in recent years).

As a result, the assessment focuses in particular on two of SOK Corporation's current principal suppliers - one of which for private label, and one for branded products. These suppliers were selected on the basis that they both:

- Source tomatoes from farms in the South of Italy, where risks of negative human rights impacts are highest;
- Are among the longest-standing SOK suppliers in the assortment; and
- Sell some of the most significant products to SOK in the assortment in terms of retail sales and volumes.

This choice of focus does mean however that further, more severe and/or different impacts may have occurred or be likely elsewhere in SOK Corporation's supply chains, that are not fully accounted for in this assessment.

A further limitation relates to the challenges in meaningfully engaging rights-holders working in tomato production in SOK Corporation's supply chains. High levels of trust are required in

order to engage workers in the sector, particularly those without legal status in the country, who are likely to be among the most vulnerable of all workers to negative human rights impacts. The current political context in Italy has only heightened the anxiety of such workers to be interviewed.

As such, the only viable means of engaging relevant rights-holders for this assessment was not on individual farms, but at non-work locations, and facilitated by local trade unions and a mediator from the International Organization for Migration (IOM). Several such locations were identified in the province of Foggia, Southern Italy – a region in which several SOK Corporation suppliers source tomatoes – including informal accommodation facilities, the local offices of a trade union and in the central streets of Foggia.

Conducting interviews in such locations had the advantage that workers could speak more confidently without fear of reprisals, but meant that it was not possible to identify for interview only workers from farms from which SOK Corporation's suppliers source tomatoes. While some of the interviewed workers had formal contracts with farmers, most did not have access to them at the time of interview, and nearly all reported not knowing which farms they were working on now or which they had worked on in the past. Most workers noted however that conditions are very similar on all farms at which they had worked in the region.

These challenges in accessing workers in the sector in general, and in SOK Corporation's supply chains in particular, meant both that the total number of rights-holders engaged was lower than would be ideal, and that the length of each interview was necessarily brief (and conducted through translators). It was also a limitation that the only workers identified for interview were all men, with no women workers in the tomato sector visible in the informal workers' accommodation or other locations at the time of the interviews. This means that the assessment may have missed differentiated impacts on women's human rights, although some efforts have still been made in the assessment to assess the specific risks to women's rights.

In other contexts, Oxfam has helped to develop and promote a community-based human rights impact assessment approach, based on deep engagement with a substantially higher number of rights-holders with a particular focus on and approach to interviewing women workers, and Oxfam encourages the use of such an approach wherever viable.[14] All interviewed workers gave their consent for participating in the assessment process and for their anonymized answers to be used in this report, in line with the principles of stakeholder engagement included in Annex 5.

However, while there is no guarantee that any of the interviewed workers have been or are currently employed on a farm from which SOK Corporation's suppliers source tomatoes, the extent to which they reported very common experiences – and especially where those experiences have been further confirmed in the literature review or in interviews with other stakeholders – means that we can be confident that many the human rights issues raised in these interviews are a reasonable basis for drawing conclusions about the nature of potential human rights impacts in SOK supply chains.

A further limitation relates to the lack of access to any gangmasters, or so-called *'caporale',* who act as key intermediaries in the recruitment of migrant workers in the agricultural sector and providers of transport and basic services, particularly in the South of Italy. These actors are widely recognized to operate as part of criminal networks, meaning that it was not possible to organize any stakeholder interviews. This limits the extent to which effective recommendations can be developed with regard to reforming the recruitment practices in the sector, as any reform would likely need to take due account of their roles and interests in

order to be effective.

It is also notable that a number of other key stakeholders – including representatives of tomato producers and international organizations (such as the International Organization for Migration) – were engaged through participation in the one-day roundtable discussion. While this approach has allowed meaningful contributions to the assessment from such stakeholders, naturally one-on-one interviews would have produced more detailed information.

A final limitation relates to the absence of root cause analysis related to trends in the share of added value captured by different actors in the supply chains in question. An analysis was conducted as part of the assessment process as foreseen in the methodology, but is not included in the final assessment report due to a disagreement between the research team and SOK Corporation about its quality and relevance. This would be an important area for further research.

# 1. COUNTRY AND INDUSTRY CONTEXT

## 1.1 The Italian processed tomato value chain

*Italy is the world's biggest exporter of processed tomatoes, accounting for around 40% of world exports*

Italy is the world's biggest exporter of processed tomatoes, accounting for around 40% of world exports with a value of over 1.5bn euros in 2017 - significantly ahead of the second and third biggest exporters China and Spain, accounting for around 15% and 9% of world exports respectively.[15]

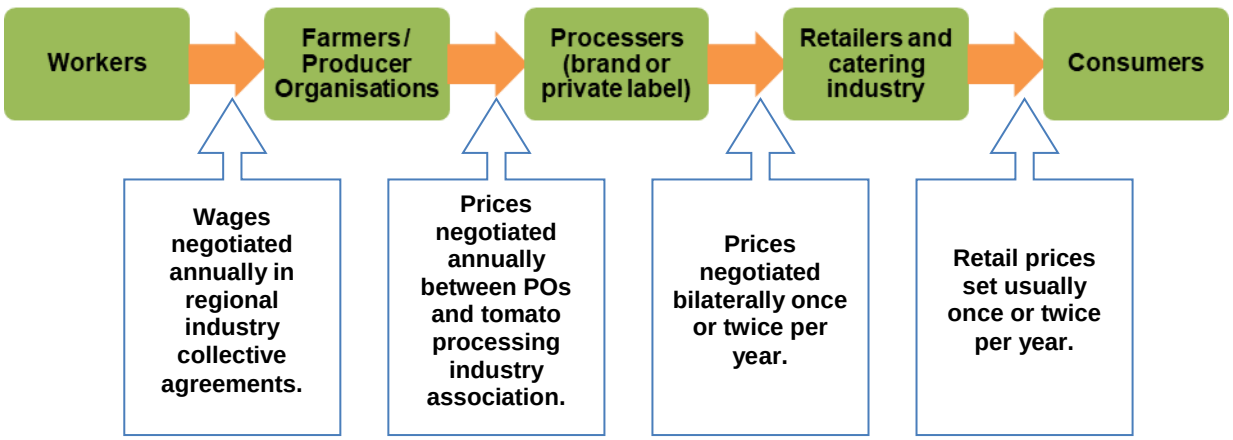
Italy's tomatoes are grown all year round – mainly in the central southern provinces of Foggia, Caserta and Potenza, and the northern districts of Parma, Ferrara and Piacenza - but the majority of the processing takes place between July and December.[16]Tomatoes from the North are less delicate and grown mainly for paste, with nearly all harvesting mechanized. The production of canned and jarred tomatoes is concentrated in the South, especially in the Puglia region around Foggia,[17] where use of mechanical harvesting is now growing, but harvesting using manual labour continues on some farms. In total, the NGO Terra! estimated in 2017 that around 85% of harvesting in the sector is mechanized and 15% reliant on manual labour.[18]

*In Europe – the biggest destination of Italian processed tomatoes – the market share of the five biggest food retailers in each market ranges from 34% in Greece to 94% in Finland*

The main actors in a typical processed tomato export value chain are indicated in Figure 4, which is characterized by significant concentration at the retail stage and fragmentation at the tomato production stage. Downstream, the food retail sector is highly concentrated in the major importing countries of Italian processed tomatoes. For example, in Europe – the biggest destination of Italian processed tomatoes – the market share of the five biggest food retailers in each market ranges from 34% in Greece to 94% in Finland.[19]

Upstream, the market is more fragmented, with approximately 100 processors in Italy – although of these five firms are reported to control 80% of the market in a trend of increasing concentration[20] – sourcing from producer organizations made up of many thousands of individual farmers.[21]In spite of the trend of growing mechanization in harvesting, it is estimated that many thousands of primarily migrant workers are employed at the production stage.[22]

**Figure 4 Main actors and price-setting mechanisms in the Italian processed tomato value chain**

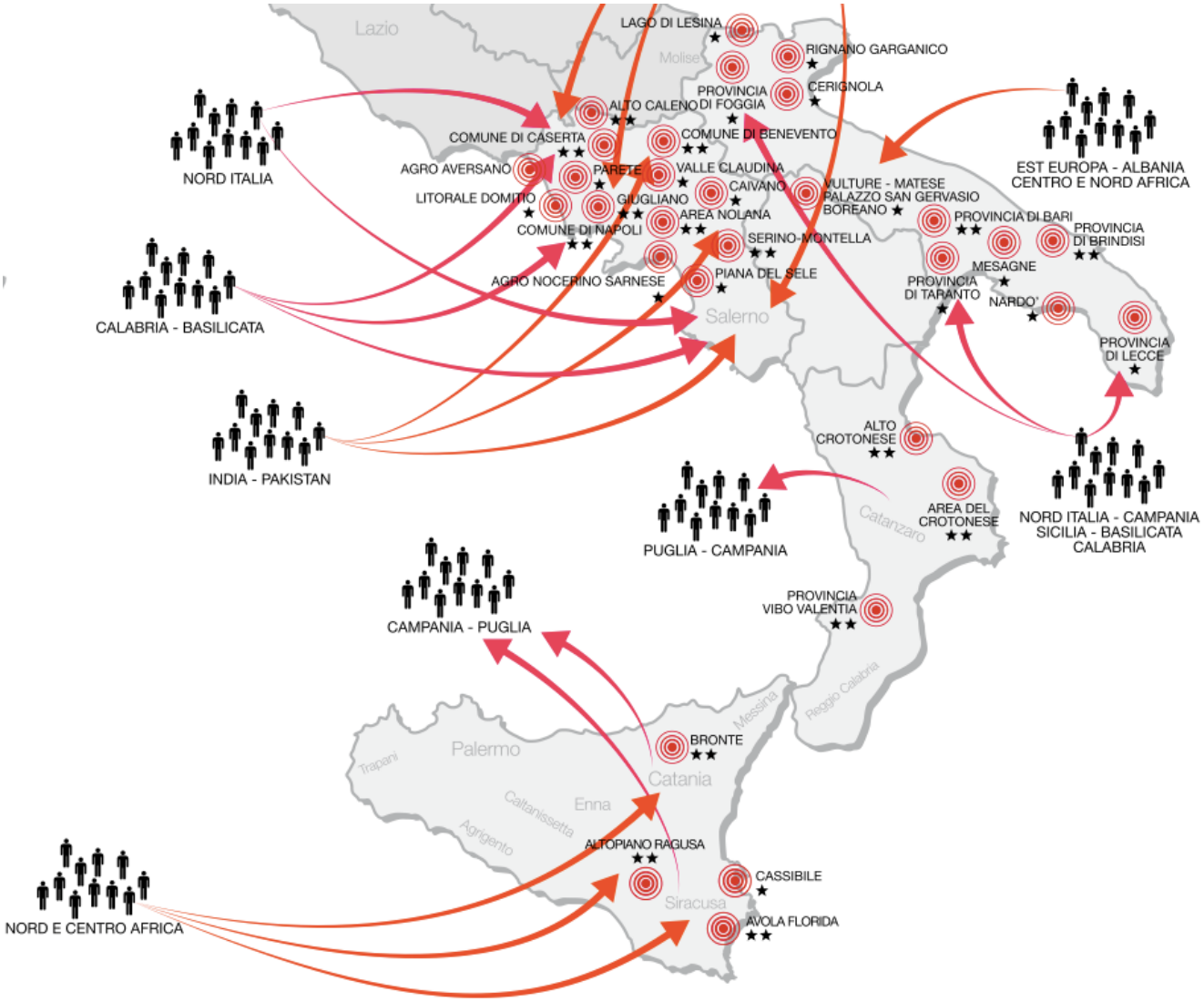


As indicated in Figure 4, there are a series of price-setting mechanisms along the chain. Retail prices are set by individual retailers usually once or twice per year, while the prices they pay to tomato processors are negotiated bilaterally (or between buying groups representing several retailers and individual processors) once or twice per year.[23]The price of tomatoes for the processing industry is negotiated annually ahead of the harvest season between producer organizations and the tomato processing industry association, ANICAV.[24]

*Out of the approximately 400,000 migrant agricultural workers in Italy, around 16% have an informal employment relationship and 38% earn wages below rates set in the collective bargaining agreements*

Worker wages are, in principle, negotiated annually in regional industry collective agreements, although there is significant evidence of these not being respected. The Italian agriculture sector is heavily reliant on migrant and often 'informal' and 'grey' labour. The CGIL-FLAI trade union estimates that out of the approximately 400,000 migrant agricultural workers in Italy, around 16% have an informal employment relationship and 38% earn wages below rates set in the collective bargaining agreements. The presence of illegal labour brokers called *caporale,* whose control can extend to many aspects of workers' lives, is widespread.[25]Figure 5 shows some of the main flows of labour in the summer in southern Italy, and areas where there is a high risk of labour exploitation.

**Figure 5 Major agricultural labour flows in southern Italy in summer**




Note: Areas where there is a high risk of labour exploitation are shown with red circles.
Source: CGIL-FLAI

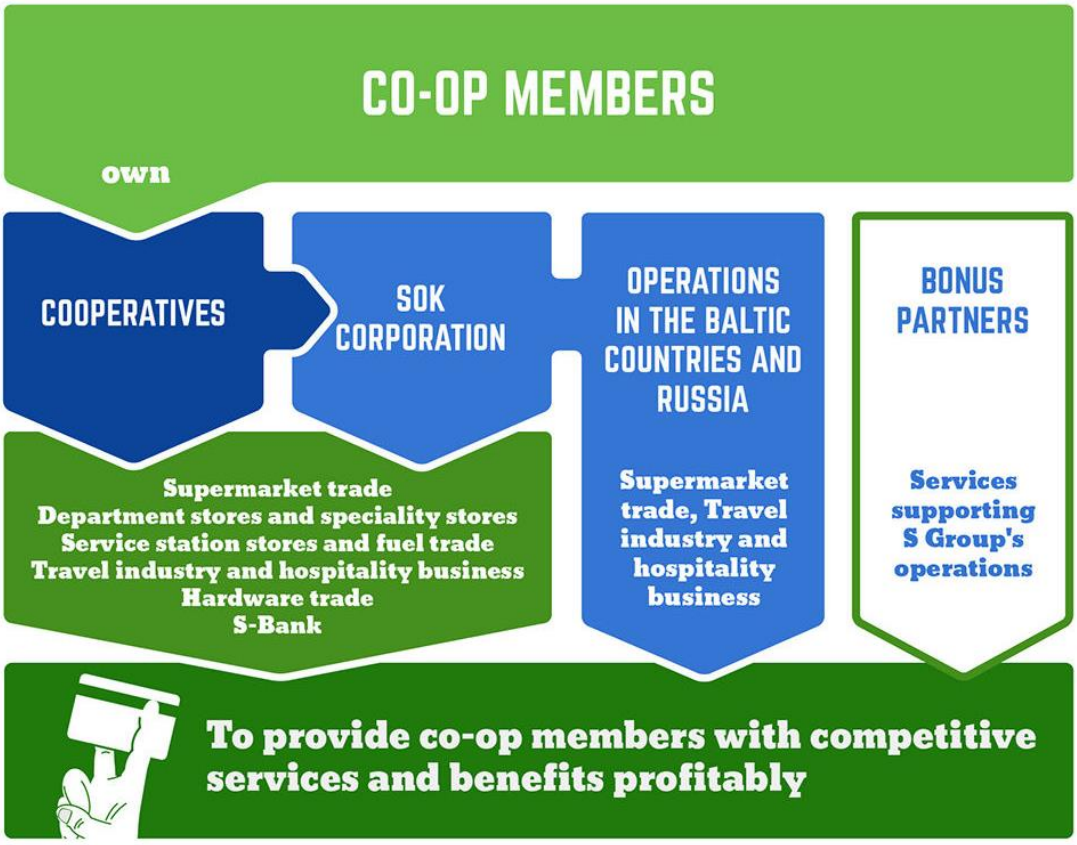
In recent years there have been a range of reports in Italian[26] and international media outlets[27] and by trade unions,[28] civil society organizations[29] and multi-stakeholder initiatives[30] of exploitative labour practices on farms, especially in the South, supplying the processed tomato industry.

Reported conditions have included low wages paid as piece rates rather than according to collective wage agreements, excessive working hours, unsafe transport to and from work and informal accommodation housing thousands of workers without basic amenities including running water and electricity. The risk of human rights impacts such as these in SOK Corporation's Italian processed tomato supply chains are explored in the rest of this assessment.

## 1.2 SOK Corporation's Italian processed tomato supply chains

S-Group is a Finnish network of companies operating in the retail and service sectors. It has more than 1,600 outlets in Finland, spanning the supermarket trade, department store trade, specialty store trade, service station store trade, fuel sales, the travel industry and hospitality business and the hardware trade. S-Group comprises 20 regional independent cooperatives and seven local cooperatives – whose owners are also their customers – and SOK Corporation, along with its subsidiaries (see Figure 6).

**Figure 6: S-Group's business model and purpose of operations**




Source: S-Group

SOK Corporation, which is owned by the cooperatives, 'operates as the central company for the cooperatives and provides them with procurement, expert and support services... [and is] also responsible for the strategic guidance of S-Group and the development of the various chains'.[31]

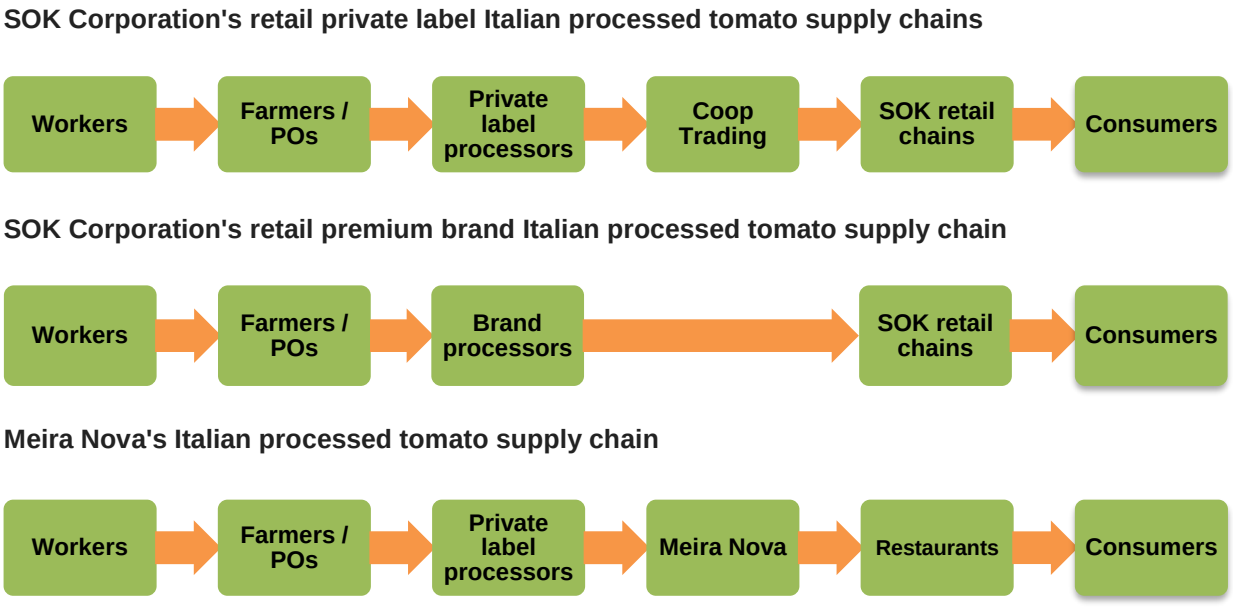
SOK Corporation sources Italian processed tomatoes through three channels:

- Private label products sourced from outside Finland for sale in S-Group's supermarket stores are sourced through Coop Trading – the inter-Nordic procurement company for the Coop retailers in Denmark, Finland, Norway and Sweden;[32]
- Premium brand products for sale in S-Group's supermarket stores are sourced through SOK Corporation's own procurement team;
- Products for wholesaling to the food service industry are sourced through the procurement team of Meira Nova, a subsidiary of SOK Corporation.[33]

*S-Group supermarket stores account for approximately 45% of the market in Finland, and Coop Trading for approximately 33% of the Nordic market*

The main actors in these supply chains are depicted in Figure 7. In line with the general trends identified above, there is significant market concentration downstream in these chains, with S-Group supermarket stores accounting for a market share of approximately 45% in Finland,[34] and Coop Trading representing a market share of approximately 33% across the Nordics.[35]

**Figure 7: Main actors in the SOK Corporation's Italian processed tomato supply chains**




A variety of processed tomato products are sourced through these chains, from a range of suppliers in Italy, which in turn source from farms in a variety of regions in Italy. The 2018 list of suppliers of different product types and their respective sourcing regions are indicated in Table 2.[36] The total annual volume of processed tomatoes purchased through all three channels amounts to approximately 5,000-5,500 tons - approximately 65-75% of which for the private label products - with a total value of approximately 5-5.5m euros, approximately 55-65% of which for the private label products.

**Table 4 SOK Corporation's suppliers of Italian processed tomato products in 2018**

| Supplier | Products | Sourcing region | Approximate volume and value of purchases/ year |
|---|---|---|---|
| *SOK retail private label* | | | |
| Casalasco | Passata | Lombardia, Emilia Romagna, Piemonte, Veneto | |
| De Clemente Conserve S.p.A | Chopped tomatoes | No information[37] | |
| Italian Food S.p.A. | Passata, chopped organic tomatoes | Tuscany | |
| La Doria | Chopped tomatoes (various kinds) | Puglia, Campania, Basilicata, Lazio | |
| Rispoli | Whole peeled tomatoes organic | Puglia | 5.000 – 5,500 tons<br><br>and<br><br>5 - 5.5m euros |
| *SOK retail branded* | | | |
| Mutti | Chopped tomatoes, whole peeled tomatoes, passata, puree, pizza sauce, pasta sauce | Emilia Romagna, Puglia | |
| *Meira Nova* | | | |
| AttianeseS.p.A. | Puree | No information38 | |
| Steriltom S.R.L | Chopped tomatoes | Emilia Romagna | |
| Mutti | See above | Emilia Romagna, Puglia | |

Source: SOK-Corporation

While the premium brand supplier, Mutti, has been a consistent supplier for at least the last five years, there have been changes in the private label suppliers during this period. This assessment focuses in particular on Mutti and La Doria, both of which:

- Source tomatoes from farms in the South of Italy, where risks of negative human rights impacts are highest;
- Are among the longest-standing SOK suppliers in the assortment; and
- Sell some of the most significant products to SOK in terms of retail sales and volumes within this category of products.

It is important to note, however, that further actual and potential human rights impacts may occur among other current SOK Corporation suppliers, one of which – Rispoli – also sources from the Puglia region, for example, or may have occurred among previous suppliers that were not considered in this assessment (see also 'Methodology limitations' above).

# 2. HUMAN RIGHTS IN SOK CORPORATION'S ITALIAN PROCESSED TOMATO SUPPLY CHAINS IN THEORY

This part of the assessment is concerned with the obligations of the Italian state and with the commitments made by SOK Corporation and some of its key suppliers with regards to human rights. Assessing these 'in theory' obligations and commitments is an important precursor to evaluating the extent to which human rights are impacted 'in practice' and to evaluating the extent of SOK's leverage to address actual or potential harms that the company may cause, contribute or be directly linked to.

## 2.1 Human rights in Italy in theory

A detailed overview of the most relevant elements of the human rights legal framework in Italy is included in Annex 1, with key elements discussed below.

Italy is an EU and OECD member country, that has ratified the major labour rights conventions and passed laws to protect workers' rights on, for example, forced labour, wages, working hours, rest days and breaks, health and safety and freedom of association.[39]Notably for this assessment, however, it has taken no action on the UN's International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families of 2003, which guarantees for migrant workers the same human rights as citizens of the countries they have migrated to.

In recent years, it has nonetheless developed legislation intended to eliminate exploitation of migrant and domestic labour. In particular, the so-called Rosarno law of 2012 outlaws the *caporalato* system that seeks to benefit from exploiting the high demand for seasonal agricultural labour – including tomato pickers – and the large supply of vulnerable migrant workers, many of whom are 'irregular', i.e. without legal status in Italy.

In October 2016, Italy took a further crucial step by approving Law 199/2016 against labour exploitation and *caporalato*,[40] which introduces innovative measures including sanctions on employers, land requisition, enhanced protection for victims, organized labour inspections and an integrated approach to punishing and ending labour exploitation. The law has substantially amended the Italian Penal Code and extended the responsibility of the employer who 'exploits workers by taking advantage of their situation of need or want'.[41] This means labour exploitation can be punished even in the absence of illicit brokering in recruiting workers.

The new law positively contributes to the identification of cases of worker exploitation and can act as an effective deterrent. However, considering the scale of the *caporalato* phenomenon, the law only partially addresses the problem. It is based on measures that can be applied only after a case occurs and has been verified, it requires huge inspection efforts and relies on the willingness of workers to denounce their exploiters. In the absence of well-functioning alternative recruitment systems, and given the vulnerability of workers (particularly as 'illegal entry and stay' options have been criminalised), such denunciations are rare.

Although the Italian constitution holds that '[W]orkers have the right to a liveable wage for himself and his/her family',[42]there is no statutory minimum wage. Most workers are covered by minimum wage agreements established through collective bargaining, including in the agricultural sector. The legal working week is 39 hours (6.5 hours/day) in the agriculture sector, and overtime – for which a premium should be paid – may not exceed two hours per day or 12 hours per week on average. Italian law sets basic health and safety standards and guidelines for compensation for on-the-job injuries.

According to Human Rights Watch, the government coalition formed after the general election in 2018 – that came to power after a campaign characterized by anti-immigration rhetoric – cooperated with Libya to prevent African migrants from travelling further, and placed restrictions on NGOs rescuing sea-borne asylum seekers.[43]The most notable recent development under the government coalition of relevance to this assessment was the adoption on 28November 2018 of a new Law on Immigration and Security,[44]which makes it harder for migrants to enter and work in Italy, and easier for authorities to expel them.

The new law imposes a number of restrictions ostensibly intended to protect against terrorism and organized crime (involved in people trafficking), including restrictions on provisions for temporary residence on humanitarian grounds for migrants not able to demonstrate they are fleeing persecution. Trade unions active in the agricultural sector have also warned that Law 199/2016 is at risk of being modified by the current government.[45]

## 2.2 Human rights in SOK Corporation in theory

This section is organized according to the elements required of companies to respect human rights as set out in Principle 15 and subsequent principles of the UNGPs.

**Policy commitment to human rights**

As a cooperative, S-Group's customers are effectively its owners. It therefore feels a particularly strong commitment to meeting their expectations. These include both low prices ('We lower the price of food because in our opinion, everyone should be able to afford to eat well') and high ethical standards, including in its international sourcing.[46]

*'We lower the price of food because in our opinion, everyone should be able to afford to eat well' S-Group Annual Report 2018*

As a result, the Group has made a clear commitment to 'respecting human rights in all our operations' and notes that: 'our mission is to ensure that human rights are respected and working conditions are decent in the manufacture of the products.'[47] The company also states as one of its principles of its code of conduct that 'We are committed to respecting all internationally recognised human rights. We promote them in our own operations and also expect our partners to do so.'[48]

*'We are committed to respecting all internationally recognised human rights. We promote them in our own operations and also expect our partners to do so.' S-Group Policies and Principles*

The company also acknowledges that its 'operations have impact on the human rights of customers, personnel and the employees and producer communities in supply chain… [including] potential direct or indirect impacts on the rights of the people and producer communities working in the supply chains of goods and services.'[49] The Group commits to applying the UN Guiding Principles Reporting Framework, aiming to meet requirements of the framework in full in 2019.

**Governance**

Responsibility for the development, guidance and reporting of S-Group's human rights commitments – as part of the S-Group 'Best Place to Live' corporate responsibility programme - lies with the 'SOK Responsibility Unit'. This is part of the 'SOK Field Division', which includes all of S-Group's business areas as well as purchasing and logistics

companies. The overall corporate responsibility strategy and key targets are approved by SOK's Board of Directors.[50]

**Due diligence**

In the context of its global supply chains, S-Group says it aims to 'prevent adverse impacts' through 'continuous risk assessment… monitor[ing] the production conditions and our suppliers' practices by regular visits and surveys, among other things'.[51]

Like many multi-national companies, SOK Corporation's primary due diligence approach to human rights in global supply chains is to require suppliers to sign up to its code of conduct, commission third party audits to check for compliance with the code, and demand corrective action plans if and when areas of non-compliance are identified. The company is an active member of amfori BSCI (Business Social Compliance Initiative, hereafter BSCI) that works by identifying 'high risk' production countries where its members can focus on joint efforts to raise the standard of working conditions in shared supply chains.[52]

*Like many multi-national companies, SOK Corporation's primary due diligence approach to human rights in global supply chains is to require suppliers to sign up to its code of conduct, commission third party audits to check for compliance with the code, and demand corrective action plans if and when areas of non-compliance are identified*

These standards are expressed in BSCI's key principles, which are the basis for SOK Corporation's code of conduct. These cover many of the standard labour rights issues, including Freedom of Association and Collective Bargaining; No Discrimination; Fair Remuneration; Decent Working Hours; Occupational Health and Safety; No Child Labour; No Precarious Employment; and No Bonded Labour. Additionally, it requires Protection of the Environment and Ethical Business Behaviour by both suppliers and their customers.[53] However, the Group will accept other third party audits such as SMETA (S-Group is a SEDEX member)[54] and Global GAP-GRASP.[55]

With regards to this assessment, it is notable that Italy is not considered a BSCI 'high risk' country, meaning that BSCI audits are not required.[56]As a result, Italian processed tomato suppliers to SOK Corporation do not appear to have been asked for audits, beyond SOK Corporation asking on at least one occasion to review the audits of farms, where they exist, from which certain SOK Corporation suppliers source tomatoes.[57]

With regard to private label products sourced via Coop Trading, a similar code of conduct is used, also based on the principles set out in the BSCI code.[58]Despite Italy not being considered a BSCI 'high risk' country, due to the reports of labour exploitation in the Italian processed tomato sector in recent years, Coop Trading has started to ask, though not yet to require, its Italian suppliers for social audits of their supply chains, and to encourage suppliers to achieve Global GAP-GRASP certification, a standard designed to address labour rights and other social conditions in agricultural production, backed by third party audits.[59]

The limitations of social audits to detect, let alone effectively to address, significant labour rights issues have been well documented,[60] and are further explored in the context of this assessment in Chapters 3, 4 and 5.It is notable that this human rights impact assessment is itself part of the Group's new approach to undertaking human rights due diligence, in part to address such short-comings.

The company notes other due diligence tools include separate traceability and sustainability surveys and supplier visits.[61] In their comments on the draft assessment, SOK Corporation stressed that these elements are 'an important part' of the company's due diligence approach, and noted that '[S]upplier surveys are a tool to assess suppliers' policies and practices to ensure that code of conduct requirements are followed and communicated further to the supply chain. The surveys also help us to prioritize [with] which suppliers we should discuss further about how human rights are addressed in their business.'[62]

**Grievance mechanisms**

SOK Corporation demonstrated the strength of its commitment to responding to human rights grievances through its defence of human rights activist, Andy Hall. In 2013, Hall was arrested by Thai authorities for writing a report for the NGO Finnwatch, on human rights abuses of migrant workers by Natural Fruit Company, a supplier to SOK Corporation among others. SOK Corporation tried to convince Natural Fruit Company to drop the case, and ceased trading with them when they refused to do so. The company also testified in Hall's support at his trial and raised funds to finance his defence.[63]

*SOK Corporation demonstrated the strength of its commitment to responding to human rights grievances through its defence of human rights activist, Andy Hall*

To date, however, the company has not established a grievance mechanism for workers in its global supply chains (apart from suppler audits asking whether the workplace has grievance mechanisms in place). In their comments on the draft assessment, the company noted that 'the need for [a] grievance mechanism has been recognized and we have started the preparations to set [one] up.'[64]During the assessment, SOK Corporation staff also raised the possibility of establishing a common grievance mechanism with other BSCI members.[65]

# 2.3 Human rights in SOK Corporation's suppliers in theory

Due to the constraints of time and budget, it was not possible to assess the human rights policies and practice of all SOK Corporation current and recent suppliers (see also 'Methodology limitations' above). Semi-structured interviews were held with three suppliers and written answers to questions provided by four suppliers (including two which were not interviewed). These five suppliers included two which source tomatoes exclusively from the North of Italy, two which source from the North and the South, and one which sources exclusively from the South, and included suppliers through all three of the sourcing channels identified in Section 1.2 above. In addition, several of these suppliers participated in the one-day roundtable discussion in Rome convened for this assessment.

Questions asked either during interviews or in writing concerned, *inter alia,* each company's:

- Production volumes and customers;
- Practices with regards to sourcing tomatoes (e.g. region and number of farms, harvesting methods, nature of relationship with farmers etc.);
- Experience of the purchasing process with SOK Corporation or Coop Trading;
- Knowledge about human rights risks in the sector and in their supply chain in particular, and views on their root causes.

However, as outlined in Section 1.2, this assessment is focused on the two most significant of SOK Corporation's current suppliers, both of whom source tomatoes from the South of Italy, widely considered the region at highest risk of labour exploitation, and both of whom have a long-standing relationship with SOK Corporation, supplying some of the most significant products in terms of value and volume in the company's processed tomatoes assortment:

- **La Doria** is one of SOK Corporation's most significant current private label product suppliers in the assortment. It is the largest producer of preserved vegetables, peeled and chopped tomatoes in Italy, with revenues of over 650m euros in 2017, 95% of which from sales of private label products and 58% of which from exports to Northern Europe.[66] It is ranked as the 24th largest tomato processing company in the world by daily capacity, and 5th largest in Italy, with annual production in 2017 of around 300,000 tons.[67]

*La Doria and Mutti are the 5th and 3rd largest tomato processing companies in Italy, respectively,with combined annual production of over 800,000 tons*

- **Mutti** is SOK Corporation's supplier of premium branded products in the assortment. It is a privately-owned company,[68] reported to be Italy's top-selling tomato brand,[69] with annual revenues reported to be around 260m euros in 2016, of which around 30% was from exports, and is reported to be 'enjoying consistent growth' in the Scandinavian region.[70] It is ranked as the 16th largest tomato processing company in the world by daily capacity, and the 3rd largest in Italy, with annual production in 2017 of around 550,000 tons.[71]

Both of these companies participated in semi-structured interviews, actively participated in the one-day roundtable discussion, provided written responses to further questions, and provided examples of key documents for review (including sample contracts with farmers, sample self-assessment questionnaires for farmers, sample self-declarations for farmers and sample audit findings of farms). Both were offered an opportunity to comment on the excerpts of the draft assessment report that made explicit mention of their company, with any comments made taken into account either in the body of the final assessment report or referenced in endnotes.

It is important to stress, that the choice of these two companies as the primary focus of this assessment in no way implies that they alone face the kinds of human rights risks identified in Chapter 3. In many respects these two companies offer examples of policies and practices that very likely go beyond those of many of their peers in the sector. Based on the information provided by the companies for this assessment and a review of publicly-available information from each company, the following assessment in relation to the elements required of companies to respect human rights as set out in Principle 15 and subsequent principles of the UNGPs.

**Policy commitment to human rights**

**La Doria** has made a public commitment in its 2017 sustainability report with regard to respecting human rights 'within its spheres of influence', which includes 'the inclusion of ethical standards in supplier agreements; ethical parameters such as integrity and the respect of human and labour rights in the selection of raw material suppliers; [and] channels to receive reports on violations of the Ethics Code principles; in particular for workers employed in the tomato fields, not directly employed by La DoriaSpA but by agricultural businesses'.[72]

The 2017 sustainability report also commits La Doria to 'prepare and formalize the human rights policy' in 2018, entailing an update to the company code of ethics 'in line with international human rights principles'.[73] At the time of conducting this part of the assessment, the code of ethics had not been updated.

The company also submitted a statement in 2016 under the UK Modern Slavery Act, which includes a commitment to 'avoiding any kind of involvement and showing any kind of tolerance to slavery and human trafficking connected with the company's products or commercial activities.'[74]

**Mutti** has made no public commitment to human rights in line with the UNGPs. The company's code of ethics is publicly available (although extremely difficult to find online), and contains just one reference to human rights in respect of the company's relations with suppliers, in which the company claims that *'*For the selection of suppliers we [...] use objective, unbiased and comparable qualification and assessment parameters that reward those partners commercial enterprises that carry out their activities in full respect of the recognized principles of protection of human rights, of workers and the environment.*'*[75]

The company has produced a 'position paper' to share with external stakeholders, which is

not otherwise publicly available, which includes a commitment to 'doing our best, not only to make sure that all our activities are conducted with the utmost responsibility and with full respect of human and workers' rights, but also to set up a proactive dialogue with the other actors – from our supply chain and the Institutions – to draw an action plan able to prevent any forms of labour exploitation from taking place.'[76]

In Mutti's response to the company's opportunity to comment on this section of the draft assessment report, the company noted that: 'We take note about your comments about our Code of Ethics, considering them as areas for improvement' and noted that 'at the base of the Mutti culture there is the essential principle that all laws and all fundamental rights must be respected. We thought that this was clear enough, but it is not. So, given the relevance that this [sic] statements has [sic] for our Customers, we have already plan in 2019 to work to a revision of the Company's Code of Ethics, aimed to make as clear as possible our commitment and support to the protection of human dignity, as well as our absolute and unconditional respect of human rights. Further to this, we will also add amore explicit reference in our commitment to combat any form of labour exploitation.'[77]

*'We... plan in 2019 to work to a revision of the Company's Code of Ethics, aimed to make as clear as possible our commitment and support to the protection of human dignity, as well as our absolute and unconditional respect of human rights. Further to this, we will also add amore explicit reference in our commitment to combat any form of labour exploitation' Mutti response to the opportunity to comment on the draft assessment report*

With regards to the 'position paper', the company noted that: 'It is true that our position paper was not published on the website, but it was sent to any Mutti's Customer, to all producer organizations who collaborate with us, and to the sector print. Our goal was to involve all our stakeholders, creating awareness around our activities, and launching a call for action focused to activate joint projects and cultivate a common culture of transparency.

We have also communicated the key points of the PP on our corporate Twitter channel @MuttiPomodoro. We care to underline that we preferred not to publicly advertize the position paper, because our purpose was to involve the key actors of the sector – not an extended audience – with the specific intent to do something tangible, avoiding to take advantage of the news stories in an instrumental way.'[78]

**Due diligence**

Both companies include clauses related to the need for their suppliers, in respect to the labour force used in production, to comply with current legislation on health and safety at work, national collective labour contracts, social security and welfare legislation and labour law for immigrants.[79]

In addition, **La Doria**:

- undertakes annual risk assessments of farms together with SGS;[80]
- undertakes the company's own audits of farms based on the nine principles of the Fair Labour Association workplace code of conduct, which include checking employment contracts and salary payments. In 2017, around 80% of farms in Puglia and 70% of hectares under production were included in such audits;[81]
- requires farms from which it sources to be members of SEDEX, and undertakes audits using the SMETA methodology;[82]
- requests farms to be certified under Global GAP-GRASP, which entails third party audits (La Doria reported that 80% of farmers are currently certified, with those remaining expected to complete the process by 2020),[83]
- requires farms to complete Self-Assessment Questionnaires (SAQs) based on the model developed by the Ethical Trading Initiative Norway (IEH),[84]
- has developed training and awareness-raising campaigns, and a handbook on social

responsibility for suppliers,[85]

- participates in certain multi-stakeholder initiatives, including collaborating with ETI UK and ETI Norway, and has worked within the industry association, ANICAV (chaired by La Doria) to sign MoUs with key trade unions on the promotion of social responsibility in the processed tomato value chain.

The company reports 100% compliance with its own audits carried out in 2016 and 2017, with six complaints received from external auditors in 2016 and one complaint in 2017, leading to the introduction of many of the steps identified above. The company claims that in the event of emergence of any risk among suppliers, to be 'committed to immediately seeking agreement with the supplier on necessary measures to restore proper working conditions'.[86]

In addition, **Mutti**:

- since 2017, requires farmers to sign a self-declaration with respect to their commitments related to labour used in production. This includes a commitment to there being 'for all the workers [a] contract of employment and to be able to supply, upon request, the personal data of the hired workers, model UNILAV with proof of electronic submission, possible copy of the residence permit or request for renewal in case of non-EU workers;'[87]
- has included in contracts a price incentive to suppliers that undertake or maintain certain certifications (SMETA, Global GAP-Grasp etc.);[88]
- from 2019, will require all farms to be certified under Global GAP-GRASP, entailing the use of third party audits.[89]

Both companies stress the importance of making use of mechanical harvesting on farms from which they source, in order to reduce the reliance on short-term, unskilled manual labour that is considered at highest risk of labour exploitation. In Mutti's response to the company's opportunity to comment on this section of the draft assessment report, the company noted that: 'Mutti has introduced specific clause on mechanical harvest since 2014 with some exceptions for specifics weather conditions or specific tomatoes such as cherry tomatoes. In 2018 Mutti revise[d] the contract and requested mechanical harvest with no exceptions in order to reduce manual fruit picking to zero.'[90]It is important to note that one other of SOK Corporation's current suppliers that sources tomatoes from the South of Italy – Rispoli – reported sourcing from farms that use a mixture of mechanical and manual harvesting.[91]

Both La Doria and Mutti stress the importance of long-term, close and mutually beneficial relationships with farms from which they source.[92] La Doria also emphasizes efforts to establish full traceability of tomato lots from individual farms.[93]Mutti further reports paying a price premium to farms compared to average market prices in order to incentivize higher quality standards.[94]

The implications of many of these due diligence tools and approaches, including the limitations of audits in particular are discussed in chapters 3, 4 and 5 below.

**Grievance mechanisms**

**La Doria** has established in recent years 'a channel [...] which permits the anonymous reporting of situations of risk. The creation of this "whistleblowing" system is also accompanied by an awareness-raising kit to combat illegal hiring practices.'[95] This takes the form of an email address that is printed on caps that La Doria distributes to workers in the fields. Under La Doria's opportunity to comment on this section of the draft assessment

report, the company noted that to date no email expressing a grievance has been received.[96]

**Mutti** reported having no grievance mechanism in place and no plans to develop one. In Mutti's response to the company's opportunity to comment on this section of the draft assessment report, the company noted that: 'Mutti has no grievance mechanism in place for supplier's employee or suppliers while [there] is in place a grievance system for [Mutti's] own employees that is open to any remark or complaint that may regard Mutti company as well as suppliers.'[97]

Further consideration with regards to the establishment of effective grievance mechanisms is given in chapters 3, 4 and 5 below.

# 3. HUMAN RIGHTS IN SOK CORPORATION'S ITALIAN PROCESSED TOMATO SUPPLY CHAINS IN PRACTICE

This part of the assessment draws on both primary and secondary sources of research to identify actual and potential human rights impacts in SOK Corporation's Italian processed tomato supply chains. Under the UNGPs, 'actual' impacts are those that have already occurred or are ongoing, and 'potential' impacts as those for which there is a risk of occurrence in the future.[98]

Given that it was not possible to confirm that rights-holders who were interviewed work or have worked on farms that supply SOK Corporation's suppliers specifically (although some of SOK Corporation's suppliers do source from the region in which interviewed workers were employed, and most noted no significant difference between farms in the region), the rights-holder interview findings have been triangulated with findings in other stakeholder interviews and from secondary sources of literature in order to draw conclusions about the likelihood of impacts occurring in SOK Corporation's supply chains in particular.

Findings have been organized here according to different issues of concern, and are prioritized in line with the guidance given under the UNGPs in Chapter 5.

**Box 1: Semi-structured interviews with rights-holders in Foggia, Southern Italy**

In September 2018, Oxfam conducted semi-structured interviews with 30 tomato harvest workers at three locations outside of the workplace in the province of Foggia, Puglia – at an informal accommodation settlement, in a local trade union office and on the streets of the town of Foggia. In line with the principles for stakeholder engagement documented in Annex 5, all workers were asked for and gave their consent to be interviewed and to have their answers used anonymously in this assessment.

All the interviewees were men as in the chosen locations no women were identified that worked in tomato harvesting (see also 'Methodology limitations' above). Most were of 20 to 40 years of age, although ages ranged from 19 to 59. All were migrants from African countries – the majority from Senegal - who had been in Italy between one and seven years, although two had been living there for 15 and 28 years respectively. 17 of the workers described themselves as working illegally, without a formal contract, with the rest are considered as 'regular' workers. Five of them said they worked with mechanical harvesting, all of whom under a formal contract, while the remainder described their work as manual harvesting.

We asked them about their experience of working on tomato farms and other aspects of the job such as living conditions, transport and health and safety (see Annex 6). What they told us closely aligned with recent reporting of poor and exploitative conditions on farms and in housing associated with tomato harvesting. When asked what they hoped for, most described wanting to have better living and working conditions and more stable jobs so that they could support their families. For the majority this meant finding other jobs in Italy in catering, transport or construction, although some simply hoped for a better contract in their current jobs.

One worker, however, reported notably better conditions: living in accommodation provided on the farm itself, being paid 6 euro per crate (of cherry tomatoes) – the

highest rate reported - and having a one year contract. He said he felt 'Quite safe thanks to the contract and hospitality.' If providing a higher standard of housing, pay and working conditions is possible for one farm, albeit for a more premium product, it should be possible for others.

# Forced labour

**Table 5: Human rights framework concerning forced labour issues**

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[99] |
|---|---|---|
| Freedom from torture, cruel, inhuman and/or degrading treatment or punishment[100] | Law no. 199/29 October 2016Criminalization of 'unlawful gangmastering' | 9. No Bonded Labour[101] |
| Freedom from slavery, servitude or forced labour [102] | Rosarno law criminalizing 'particularly exploitative working conditions' | |
| Rights to liberty and security of the person[103] | | |
| Right to enjoy just and favourable conditions of work[104] | | |
| Rights of migrant workers[105] | | |

The IOM reports that the majority of non-EU migrants arriving in Southern Italy, having been promised seasonal employment, are unable to obtain a residence permit after their arrival and so become 'irregular', making them highly vulnerable to exploitation by criminal gangs, including as part of the *caporalato* system[106].

This involves intermediaries providing farmers with gangs of labourers to harvest tomatoes at short notice. Fear of punishment or repatriation, poverty and intimidation keeps these workers in thrall to the gangmasters and they do not feel free to leave. The Joint ETIs[107] describe how *caporale* charge workers fees for securing employment, transportation, food, phone top-ups, accommodation, money transfers and number of crates filled, absorbing 40% to 50% of a worker's daily pay, yet are 'often the worker's only means of survival.'[108]Such deductions are one of the factors exacerbating the low pay in the sector.

Such practices would constitute forced labour under the ILO's operational definition, both in terms of 'menace of penalty' ('threat of denunciation to authorities', 'withholding of wages'), and 'involuntariness' ('forced overtime', 'limited freedom of movement', 'degrading living conditions', 'multiple dependency on an employer', 'being under the influence of the employer or people related to the employer for non-work life').[109]

About half of the workers interviewed for this assessment were 'irregular'– i.e. did not have legal authorization to be in Italy. The majority said they 'did not feel safe at all' as they feared losing their jobs due to lack of papers. One reported having to leave for work at 3.30 am under cover of darkness to avoid detection by the police.

*About half of the workers interviewed for this assessment were 'irregular'– i.e. did not have legal authorization to be in Italy. The majority said they 'did not feel safe at all' as they feared losing their jobs due to lack of papers*

However, all five of the interviewees that reported working with mechanical harvesting had regular status. All five also reported having a formal contract with the farmer, although four of the five said that they do not have a relationship with the employer as the contract is arranged through *caporale*, who is also responsible for arranging transport to and/from the farm for a fee of 5 euro per day. Those four all lived in the informal accommodation of the '*Gran Ghetto di Rignano*', which one described as 'a very terrible and frustrating situation'.[110]

*'Having a contract does not mean there is no illegal gang-mastering.' NGO representative at multi-stakeholder roundtable for this assessment*

**Box 2: Risk of forced labour in SOK Corporation's supply chains**

Both of the suppliers – La Doria and Mutti – that were investigated in more depth for this assessment, reported working towards 100% mechanization on farms that supply them. Based on our small sample of interviewed workers, we could conclude that workers on mechanized farms are more likely to be employed under a formal contract and enjoy 'regular' status. This conclusion was also confirmed by stakeholders during the roundtable discussion, who noted that mechanized farms requiring a far smaller and more skilled labour force were more likely to employ 'regular' workers.

As such, the risk of the most egregious practices noted in the secondary literature that would constitute forced labour (such as the threat of denunciation to authorities) occurring in these key SOK suppliers, at least, seems to be lower than on farms that continue to rely on manual labour. Two points are important to note, however. Firstly, that at least one other current supplier to SOK Corporation, and potentially other previous suppliers, source from the South of Italy from farms where manual labour is still in use. Where this is, or has been the case, we can conclude that the risk of practices associated with forced labour occurring in SOK Corporation's supply chains is materially increased.

Secondly, even where workers are formally employed on mechanized farms, there is still a high risk that workers remain under the strong influence of *caporale* (for recruitment, transport and/or accommodation, for example) and therefore there remains a risk of practices occurring that would meet certain indicators of forced labour under the ILO operational definition, including 'degrading living conditions', 'multiple dependency on an employer' and 'influence of a person linked to the employer for non-work life'.

# Low wages

### Table 6: Human rights framework concerning low wage issues

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[111] |
|---|---|---|
| Right to enjoy just and favourable conditions of work[112] | Sect. 36 of the Italian constitution: 'Workers have the right to a liveable wage for himself and his/her family' | 3. Fair Remuneration[113] |
| Right to an adequate standard of living[114] | | |

Oxfam's research into a range of global food value chains across many different countries finds that low wages are commonplace among agricultural workers, whose share of the total value added for the goods they pick or process remains a fraction that of other actors in the chain, and in many cases has declined over the past 15-20 years.[115] Many participants during the roundtable discussion noted that the problem of low wages is not unique to the Italian tomato sector, but comparable in many other countries and sectors.

In the Italian tomato production sector, Amnesty International reports that it 'found evidence

of instances of widespread and/or severe labour exploitation, in violation of Italy's obligations under several international conventions on labour rights, including wages below the minimum wage agreed between unions and employers' organisations, arbitrary wage/salary reductions, delays or non-payment of wages and long working hours.'[116]

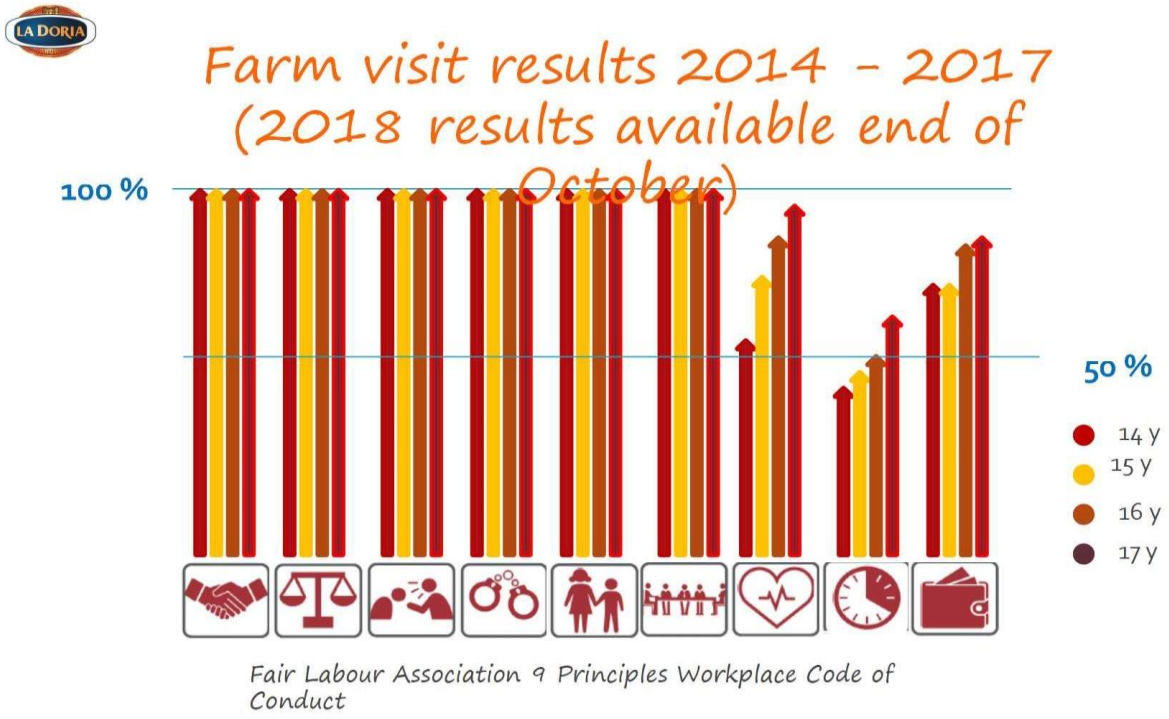
*Most of the workers interviewed for this assessment said they earned between 3.5 and 4.5 euro per 300kg crate of tomatoes picked*

Piece-rates – the practice of payment by unit of production, rather than by length of time worked – is commonplace in the sector. Most of the workers interviewed for this assessment said they earned between 3.5 and 4.5 euro per 300kg crate of tomatoes picked.[117]Workers were reluctant to say how many crates they picked on average per day, since this is determined by a range of factors on the farm (weather, distances to walk, team working that day etc.), or by the number of crates that a farmer requests to be picked on a given day.

However, one worker reported picking around 12 crates on average in a 9-10-hour day at 3.5 euro per crate, which would amount to 42 euro per day and could mean as little as 4.20 euro per hour. Other sources suggest that workers may pick around 16 crates per day[118], which at 4 euro per crate, for example, would amount to 64 euro per day or 6.40 euro per hour for a 10-hour working day. Nearly all interviewed workers said they paid 5 euro per day to *caporale* for transport.

By comparison, the collective wage agreement for the agricultural sector in Italy in 2018 is set at 7.35 euro per hour, and in the province of Foggia at 7.85 euro per hour, for a maximum 6.5-hour working day – levels seen as adequate by local trade unions to sustain a decent standard of living.[119] On this basis, it seems highly likely that paying wages below the collective agreement is commonplace across the sector. This conclusion is supported by La Doria's own audit findings, which identified wage levels as an area of non-compliance in around a third of the assessed farms from which they source (see Figure 8).

**Figure 8 La Doria audit results against the nine Fair Labour Association workplace code of conduct principles**[120]



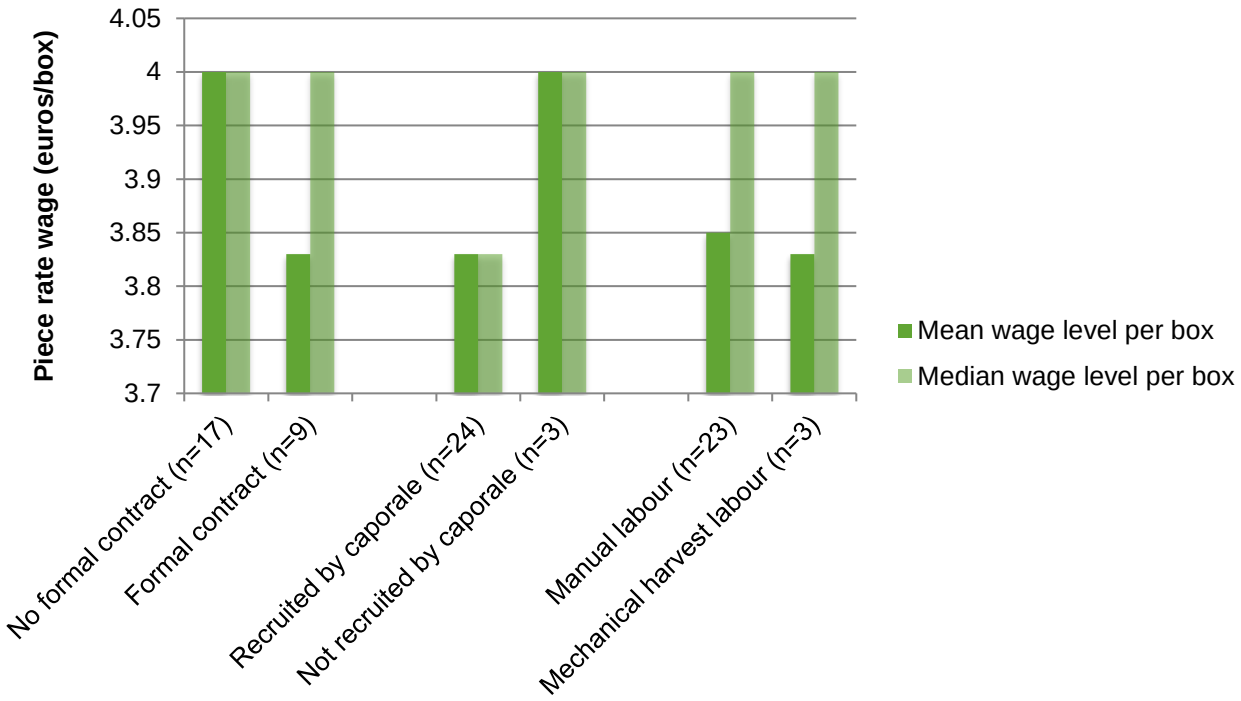

Source: La Doria

From the small sample of workers interviewed for this assessment, it is notable that there was little difference in wage levels between those working as manual tomato pickers and those working in mechanized harvesting. Two of the workers employed in mechanical harvesting – one of whom was recruited by *caporale* and one directly by the farmer (see below) – reported wages of 3.5 euro per hour rather than being paid on piece rates, one for an 8-9 hour working day, and the other for a 10-11 hour working day. One mechanical harvest worker reported 'low wages, and lack of job opportunities to improve my living conditions' as things he did not like about his job.

*Among the small sample of workers interviewed for this assessment, similarly low wage levels were found irrespective of whether workers were employed in mechanical or manual harvesting; whether they had formal contracts or not; and whether they were recruited by caporale or not*

Critically, such wages also appear commonplace irrespective of whether workers have formal contracts – which was the case for 13 of the 30 workers interviewed for this assessment – or not, *and* irrespective of whether or not workers were recruited by *caporale,* who can be assumed to be receiving wage deductions directly from the farmer (see Figure 9). From our small sample, six workers reported not having been hired through *caporale* – two of whom working on mechanized farms and the others as manual labourers – who reported wages of 3.5 euro/hour, 3.5 euro/box, 4 euro/box, 4 euro/box, 6 euro/box (for cherry tomatoes) and 7 euro/box (for cherry tomatoes).

**Figure 9: Reported piece rate wage levels among interviewed workers in tomato harvesting for processing**




Note: Excludes data from two workers who reported working in manual harvesting of cherry tomatoes under a formal contract and not recruited by *caporale* (who earned 6 and 7 euro/box respectively), and two workers reporting hourly wages (of 3.5 euro/hour), both of whom reported having a contract and working in mechanical harvesting, one of which having been recruited by *caporale* and one not.

A number of participants during the roundtable discussion conducted for this assessment described as commonplace practices of so-called 'grey' labour in which wages and working hours (see below) do not match conditions stipulated in formal contracts. In its 2016 report on the problems in the Italian tomato sector, Terra! noted that scams involving the national social security agency and the state have literally exploded, including workers' hours and wages only being reported accurately on days when inspections are carried out, for example. [121] The national social security agency has estimated some 50,000 'false workers' may have been registered through such practices in the agriculture sector, amounting to some 400

million euros.[122]

The CGIL-FLAI trade union has furthermore noted that the labour inspectorate reported that out of the total number of companies in the agricultural sector inspected in 2017, irregularities emerged in 44% of cases.[123] CGIL-FLAI also note that 300,000 agricultural workers were registered in 2017 – around 30% of the total – as working fewer than 50 days per year, a threshold for social security contributions, which the union claims indicates a likely presence of 'grey' labour.[124]

*The prevalence of 'grey' labour practices, means that any audits or SAQs conducted in the sector should be treated with caution*

The prevalence of such practices means that any audits or SAQs conducted in the sector should necessarily be treated with caution. So long as auditors only check farm pay rolls for evidence of compliance, for example, the problem of wages below the hourly rate (and working hours above the total) stipulated in the collective agreement will go unseen.

*When wages fall too low, workers' right to adequate food can be at risk: in surveys of agricultural workers in three regions of Southern Italy in 2017, Oxfam found 85% of respondents were categorised as moderately or severely food insecure*

Previous Oxfam research has found evidence across a range of countries and sectors in global food value chains that when wages fall too low, workers' right to adequate food[125] can be put at risk. In Household Food Insecurity Access Scale surveys conducted with 42 agricultural workers in three regions of Southern Italy (Sicily, Campania and Puglia) in 2017, for example, 85% were found to be categorized as either moderately or severely food insecure.[126]

**Box 3: Risk of low wages in SOK Corporation's supply chains**

One of the two suppliers investigated in more depth for this assessment – La Doria– has reported low wages as an issue of non-compliance among around a third of the assessed farms from which it sources. Although the audit results – which cover around 80% of farms in the Puglia region – demonstrate progress in the last 4 years (see Figure 8), La Doria also confirmed that this is an area that requires further progress.[127]

As such, the implications of low wages on human rights of workers should be considered as an actual impact in SOK Corporation's supply chains. Based on the seemingly widespread nature of low wages across the sector – with little significant difference apparent between workers in mechanical or manual harvesting, between those with or without a formal contract, and between those who have been recruited by *caporale* or not – it is considered very likely that a large majority of workers in SOK Corporation's supply chains will be affected.

# Excessive working hours

### Table 7: Human rights framework concerning excessive working hours

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[128] |
|---|---|---|
| Right to an adequate standard of living[129] | Act n. 196/1997, Sect. 13 | 4. Decent Working Hours[130] |

The flipside of low wages paid as piece-rates is often long and/or excessive working hours, as workers are incentivized to work longer hours and take fewer breaks in order to increase their take-home pay.[131] The pressure for long hours is likely exacerbated by the industry's need to ensure harvesting takes place in a fairly narrow window during the season, before the crops start to spoil.

Many interviewed workers for this assessment reported working up to 10 hours per day, with one reporting working up to 11 hours per day, and most reporting working 8-9 hours per day. Most reported taking no break during the day at all, in order to maximize earnings, including many of the workers who reported having a formal contract. Notably, each of the workers in mechanical harvesting reported a break of at least half an hour, with most reporting a break of one hour in a working day of between 8 and 11 hours. Most interviewed workers reported beginning work at 06.00 or 07.00, with many reporting having to wake up at 03.30 or 04.00 to take transport provided by *caporale* to travel to the farm.

*Most interviewed workers for this assessment reported working up to 10 hours per day, with many taking no break at all in order to maximise earnings*

The issue of excessive working hours was also identified in the La Doria audit findings as the area with the lowest compliance with the nine principles of the Fair Labour Association workplace code of conduct in the last four years, with the results suggesting that just over 50% of farms are now considered to be compliant (see Figure 8). These audit findings echo the seemingly widespread practice of under-reporting of working hours described in relation to 'grey labour' above.

The hours described – plus travel time between home and workplace – would indicate that many workers may not be able to have the 10-12 hours of continuous non-working rest per day that is recommended by the ILO.[132] These conditions contravene numerous Italian laws and regulations on working time and rest breaks, and go against ILO guidance advising that rest breaks are important for a worker's physical and mental well-being.[133]

**Box 4: Risk of excessive working hours in SOK Corporation's supply chains**

One of the two suppliers investigated in more depth for this assessment – La Doria – has reported excessive working hours as an issue of non-compliance among just under 50% of the assessed farms from which it sources. Although the audit results – which cover around 80% of farms in the Puglia region – demonstrate progress in the last four years (see Figure 8), La Doria also confirmed that this is an area that requires further progress.[134]

As such, the implications of excessive working hours on the human rights of workers should be considered as an actual impact in SOK Corporation's supply chains. Based on the seemingly widespread nature of long and/or excessive working hours across the sector, it is considered very likely that a large majority of workers in SOK Corporation's supply chains will be affected.

# Poor, unsafe and unsanitary housing

**Table 8: Human rights framework concerning poor housing**

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct |
|---|---|---|
| Right to enjoy just and favourable conditions of work | None identified | 5. Occupational health and safety[135] |

Compounding the issue of poor working conditions, many migrant workers live in informal accommodation known locally as 'ghettos' which lack the most basic amenities. Recent media reports of some Italian tomato workers' settlements found that 'There is a nauseating stench of rubbish lingering over the camp where hundreds are crammed into small tin huts and old tents covered with plastic sheeting. There's no running water, electricity is pinched from a passing cable, it's stifling hot in summer and biting cold in winter.'[136]

This finding is confirmed by several other observers, such as Medici per iDiritti Umani, (Doctors for Human Rights) who report that: 'In the territories characterized by strong seasonal flows of laborers ... the housing and sanitary conditions appeared very serious without any significant improvement compared to previous years. Slums and dilapidated farmhouses still represent the dramatic framework of a 'humanitarian crisis' that marks the landscape of these campaigns. In Calabria in particular, 79% of assisted migrants were staying in precarious settlements without any service, while in Basilicata even 98% of laborers lived in these conditions.'[137]

Another report found that 'The ghetto in Foggia in the Apulia region serves as an example. Up to 2,000 people live there in the peak season, in the midst of nothing, far away from the city of Foggia, under conditions that are more reminiscent of the slums in Nairobi or Mumbai than of European residential areas.'[138]

During the period of this assessment, in November 2018, the European Parliament discussed two petitions prepared respectively by the Secretary General of the Federation of World Trade Union George Mavrikos, and Greek MEP Sotiris Zarianopoulos, following their visits to the 'ghetto' in which several of the workers were interviewed for this assessment., which decried the 'deplorable sanitary and health conditions' they witnessed.[139]

*'The petitioner* […] *criticises the state of neglect of these seasonal migrant workers, who are exploited by landowners and forced to work in inhuman conditions, without union protection, and in deplorable sanitary and health conditions. He calls for an improvement in the conditions of these migrant workers, in particular with regard to accommodation, access to water, sanitation, social security and transport' Mavrikos Petition to the European Parliament on behalf of the World Federation of Trade Unions, 0075/2018*



An informal settlement typical of where many workers live © Rocco Rorandelli/Oxfam

Such descriptions were confirmed by observation during the rights-holder interviews for this assessment. The settlements visited lacked basic services (water, electricity, sanitation etc.), in contravention of the right to an adequate standard of living. Several of those interviewed said they lived in informal settlements – and one explained that although he had a regular

contract, he did not earn enough to enable him to live in a better place.

One worker reported living in an abandoned country house with no water or electricity, and another in an abandoned factory also with no water or electricity. Almost a third of those interviewed said they did not even live in the 'ghetto' but described themselves as 'homeless' and living nearby. While such living conditions do not contravene any specific law, it denies these workers their human right to safe and decent housing. It is also notable that the codes of conduct of SOK Corporation and Coop Trading do not adequately account for such conditions. Principle 5 on 'Occupational health and safety' only addresses 'residential facilities when these are provided by the employer" – a significant blind spot given the conditions in which workers in this sector are effectively forced to live through lack of any alternative.

*Almost a third of those interviewed did not even live in the 'ghetto' but described themselves as 'homeless' and living nearby.*



Overhead photo of an informal settlement. © Rocco Rorandelli/Oxfam

It is notable, however, that one mechanical harvesting worker reported living in accommodation on the farm itself. This worker reported being paid 6 euro per crate (of cherry tomatoes), the highest rate reported, had a one year contract and felt 'Quite safe thanks to the contract and hospitality.' A sample audit report shared by La Doria also indicated that at least some of the farms supplying La Doria provide accommodation for their seasonal workers, suggesting that improving the quality of accommodation should not be achievable in the sector.

**Box 5: Risk of poor housing in SOK Corporation's supply chains**

Given the widespread nature of appalling accommodation conditions among workers in the tomato sector – not just in Southern Italy, but in several other regions from which SOK Corporation suppliers source - it is considered very likely that a significant proportion of the workers in SOK Corporation's supply chains will currently or in the past

have been affected.

While the sample La Doria audit result suggests that at least a proportion of workers in SOK Corporation's supply chains are offered improved accommodation options, it has not been possible to assess the quality of such housing even where this may be the case.

# Health and safety risks on farms and in transport to work

**Table 9: Human rights framework concerning health and safety issues**

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[140] |
|---|---|---|
| Right to an adequate standard of living[141] | None identified.<br>N.b. Italy has not ratified C155 - Occupational Safety and Health Convention, 1981 (No. 155) | 5. Occupational Health and Safety[142] |
| Right to life | | |

A 2015 report by a group of medics drew a clear link between health risks to workers and the harsh working conditions in the agricultural sector combined with poor housing conditions: 'From the health point of view, the main pathologies detected in a young population, with an average age between 30 and 39 years, were found to be in many cases related to the harsh working conditions in the camps and to the critical situations of social and housing precariousness, and sanitary hygienic [conditions] found in the territories of intervention'[143].

*'Two migrant men and an Italian woman in their fifties… died working under a scorching sun while collecting grapes and carrying crates of tomatoes. Their deaths were caused by inhumane working conditions, made up of endless shifts paid 2 to 3 euro per hour.' European Federation of Food Agriculture and Tourism Trade Unions*

A number of cases have been reported in which workers have lost their lives as a direct result of the health and safety shortcomings of the industry. For example, the death of a 30-year old Malian migrant worker on a tomato farm in Rignano Gaganico near Foggia was reported in 2015. The European Federation of Food, Agriculture and Tourism Trade Unions reported that '[if the death is confirmed] the death toll from agricultural slavery in Italian fields would rise to four in the last 40 days… two migrant men and an Italian woman in their fifties… died working under a scorching sun while collecting grapes and carrying crates of tomatoes. Their deaths were caused by inhumane working conditions, made up of endless shifts paid 2 to 3 euro per hour.'[144]

In a separate case in 2015, Abdullah Muhammed, a 47-year-old Sudanese man, died on a tomato farm in Nardò, in the South of Puglia. Italian media reports described him being 'struck by the heat at 40 degrees of the Salento countryside picking tomatoes, [that] reach the shelves of large retailers'[145]. The prosecutor blamed 'conditions of absolute exploitation', noting long working hours and low pay, combined with "negligence, imprudence, inexperience, failure to comply with the regulations for the prevention of accidents at work…[to] have caused the death of Abdullah'.[146]

The failure to ensure adequate access to medical care resulted in the farm owner facing a charge of manslaughter: 'The prosecutor believes Abdullah Muhammed could have survived if he had received medical attention.'[147]Notably for this assessment, Mutti was named by the public prosecutor among several major tomato processing companies found to have sourced tomatoes from the farm on which Abdullah Muhammed died.[148]

In response, it is noteworthy that while another of the named processors responded by cutting ties with the farm involved and even threatening to take legal action against them for reputational damage caused by the worker's death, Mutti was reported to have 'said it would

continue to foster a close relationship with all its suppliers and underlined its commitment to fight “any exploitation of workers”".[149]

In Mutti's response to the company's opportunity to comment on this section of the draft assessment report, the company noted that: ‘On July 20th 2015 Mutti was informed about the accident. Then, as soon as suspected irregularities have emerged, we suspended the supplier. We were absolutely not aware of any kind of irregularity, also because we made all the checks that could be done. In 2015 indeed, the Mutti supply contract included specific requirements relevant to labour:

- obligation of the supplier to be compliant with the current laws, in terms of security and health on the workplace.
- submit the DURC, the Document of Uniformity, which certifies the Company's compliance with the legal and contractual obligations with regard to INPS (the National Social Welfare Institution), INAIL (National Institute for Insurance against Accidents at Work) and CassaEdile (Special Construction Worker’s Fund);
- provide the list of hired employees, followed by a verification of the congruity of the number;
- guarantee that the harvest took place through mechanical means, with the sole exception of the cherry tomatoes, that in 2015 could only be picked up by hand.

On February 7th, 2018, took place the preliminary hearing of the trial against the farmer charged with the gangmaster crime, who was not the person we had contracted with.

On February 27th the Judge accepted Mutti's application as Civil Party, as injured party.’

*In August 2018 16 workers died in two separate road traffic accidents near Foggia, while being transported to or from tomato farms packed into unsafe vehicles organized by caporale*

More recently, in August 2018 16 workers died in two separate road traffic accidents near Foggia, while being transported to or from tomato farms packed into unsafe vehicles organized by *caporale*. The accidents sparked protests by migrant workers in the region, with media reports noting that many held placards saying ‘No to slavery’.[150]The accidents were condemned by trade unions and other stakeholders, FLAI-CGIL for example– decrying the complete absence of public transport and exploitation of workers that leaves them dependent on *caporale* for transport, which puts the lives of hundreds of workers at risk every day during the harvest season.[151]

*Not a single worker interviewed for this assessment reported having access to drinking water or sanitation while at work, or being issued with personal protective equipment*

Not a single worker interviewed for this assessment - including those involved in mechanical harvesting, those with a formal contract and those not recruited by *caporale* – reported having access to drinking water or sanitation while at work. This fact, combined with the 8-10 hour days without rest makes for a picture of gruelling toil with clear health risks, especially given the high temperatures that can be reached in the region. Some media reports note that drinking water is only available for sale from *caporale*.[152]

Not a single worker interviewed for this assessment – including those involved in mechanical harvesting, those with a formal contract and those not recruited by *caporale* – reported being issued with personal protective equipment. This was as much an issue for the operators of mechanical harvesters as for the manual harvesters, as several noted that they were exposed to the fumes and dust generated by the harvesting machine.

All other interviewees reported that – formally – they have access to healthcare, but that they had never used it. One explained that ‘it is not easy for migrants to access health care’ while another said he had only actually received medical care from a charity working in the ‘ghetto’.

**Box 6: Risk of health and safety concerns in SOK Corporation's supply chains**

In light of the death of Adullah Muhamed in 2015 on a farm supplying Mutti, which was supplying SOK among many other European retailers at the time, grave health and safety concerns should be considered an actual impact in SOK Corporation's supply chains.

Although La Doria's audits include questions related to health and safety, including provision of safety equipment, the combination of likely harsh working conditions and inadequate housing options means that it is very likely that a significant proportion of the workers in SOK's supply chains are affected by a range of health and safety concerns – from over-exposure to the heat of the Italian summer, lack of or limited availability of drinking water, to unsafe transport and unsanitary accommodation.

# Lack of access to justice

**Table 10: Human rights framework concerning access to justice**

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[153] |
|---|---|---|
| Right to equality before the law [154] | Art. 1.1, Legislative decree No. 109 of 16 July 2012, Transposition of the European Union Directive 2009/52/CE ('Rosarno Law') | 1. The rights of Freedom of Association and Collective Bargaining.[155] |
| | Article 3 of the Constitution: 'Equality of all citizens before the law without difference of sex, race, language, religion, political views, personal and social position'. | |

As noted by Oxfam in earlier research in the Italian processed tomato sector, while the October 2016 legislation sought to improve protection for victims of the *caporalato* system, punitive measures can only be applied after a case has occurred and has been verified. This requires huge inspection efforts – beyond the capacity of the Italian authorities currently – and 'relies on the willingness of workers to denounce their exploiters.'[156] Several participants in the roundtable discussion similarly noted the shortcomings of the current system, particularly in its reliance on inspectors and lack of protection for workers who speak out.

According to Amnesty International, irregular migrants who report abusive working conditions risk losing their job and being charged with 'irregular entry and stay' – a practice that is inconsistent with Italy's obligation to guarantee a practical and effective remedy for all victims of human rights violations.[157] Over a third of rights-holders interviewed for this assessment reported not feeling safe at all, fearing losing their jobs as a result of not having legal documents to live and work in Italy.

Workers similarly have little access to effective grievance mechanisms offered by any of the companies in SOK Corporation's supply chains. SOK Corporation currently has no grievance mechanism for workers in its supply chains, although has noted that 'the need for [a] grievance mechanism has been recognized and we have started the preparations to set [one] up.'[158]. La Doria reported printing an email address where complaints can be raised on caps that are handed out to workers on farms from which the company sources, although reported that no emails have yet been received reporting grievances.[159]

*SOK Corporation currently has no grievance mechanism for workers in its supply chains, although has noted that 'the need for [a] grievance mechanism has been recognized and we have started the preparations to set [one] up.'*

Mutti reported having no grievance mechanism at all, and no plans to develop one (although, as noted above, in Mutti's response to the company's opportunity to comment on this section of the draft assessment report, the company noted that:'Mutti has no grievance mechanism in place for supplier's employee or suppliers while [there] is in place a grievance system for own employees that is open to any remark or complaint that may regard Mutti company as well as suppliers.')

Several stakeholders during the roundtable discussion noted that trade unions play the only effective role of offering a means for workers to raise concerns about their treatment in the sector.

**Box 7: Risk of lack of access to justice in SOK Corporation's supply chains**

Given the inadequacy of public grievance mechanisms in an over-burdened and poorly functioning system, and the near total lack of any truly robust mechanism offered by companies in SOK Corporation's supply chains, the implications for human rights of a lack of access to justice is considered an actual impact in SOK Corporation's supply chains.

With the exception of workers who are members of trade unions or are prepared at least to approach trade unions with concerns, this likely affects many of the workers in SOK Corporation's supply chains.

# Restrictions on freedom of association

**Table 11: Human rights framework concerning freedom of association**

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[160] |
|---|---|---|
| Right to Freedom of Association and Collective Bargaining[161] | Citizens have the right to form associations freely, without authorization, for aims that are not forbidden to individuals by criminal law[162] | 1. The rights of Freedom of Association and Collective Bargaining[163] |

The Italian constitution recognizes the right of *citizens* to associate freely and the right of employers and employees to join associations or unions. Unions can freely negotiate collective agreements at provincial, regional and national levels and workers have the right to strike. However, migrant workers need a residence permit to be able to join a union[164]which excludes the many 'irregular' workers in the industry. Trade unions such as FLAI-CGIL and UILA nevertheless work to try to improve legislation to protect all agricultural workers' rights, including lobbying the European Union to adopt an instrument covering social clauses such as housing requirements and transport.[165]

More recently, Aboubakar Soumaoro, a member of the USB union's national coordination for agricultural workers in Italy has with other unions[166] led unhappy workers out on strike, as happened recently after the deaths of 16 workers in two separate traffic accidents in overloaded, unsafe vans operated by *caporale* (see above).[167] No estimate of the total proportion of workers in the tomato sector that are unionized was identified in time for the finalization of this assessment, although the strength of the USB, CGIL-FLAI and other unions mobilizing workers on many of the issues identified in this assessment is striking. For example, hundreds of workers joined the national assembly on agricultural work of the USB union in September 2018, uniting behind a proposal for a 10-point 'ethical code' for the food

production and retail sector, detailing demands for improved protection of rights such as improved housing, transport and the public management of labour recruitment.[168]

Both the contracts of La Doria and Mutti include clauses requiring farms to comply with relevant national labour law, and both are encouraging farms to be Global GAP-GRASP certified, which entails their commitment to ensure that 'at least one employee or an employee's council [is established] to represent the interests of the staff to the management through regular meetings where labour issues are addressed', which may be a trade union representative[169].

La Doria's own audits also check that the freedom to associate is respected on farms,[170] with results showing 100% compliance in the period 2014-17 (see Figure 8). The self-declaration that Mutti requires farmers to sign includes a commitment 'to guarantee workers the freedom to associate, if they wish, according to the forms established by law without any interference or restriction'.[171]

**Box 8: Risk of infringements of freedom of association in SOK Corporation's supply chains**

No evidence has been found of any practice of impeding freedom of association on farms in the SOK supply chain, and relevant trade unions are active in the region and are considered by far to be the best source of information on working conditions in the sector.

As such, the likelihood of explicit infringements of freedom of association in SOK Corporation's supply chains is considered to be low. This does not mean, however, that no further efforts are required to increase the collective representation of workers in the sector in general and in SOK Corporation's supply chains in particular. Nor does it mean that greater efforts are not required to support the role of trade unions as a form of grievance mechanism for workers (see 'Lack of access to justice' above).

# Sexual harassment and gender discrimination

### Table 12: Human rights framework concerning sexual harassment and discrimination

| Relevant human rights | Relevant legislation | Relevant principle/s in the Coop Trading code of conduct[172] |
|---|---|---|
| Rights of women[173] | Article 3 of the Constitution: 'Equality of all citizens before the law without difference of sex, race, language, religion, political views, personal and social position.' | 2. No Discrimination[174] |

Oxfam has reported practices of gender discrimination and sexual harassment and violence in the wider Italian fruit and vegetable sector, where for example women may be 'paid 20–30% less than men for the same work and are much more likely to be subject to blackmail, in a system where gaining and maintaining employment may entail sexual exploitation and harassment'.[175] Multiple cases of sexual assault and labour exploitation have been documented, for example, in the province of Ragusa, in Sicily, Europe's third largest producer of vegetables, where more than 2,000 female Romanian farm workers may be subject to practices that amount to forced labour, and risk horrendous abuses.[176]

In the informal accommodation in which rights-holders were interviewed for this assessment,

all of the tomato farm workers were observed to be men, although a sample Self-Assessment Questionnaire for farmers provided by La Doria suggested that at least some women are employed in SOK Corporation's supply chains. Observations and anecdotal accounts also confirmed that a group of women sex workers were part of the community living in the informal accommodation area.

**Box 9: Risk of sexual harassment and gender discrimination in SOK Corporation's supply chains**

On the basis that gender discrimination and the risk of sexual harassment is a wide-spread phenomenon across the agricultural production sector in many countries, with such practices also documented in Italy, it is considered likely that at least some women in SOK Corporation's supply chains may face a range of practices that would infringe their rights.

Given that women sex workers are likely to live in many of the informal accommodation facilities where workers who may work on farms supplying SOK Corporation also live, there is also a risk of sexual harassment and/or violence in the wider communities in which workers in SOK Corporation's supply chains live during the harvest season.

# 4. ROOT CAUSE ANALYSIS OF THE IDENTIFIED HUMAN RIGHTS IMPACTS

This part of the assessment is concerned with identifying root causes of the human rights impacts identified in Chapter 3, as well as exploring major initiatives that have been launched to address those root causes. Doing so helps to inform the judgments reached in Chapter 5 regarding the extent to which SOK Corporation causes, contributes to and/or is directly linked to these impacts, and to the extent of SOK Corporation's leverage in addressing adverse impacts, as discussed in Principle 19 of the UNGPs. This analysis also informs the eventual recommendations for SOK Corporation action to address these impacts, also discussed in Chapter 5.

**Box 9: What is a *'root cause'*?**

As noted by Lebaron et. al., reference to the need to address 'root causes' has become routine among governments and companies addressing forced labour and other human rights abuses in global value chains, but with little consensus on how these should be conceptualized or defined.[177]In this assessment, we follow their proposal to analyse root causes using a political economy approach, which they define as the study of 'underlying social and political mechanisms and principles that structure systems of social organisation.'

As they note, 'The study of political economy is the study of these structures. It examines the 'rules of the game', rather [than] the actions of any individual player. It is also the study of power and its unequal distribution, specifically the power to affect the shape of the global economy.'

The root cause analysis draws on the field of Global Value Chain Analysis, in the context of broader approaches to international political economy[178](see Box 9). This section is structured according to the framework developed by Oxfam, informed by these approaches, for identifying root causes of labour exploitation in global food value chains.[179] This framework distinguishes structural drivers of the problem according to two categories, namely those associated with:

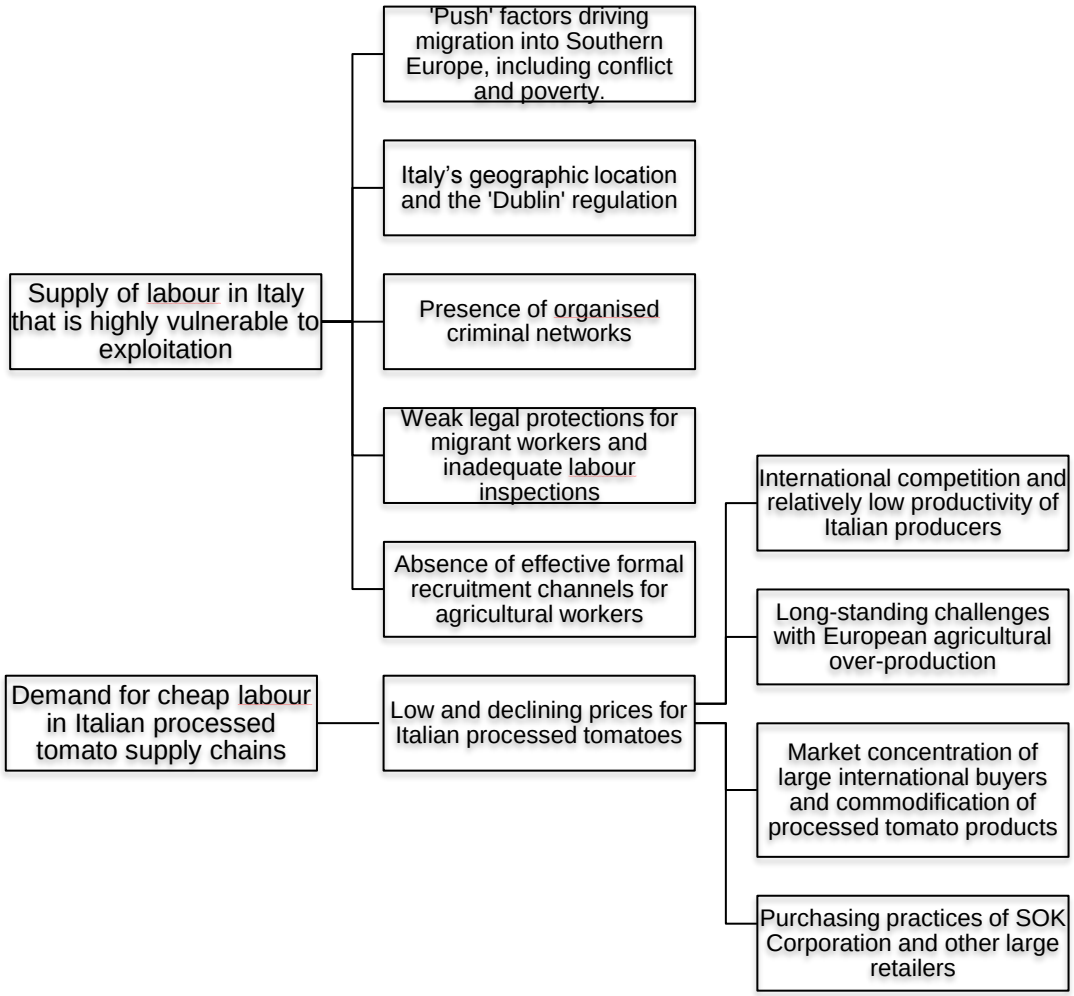
- The **supply of labour that is acutely vulnerable to exploitation in sourcing countries** – often reflective of the suppression and/or decline of the relative bargaining power of workers and/or small-scale food producers; and
- The **creation downstream in global value chains of demand for cheap labour in countries from which they source** – often reflective of the increasing market concentration and resulting buying power of food retailers and other buyers in global food value chains.

The nature and implications of such bargaining power asymmetries have been well recognized and discussed by, for example, EU institutions,180 the former UN Special Rapporteur on the Right to Food, Olivier de Schutter,[181] the ILO,[182] and a range of civil society and multi-stakeholder initiatives.[183]

This framework was also discussed during the roundtable meeting, and reflects closely the views on root causes of labour exploitation in the sector of several of the stakeholders

interviewed for this assessment. For example, one SOK Corporation supplier summarized the root causes as '[T]he large number of undocumented migrants in Italy; the increasingly low prices established by supermarkets for processed products; [and] the presence of people who want to take advantage of this situation'[184] Figure 10 summarizes the main root causes identified under this framework.

**Figure 10: Root causes of adverse human rights impacts in SOK Corporation's Italian processed tomato supply chains**




Source: Oxfam

# 4.1 Labour supply-side drivers

Undoubtedly a root cause of labour exploitation and rights abuses in Italy is the presence in the country of a large number of migrants and/or asylum seekers, whose numbers have further grown during the recent crisis of Mediterranean migratory flows, driven to leave their countries due to poverty or violence, whose rights are inadequately protected under Italian law.

**Migration 'push' factors**

Many workers are entering Italy from poor, unstable or conflict-ridden countries where they are experiencing either 'terrible violence, forced marriage, intolerable discrimination'[185] or the extreme hardship caused by poverty – or both.

This means that they are more likely to take desperate measures to escape to countries

where they believe that life will be better. It means they are less likely to be able to return to their home countries, and more likely to fall prey to criminal elements who have developed sophisticated systems for duping migrants into entering Italy who may then be unable to work legally.

Italy faces unique challenges in managing such people flows, reportedly receiving some 650,000 migrants, including asylum seekers, in the Mediterranean migration crisis since 2014.[186] As a result of the EU 'Dublin Regulation', asylum seekers entering the EU without a valid visa and without family ties elsewhere in Europe, must apply for refugee status and have their application processed in the first EU member state in which they arrive. Given Italy's geographic location in the South of Europe with a significant sea border, this has meant that large numbers of migrants have to remain in Italy before being able to move to other European countries.

**Criminal organization**

While organized crime is not exclusive to Italy, the mafia and other gangs are well established and have entered the migrant labour market in force. A European level initiative to measure effects of criminal activity on agriculture has found that globalization and more accessible communications has led to new forms of criminal organizations.[187] One gang leader is reported as saying he can make more money from migrants than from drugs.[188]

*'Do you have any idea how much I earn on immigrants?...They're more profitable than drugs.' Criminal boss Salvatore Buzzi*

The Placido Risotto Observatory – an initiative of the CGIL-FLAI trade union – notes that 'The management of the labour market… is a full-blown land of conquest for criminality, both Mafia and not. In some cases, exploitation in agriculture goes hand in hand with the phenomenon of people trafficking.'[189]

This criminal influence on actors in the supply chain should not be under-estimated. According to one participant in the roundtable discussion for this assessment, in some situations 'organized crime doesn't want you to hire who you want'[190], and criminals are using the system to sell work permits illegally. According to an academic participant at the roundtable, criminal activities are part of the reason that the 'share system' – the quota of foreign workers that can be seasonally hired – has never worked.[191]

**Weak legal protections, inadequate labour inspections and ineffective formal recruitment channels**

The vulnerability of migrants and asylum-seekers to labour exploitation is further heightened by the lack, and indeed the proposed further diminution, of legal protections for their rights under Italian law, as also discussed in Section 2.1.

NGO participants at the roundtable meeting confirmed that they see illegality as one of the root causes of exploitation. They noted how without documents migrants cannot stay or work in Italy, so they have two options: go home or work illegally. Yet they often cannot be sent home as Italy only has agreements in place with Egypt and Morocco. A new decree, still under the approval of the Italian Parliament during the period of this assessment, aims at reducing humanitarian protection meaning many migrants will lose their legal status.

*'We are experiencing the elimination of every form of legal entry into Italy...'*

Academic participant at the multi-stakeholder roundatable for this assessment

Suppliers interviewed for this assessment felt that things had improved since the introduction of Law 199/2016 (see Section 2.1). La Doria reported that since the authorities were more active in monitoring the problem, 'We can focus on [things like] training, increasing awareness with farmers, monitoring'.[192] Labour unions see this law - that they pushed hard for - as useful and important, and it has resulted in a number of illegal gangmasters being prosecuted. But because it is a criminal law, the responsibility for filing a complaint to a judge

lies with the abused worker. Several stakeholders at the roundtable reported their doubts that vulnerable workers, afraid of reprisal and punishment for illegal status, will accuse their employers, on whom they are almost completely reliant.

Many stakeholders have also identified the weakness of labour inspections as a key factor. Amnesty International, for example, reports that '…lack of resources, ineffectiveness and problematic legal framework of the labour inspection system' are causes for serious concern, and that '[T]he dysfunctional inspection system places Italy in potential breach of its obligations under the relevant ILO Labour Inspections Conventions 81 and 129.'[193]

During the roundtable discussion, however, participants expressed their doubts that any labour inspection regime could ever be built that could alone solve the problems of enforcement. The lack of effective formal recruitment methods was also highlighted, reflecting views expressed in the secondary literature about the short-comings, for example of the long and bureaucratic seasonal permits system.[194]

Representatives of farmers' associations and the tomato processing industry highlighted the need for the government to do more to make the legal recruitment channels stronger and more effective, with one proposing an approach modelled on the UK's Gangmasters and Labour Abuse Authority. The proposal was also raised for processing companies to explore the business case for investing in alternative recruitment models for the farms from which they source, an issue that is being discussed by members of the ETI working group.[195]

**Initiatives to address labour supply side drivers**

Boxes 9 - 12 explore a variety of initiatives led by the Italian government, trade unions and industry players designed to address in some way root causes related to the supply of vulnerable labour in the sector, that can offer approaches to which SOK Corporation may contribute or replicate in its efforts to address the identified human rights impacts in its supply chains.

**Box 10: Tomato processing industry agreements with trade unions**

In 2013 producer associations ANICAV and AIIPA, and Italian agricultural trade unions established the *Tavolo di Comparto Merceologico (Conserviero Pomodoro)*, a bilateral committee on processed tomatoes aimed *inter alia* at improving the competitiveness of the industry and dealing with challenges of labour abuse.

They signed a protocol in 2014 'For the promotion of social and territorial responsibility in the tomato product supply chain' to address legal issues and irregular employment, start a dialogue with the Ministry of Labour and Social Welfare to counteract irregular labour and indecent work, form local technical roundtables for prefectures in high risk agricultural areas, and promote the application of national contracts and labour law through the entire supply chain in order to protect workers' rights.[196]

**Box 11: Trade union for migrant workers**

In the Apulia region of Foggia, the USB union was established by trade unionists and activists of the USB's national and regional structures together with residents of local informal settlements, or so-called 'ghetto'. 'Ghetto' residents went on strike in 2017 demanding 'access to drinking water and decent housing conditions as well as labour protection, health insurance contributions[,] adherence to regional collective agreements… respect and social standards' and access to funds from the EU's

Common Agricultural Policy. As a result, the Apulia region withdrew constant threats of eviction and provided a regular drinking water supply. The group of workers were reported to have '[...] become visible across society, as they acted as an organized group capable of developing and articulating both basic demands as well as complex social and political discourses'.[197]

**Box 12: New government migrant reception resources**

According to the ETI UK, '[…] the regional Government of Apulia, together with the Ministry of Interior Special Commissioner for the district of Foggia and with IOM, will be working on a project to introduce regulated reception practices and resources for temporary seasonal workers to avoid them being caught in the illegal labour net. Italy's National Labour Inspectorate will reinforce monitoring in the most problematic areas of Southern Italy.'[198]

**Box 13: Regional ethical certification 'Equapulia'**

The voluntary ethical certification scheme Equapulia was introduced in 2014 and is granted to farms and processing companies that provide safe, decent, legal, and fairly remunerated employment to all workers. It is managed by Puglia's regional immigration department. To be certified, farms must recruit labourers through pre-booking lists, and provide their workforce with contracts for no less than six months or 156 days over two years.[199]

## 4.2 Labour demand-side drivers

Several of the suppliers interviewed for this assessment and several participants in the roundtable discussion noted the price pressure in processed tomato value chains – starting from the prices demanded by major retailers – as a root cause of labour exploitation at the production stage, echoing views expressed in the secondary literature.

*'Some supermarkets demand to buy processed products at too low prices. In the end the weakest players in the supply chain are those who pay the consequences.' Supplier to SOK Corporation interviewed for this assessment*

*'If we always put profit before people and human rights there will always be ambiguity.' Labour union representative at multi-stakeholder roundtable for this assessment*

*'...large retailers, traders, processing industries, producers and caporali… tend, at different levels, to increase profit margins by reducing labour costs, leading to a compression or attenuation of the rights of workers. In many cases, this can lead to exploitation.' Letizia Palumbo, openDemocracy[200]*

**Declining prices paid to suppliers in SOK Corporation's supply chains**

Analysis of the pricing structures in the SOK Corporation supply chains that are the focus of this assessment, shows that export prices for Italian processed tomatoes are declining year on year. There has been a material decline of between 15-25% in real terms in the price paid by SOK Corporation to private label suppliers in the last 5 years alone, and a decline of between 10-20% in real terms in the price paid for branded products.

*Prices paid to SOK Corporation private label suppliers have declined 15-25% in real terms in the last 5 years alone, and to brand suppliers by 10-20%*

Such declines likely reflect a number of factors. In the context of pressure for lower prices from retailer buyers such as SOK Corporation, the emergence of international competition (especially from China), long-standing challenges with European over-production of agricultural production in general, and the relatively low productivity of Italian tomato

producers by international standards, are pertinent.

These factors mean that, in a market in which international buyers like SOK Corporation are able to achieve significant volumes (due to market concentration and working in buying groups, like Coop Trading) and are able to easily change suppliers (due to use of short-term contracts and the commodified nature of the product), Italian exporters are forced to lower prices in order to remain internationally competitive.[201]

The result of this price pressure on Italian tomato processing companies is clear from the increased concentration in the sector in recent years,[202] and confirmed in the findings in interviews conducted for this assessment with several SOK Corporation suppliers. One supplier noted that '...the tomato market, in particular the private label market, is very competitive in price. For private label products each year there is a fight on prices and only the companies with big production capacity for huge volumes and able to be competitive in price can survive.'[203]

**SOK Corporation purchasing practices**

*'I've sat with commercial colleagues in auctions and the first price we see is below the cost of production and it gets worse from there.' Representative of processing industry at multi-stakeholder roundtable for this assessment*

Our analysis suggests that purchasing practices used by SOK Corporation and/or Coop Trading are contributing to and may be exacerbating such price pressure.[204] Several participants at the roundtable for this assessment noted the harmful impact of so-called 'reverse' or 'double race' auctions to set prices between food retailers and tomato processing companies, in which prospective suppliers are invited by retailers to submit initial quotations, before a strictly time-limited online auction is initiated starting with the lowest initial quotation and encouraging suppliers to undercut it.[205]

In mid-2017, the Italian ministry of agriculture signed a voluntary agreement with Federdistribuzione and ANCD CONAD – Italian industry associations for the food and non-food retail sector[206]– to end the use of such 'reverse electronic auctions'. The agreement states: 'In order to favour a more transparent market and to avoid distortions of supply chain relationships, the signatories of the present Code of Ethics... undertake not to resort to reverse electronic auctions for the double discount for the purchase of agricultural and agri-food products.'[207] The minister of agriculture further invited other large retailers to 'to accept the invitation to sign our commitment agreement.'[208]

More recently, during the period of this assessment, the European Parliament agreed a position to include the use of such e-auctions in the list of 'unfair trading practices' by EU food retailers proposed to be banned under the forthcoming EU directive, although the practice was not included in the final directive.[209]

Coop Trading makes use of a similar practice in its sourcing of processed tomatoes, although it is referred to as an 'e-tender'. First, prospective suppliers are pre-qualified in terms of quality and sustainability, the latter on the basis of signing the Coop Trading code of conduct, which in the case of Italian processed tomatoes has not necessarily entailed completion of an audit.[210] Prospective suppliers are then invited to submit quotations for requested volumes of various product types, before the most competitive among them on price are invited to participate in an electronic bidding process. Bids are made within a 20-minute window, which is prolonged by two minutes each time a new lowest bid is made.[211]

In comments on the draft assessment report, SOK Corporation stressed that, because Coop Trading is not obliged to accept the lowest bid in this process, that it should not by definition be regarded as an auction (rather as an 'e-tender'). It is notable, however, that Coop Trading staff reported that the lowest bid is accepted in 90% of the cases,[212] suggesting that the process operates *de facto* like an auction.

SOK Corporation also noted that the company has set principles for electronic tendering that form an annex to the purchasing agreement, which have been 'created together with external stakeholders like industry association to be transparent.'[213] These concern issues including the transparency of the e-tendering process, methods and criteria and whistle-blowing procedures.

While no supplier is forced to participate in such a bidding process, nor to make a lower bid than their initial one if they do, one interviewed stakeholder said that it is impossible not to take part in those auctions, 'or you are out of the market'. More than one of SOK's suppliers reported that such practices have resulted in requiring them to quote prices equivalent to their own cost of production.

> *'We don't accept prices below our production costs but could happen with zero margin. I'm not able to quantify how often happened.'*
>
> *'Many time we had to quote at cost of production level.'*
>
> *'E-tenders are mining the good relationship between supplier and client'*
>
> *'We think that the negotiation process through the e-tender and the online bid could be unfair and not protect the final consumer of the products because it based only on the price without considering the quality.'*
>
> *'E-tenders are not welcome by us. We participate because we have to. Many other retailer have abandoned such a way of negotiate.'*

Interviews with Coop Trading sourcing and sustainability teams revealed a disconnect between ethical aspirations and some of their practices. For example, a private label buyer noted on the one hand that, 'It is a high priority that I know that the whole CSR perspective is ok' and that, 'We are on top of the market for CSR – also because we are a co-op, we need to assure our own members that we make sure that everything is as it should be for the products. We commission third party audits to make sure workers have good working conditions'. However, in discussing the purchasing relationship with suppliers, the same buyer noted that: 'Italian suppliers say a lot of things, but the e-tender reveals the real truth. For example they initially say they can't offer a better price, but then in the e-tender they lower the price quite significantly.'

The sense of disconnect was further confirmed by the buyer's assertion that although Coop Trading's 'buying practices might affect [labour] conditions [...] CSR colleagues are more into the dirty details of what we do.'[214] This finding was echoed by a Coop Trading sustainability manager who suggested that in the company '[I]t is not their [buyers'] job to understand everything about compliance.' She recognized that the organization is 'not communicating to buyers that they have responsibility to them [workers]', noting that time constraints faced by sustainability staff are the major impediment to doing so.

She also recognized the potential implications for certain purchasing practices on ethical standards of production, noting that 'once you get into the tendering process all you see is a number and nobody sees the impact of this on labour', and recognized that in the past prospective suppliers had been invited to submit initial quotations that had not been subject to adequate due diligence on social sustainability grounds, although indicating Coop Trading's intention to ensure this is not the case in future.

*'Once you get into the tendering process all you see is a number and nobody sees the impact of this on labour' Coop Trading staff interviewed for this assessment*

This practice, by which prices may be driven down in the first stage of tendering processes by prospective suppliers who may not be fully accounting for the costs of ethical production was also noted as an issue of particular concern by a representative of the processing industry during the roundtable convened for this assessment. It is important to note, also, that these dynamics are not addressed simply by ending the use of e-auction-like practices, since

the same effect can be achieved through price negotiation over email or telephone.

This is significant in the context of SOK Corporation's supply chains, since e-auction-type processes are not used in the sourcing of brand products in this assortment by SOK nor by buyers for Meira Nova. The fundamental problem, however, is not the use of an e-auction tool per se – although the intensity of the auction process undoubtedly adds to the risk that prices that could undermine labour rights in the production stage are quoted. It is instead the use of reference prices to guide buying practices that are derived from suppliers in Italy that have not been subject to adequate due diligence measures, or indeed from other international markets altogether, that bear no relation to the costs of ethical production in Italy.

*The problem is the use of reference prices that bear no relation to the costs of ethical production in Italy*

**Increasing worker wages in the context of declining producer prices**

We can assume that such price pressure on processors in the supply chain is passed through in their negotiations with producers, where asymmetries of power are clear. Despite organising in Producer Organisations (POs), Italian tomato producers (unlike the huge farms of Florida, for example) remain small players that are locked in a 'captive' relationship[215] with processors who negotiate on price through their industry association.

The POs are in a position of complete dependency in relation to the processors' industry association,[216] and despite efforts to secure higher production prices, have nonetheless seen prices fall by approximately 10% in real terms in the last five years. Initial analysis suggests that the share of value added captured by producers has similarly shrunk in this period.[217]

*Tomato producer prices have declined by 10% in real terms in the last five years, while collective agreement wage rates have increased around 8% - suggesting that prices in the chain have become divorced from the costs of ethical production*

We can assume that this shrinks the margin for producers, who are therefore more likely to look to make savings through minimizing their labour costs. Given that wage rates based on the sectoral collective agreement have increased by around 8% in this period, it is clear that the price-setting dynamics in the chain have become divorced from consideration of the costs of ethical production in Italy. It is considered that these dynamics provide an economic incentive that significantly increases the risk that producers will make use of the widespread 'grey' labour practices described in Chapter 3.

**Box 14: The mode of tomato production and demand for labour exploitation**

One factor affecting labour demand in food value chains is the mode of production. Mechanical harvesting does undoubtedly lower the overall demand for labour, which makes monitoring of labour conditions relatively easier. As workers on mechanized farms are more skilled, this also lowers the risk of employing workers on a very short-term (e.g. daily) basis. Finally, mechanical harvesting is considered to save costs compared to manual harvesting methods, which should mean slightly higher margins, which could in theory be used to ensure better respect for workers' rights.

SOK Corporation's suppliers interviewed during this assessment were unanimous in their opinion that mechanization was a key solution to labour exploitation. For example, one noted that '[I]n the North of Italy [...] more than 90% of tomatoes production is mechanical... This is a limiting factor for labour exploitation. We have never experienced labour rights risks in our supply chain [there].'

It is important to note, however, as discussed in Chapter 3, that exploitative practices can and do still occur on mechanized farms, albeit affecting a far lower number of workers compared to the period in which manual harvesting was the norm in the South of Italy. It is therefore considered critical for mechanization to be pursued alongside efforts to address the pricing structures in the value chain which, left unchecked, will

likely quickly erode any marginal gains for producers from mechanization.

**Labour demand-side initiatives**

Boxes 14 - 16 explore a variety of initiatives designed to address root causes related to the demand for vulnerable labour in the sector, that can offer approaches to which SOK Corporation may contribute or replicate in its efforts to address the identified human rights impacts in its supply chains.

**Box 15: Joint Ethical Trading Initiatives Italian Tomato Working Group**

Core group: Co-op, M&S, Princes, ETI. Wider group includes Tesco, La Doria and many others.

Builds on experience of GLAA (established in 2004 after death of Chinese cockle pickers). Identified UK equivalent of *caporali* and legitimized them. Farmers can go on website and find legitimate, registered companies. See ETI guidelines on actions that can be taken.

Brings actors together to tackle issues collaboratively rather than rely on audits (ETI approach)

Terms of engagement: pledge responsible sourcing based on recommendations made in ETI report (e.g. due diligence, transparency, etc.)

Devising a survey (tomatoes and beyond) to demonstrate to government and other the scale of abuse, changes needed etc.

Round up of initiatives: ETI looking to collaborate with as many as possible; networking events in different countries.

National and International advocacy – Reaching out to Italian government; interest in tackling forced labour; advocating on recruitment, transport, housing, remediation – to governments etc. to show that businesses can be a positive force for change.

Spreads message of compliance to others, e.g. approach is now being considered by Mars (Dolmio), Bakkavo (ready meals), Bodyshop (lemons from Sicily), Stella McCartney

**Box 16: The Coalition of Immokalee Workers (CIW) in the US tomato sector**

CIW[218] is a Florida-based worker-led human rights initiative that addresses wage and working condition issues, initially in tomato farms, but now expanded to other horticultural sectors. It was established in response to very similar issues as those assessed in Italy – migrant tomato farm workers facing severe forms of exploitation.

As part of its 'Fair Food Program', a price premium is established to enable payment of higher wages on participating tomato farms, which members – including large retailers such as Walmart – commit to paying. As described in a media report, 'The incentive for growers to comply with what's called the Fair Food Program is economically stark: The big companies have pledged to buy only from growers who follow the new standards, paying them an extra penny a pound, which goes to the pickers. The companies have also pledged to drop any suppliers that violate the standards.'[219] This has led to substantive increases in wages and improvements in working conditions.

**Box 17: Social business models**

***Funky Tomato***

Funky Tomato adopts a small-scale social business model to drive ethically and environmentally sound tomato production. Elements include: a network of small, mainly family-owned, businesses; a training project and job placement for migrants, inmates and street children; a participatory production chain model; a pre-purchase campaign to directly finance the supply chain, (companies buy tomatoes at a reduced price before they are produced); hundreds of 'solidarity buying groups', pizzerias, restaurants, individuals, in Italy and in Europe; constant monitoring of every production phase, guaranteeing complete traceability to the raw materials; Working with La Fiammante, who have eliminated middle men, dealing directly with farmers, recognizes fair compensation, and 'denounced unfair GDO practices, such as double-edged auctions, that crush the whole supply chain.'[220, 221]

***SfruttaZero[222]***

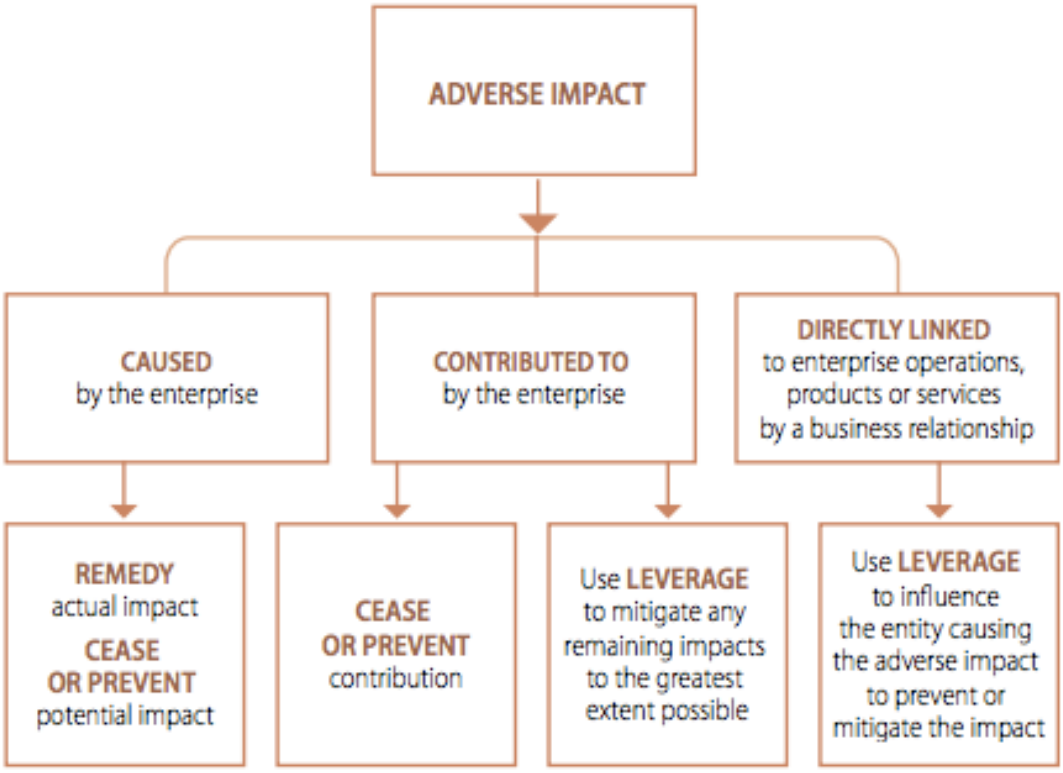
Activists from Diritti a Sud (Rights in the South) and Solidaria work with a group of legally registered and paid migrants. SfruttaZero operates in the countryside of Puglia, the region worst hit by illegal employment. They have established a tomato sauce company that seeks to create a 'clean supply chain,' from sowing seeds to processing the fruit, without exploiting workers.[223]

# 5. PRIORITIZATION, REMEDIATION AND MITIGATION

## 5.1. Attribution and prioritization of impacts

Under the UNGPs, the nature of the company's response to identified adverse human rights impacts should be determined according to the extent to which companies have 'caused', 'contributed to' or are 'directly linked to' the impact – as indicated in Figure 11 – and to the extent of the company's leverage in addressing the impact.[224] Considerations related to the relationship of SOK Corporation to the identified adverse impacts are discussed in Box 17.

**Figure 11: The implications of the relationship of a company to an adverse human rights impact**




Source: OECD Due Diligence Guidance on Responsible Business Conduct

**Box 18: Attribution of adverse impacts**

The OECD Due Diligence Guidance for Responsible Business Conduct suggests a company should be considered to 'cause' harmful human rights impacts if the company's activities on their own would be sufficient to result in the impact. The root cause analysis in Chapter 4 suggests that for the vast majority of impacts identified in Chapter 3, this is clearly not the case, with the sole exception of issues related to the lack of access to justice for workers, for which the lack of effective policies and grievance mechanisms established by SOK Corporation alone result in the impact.

The OECD Guidance suggests that in considering whether a company 'contributes to' a harmful impact, it is necessary to assess:

- the extent to which the company's activities increased the risk of the impact occurring;

- the extent to which the company could or should have known about the impact or risk of the impact occurring;

the degree to which any of the company's activities actually mitigated the risk of the impact occurring. As discussed in Chapter 2, to date SOK's principal approach to mitigating the risk of negative impacts on human rights in its Italian processed tomato supply chains has been to include clear provisions related to human rights in its purchasing contracts with tier one suppliers, and to make use of third party audits

through BSCI to assess compliance.

While such an approach is undoubtedly useful for setting expectations with respect for human rights in the supply chain in question, and can provide some useful data with regards to compliance challenges, a number of short-comings can be identified in the context of this assessment.

Firstly, the fact that Italy is not considered a 'high risk' country under the BSCI categorization means that audits are not automatically generated. It is notable that this is one of the factors that triggered SOK Corporation to commission this assessment in this particular supply chain.

In this instance, there is clear evidence that both SOK and Coop Trading did have **awareness of the risks**, and took some additional measures to mitigate potential human rights impacts as a result. For Coop Trading this entailed conducting an audit of La Doria (and possibly other suppliers).[225] For SOK with regards to sourcing Mutti branded products, it took the form of requesting and reviewing the audit results of certified farmers from which Mutti sources.[226]

In both respects, there are **clear limitations in terms of the extent to which the activities actually mitigated the risks of adverse impacts occurring.** With respect to Coop Trading audits, in the case of La Doria, the company reported that '[r]eports have not been shared with us'[227] which suggests either that no issues were found or that the tool is of limited use in mitigating risks.

It is also notable that Coop Trading acknowledged that in spite of efforts to audit Italian processed tomato suppliers, nonetheless quotations were sought in recent years from prospective suppliers that had not been audited,[228]entailing the risk described in Section 4.2 that prices are driven down by reference to suppliers who may not be accounting for the full costs of ethical production.

In addition, it is clear that not all of the farms supplying Mutti are certified, and therefore by no means does SOK's review of audits of certified farms cover all potential risks in the Mutti supply chain. To the contrary, the risks could be considered to be higher in the farms which are not certified and for which audits are not therefore available.[229]

There is also significant evidence in the secondary literature and in this assessment that suggests that audits, even where they are conducted, can miss critical issues. The significant evidence of widespread use of 'grey' labour in the sector, means that checks of contracts and payrolls are inadequate means of checking compliance with codes of conduct. And where workers are interviewed by auditors on the farm where they are employed, they may be unlikely to speak openly about concerns such as underpayment by the farmer compared to contractual terms or actual hours worked, for fear of losing their job.

Finally, as discussed in Section 4.2, there is evidence that SOK Corporation's and Coop Trading's own purchasing practices – in common with those employed by many other buyers in Italian processed tomato value chains – are serving – alongside the other root causes assessed in Chapter 4 – to make compliance with the code of conduct at the production stage of the chain more difficult, and **therefore to increase the risk of adverse impacts occurring**. These considerations inform the judgements reached in Table 13.

The UNGPs acknowledge that where companies are unable to address all of their adverse

impacts simultaneously, it may be necessary to prioritize, starting with the most severe impacts, especially where a delayed response may affect the impact's remediability.[230] The OECD Due Diligence Guidance further suggests that this prioritization process should be based on the severity of the impact and the likelihood of the impact occurring.[231]

In Table 13, the impacts identified in Chapter 3 are assessed against each of these criteria, using a simple three-part scale for each. The impacts considered of highest priority as a result are indicated in red, medium priority in orange and lower priority in yellow.

**Table 13 Prioritization of identified human rights impacts**

| **Severity** | | | **Actual or Potential?** *(If Potential, Likelihood is Unlikely, Likely or Very likely)* | **Contribution** *(Caused, Contributed or Linked)* | **Leverage** *(Low, Moderate or High)* |
|---|---|---|---|---|---|
| **Scope** *(Small, Medium or Large)* | **Scale** *(Minor, Moderate or Major)* | **Remediable?** *(Not possible, Possible or Likely)* | | | |
| **Forced labour (**e.g. workers who are dependent on *caporale* for securing a contract, transport, food and water etc., who may face wage deductions, or are compelled to work excessive hours.) | | | | | |
| *Moderate*<br>Unlikely to affect the entire agricultural labour force in SOK supply chains, but very likely to affect a proportion, given few alternative recruitment options for farmers. | *Major*<br>May entail some of the most serious violations of human rights. | *Possible*<br>Alternative business models for more ethical recruitment exist and are being explored by other actors in the sector. | *Very likely*<br>Given that many workers in the sector - including those with formal contracts ('grey labour'), and those working on mechanized farms – are still dependent on *caporale*, and given there are few alternative recruitment options for farmers, it is very likely that at least some such workers will be working on farms from which SOK's suppliers source. | *Contributed*<br>Among a variety of root causes, SOK, along with buyers in the sector as a whole, are contributing to the demand for very cheap labour through the company's pricing strategies. | *Low*<br>With regard to action by the Italian government, e.g. to improve formal recruitment options, due to the current political context in Italy.<br>*Moderate*<br>With regard to action to establish more ethical private recruitment models for producers in the SOK supply chain (including by contributing to the costs of doing so), since the Nordic countries are considered a significant export market for both La Doria and Mutti[232], and Coop Trading represents around 33% of the Nordic market share. |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | However, given the SOK/Coop Trading share of these suppliers' total production volumes is nonetheless quite low, raising labour costs would require action from a critical mass of other buyers and suppliers too. |
| **Low wages (e.g. workers who are earning below the rates in the collective agreement)** | | | | | |
| *Large*<br>Very likely to affect the vast majority of the agricultural labour force in SOK's supply chains (and indeed the vast majority of the agricultural labour force in the sector as a whole). | *Moderate*<br>Workers can survive, but only through working excessive hours. Low wages can mean their right to food is at risk, for example. | *Possible*<br>All workers could be paid higher wages. | *Actual*<br>La Doria's own audits find problems with low wages below the rate set in the collective agreement. | *Contributed*<br>Among a variety of root causes, SOK, along with buyers in the sector as a whole, are contributing to the squeezing of labour costs in supply chains through pricing strategies. | *Moderate*<br>The Nordic countries are considered a significant export market for both La Doria and Mutti[233]. However, given the SOK/Coop Trading share of these suppliers' total production volumes is nonetheless quite low, raising labour costs would require action from a critical mass of other buyers and suppliers . |
| **Excessive working hours (e.g. workers who are working far beyond the maximum hours set in the collective agreement)** | | | | | |
| *Large*<br>Very likely to affect the vast majority of the agricultural labour force in SOK's supply chains (and indeed the vast majority of the agricultural labour force in the sector as a whole). | *Major*<br>Excessive working hours, with few if any breaks, and often without access to shade and/or drinking water (see below) in the heat of the Italian summer, has been linked to deaths of workers in the | *Possible for most*<br>All workers could have their working hours reduced.<br><br>Not possible for some<br><br>No remediation possible for those workers who have already suffered loss of life or | *Actual*<br>The death of a worker in 2015 due to excessive work in the sun and heat, and combined with the lack of access to adequate medical facilities (see below) was on a farm that supplied Mutti.[234] La Doria's own audits find | *Contributed*<br>Excessive working hours are significantly incentivized by low wages paid as piece rates.<br><br>Among a variety of root causes, SOK, along with buyers in the sector as a whole, are contributing to the squeezing of labour | *Moderate*<br>The Nordic countries are considered a significant export market for both La Doria and Mutti[235]. However, given the SOK/Coop Trading share of these suppliers' total production |

| | | | | | |
|---|---|---|---|---|---|
| | fields. | other permanent health damages as a result of excessive working hours. | problems with excessive working hours. | costs in supply chains through pricing strategies. | volumes is nonetheless quite low, raising labour costs in order to shorten working hours would require action from a critical mass of other buyers and suppliers too. |
| **Unsafe and unsanitary housing (e.g. workers living in informal settlements without basic services)** | | | | | |
| *Large*<br>Very likely that a significant proportion of workers on farms from which SOK's suppliers source live in informal settlements ('ghettos') or without fixed housing, although a proportion may have access to better housing options provided by farmers. | *Moderate*<br>Lack of access to running water or electricity, a lack of privacy and a lack of personal security all entail infringements of rights. Such living conditions can mean the right to health is put at risk. | *Possible*<br>All workers could be provided with decent accommodation options, as exists in a range of other sectors, for example. | *Very likely*<br>Given the size of the labour force in SOK's supply chains, the numbers of workers housed at the 'ghettos' or considered without fixed housing, and the low availability of alternative housing options, it is highly likely that a proportion of workers on farms from which SOK's suppliers source live in such conditions. | *Contributed*<br>The lack of decent accommodation provided on or by farms is likely a result of the need for farmers to squeeze their labour costs. SOK, along with buyers in the sector as a whole, are contributing to the squeezing of labour costs in supply chains through pricing strategies. | *Moderate*<br>The Nordic countries are considered a significant export market for both La Doria and Mutti[236]. However, given the SOK/Coop Trading share of these suppliers' total production volumes is nonetheless quite low, raising labour costs in order to enable provision of improved housing would require action from a critical mass of other buyers and suppliers too, likely alongside action from local authorities. |
| **Health and safety risks on farms (e.g. workers not having access to shelter from the sun during breaks, to drinking water, to basic sanitation, and/or to safety equipment)** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| *Large*<br>Very likely to affect a significant proportion of the agricultural labour force in SOK's supply chains. | *Major*<br>Lack of shade and drinking water, combined with excessive hours and few if any breaks, in the heat of the Italian summer, has been linked to deaths of workers in tomato fields. | *Likely*<br>La Doria have noted this as an area of focus in their efforts towards 'continuous improvement',[237] meaning that mitigation of this impact is likely. | *Actual*<br>La Doria's own audits find problems with a lack of access to drinking water, toilets and protective equipment. | *Linked*<br>There are very few cost implications of providing drinking water or sun shelters to workers on farms. To the extent that there is a cost implication in the provision of basic protective equipment or toilets, SOK's pricing strategies could have contributed to the impact. | *High*<br>Given that this is an area La Doria have already identified for progress, additional pressure from SOK should be effective. |
| **Lack of access to medical services (e.g. workers unable to access medical services to which they are entitled)** | | | | | |
| *Medium*<br>Given it is very likely that the majority of workers in SOK's supply chains are migrants, it is very likely that a significant proportion will not have access to medical facilities – either due to dependency on *caporale* to reach the facilities, or due to a lack of trust in using them, although a proportion may be in a position to access available services. | *Major*<br>Excessive working hours and lack of access to appropriate medical attention has been linked to the deaths of workers in tomato fields. | *Possible for most*<br>Migrant workers, including illegal workers, have the right under Italian law to access to emergency medical facilities, but are prevented from doing so either through a lack of awareness or fears over being reported.<br><br>Not possible for some<br><br>No remediation possible for those workers who have suffered loss of life or other permanent health damages as a result of lack of access to appropriate medical facilities. | *Actual*<br>The death of a worker in 2015 due to excessive working in the sun and heat, and a lack of access to appropriate medical facilities, was on a farm that supplied Mutti.<br><br>Given that La Doria's own audits find problems with excessive working hours, and all workers interviewed by Oxfam said they did not feel able to use medical facilities, it is very likely that further such cases could arise in SOK's supply chains. | *Linked*<br>The lack of access to medical facilities is primarily a result of supply-side drivers, including the lack of legal protections for migrant workers in Italy.<br><br>The public prosecutor investigating the death of a worker on a tomato farm identified the farmer as negligent in providing access to medical facilities. | *Low*<br>With regards to the Italian government removing barriers (cultural or legislative) to migrant workers accessing service, due to the current political context in Italy.<br><br>Moderate<br><br>With regards to helping to ensure that farmers have health and safety protocols in place, since the Nordic countries are considered a significant export market for both La Doria and Mutti[238]. However, given the SOK/Coop Trading share of these suppliers' total production volumes is nonetheless quite low, |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | further pressure from a critical mass of other buyers and suppliers may be necessary too. |
| **Unsafe transport (e.g. workers travelling between accommodation and farms in over-crowded and unsafe vehicles)** | | | | | |
| *Large*<br>It is likely that the vast majority of workers in SOK's supply chains use transport provided by *caporale* that may be unsafe, given that the vast majority of workers interviewed reported doing so, and the practice has been widely reported in the secondary literature. | *Major*<br>Use of overcrowded and unsafe vehicles puts workers at considerable risk of injury and death, such as the deaths of 16 workers in road traffic accidents in 2018. | *Possible*<br>Can be remediated either by ensuring a sufficient number of safe vehicles (e.g. busses) are available, or providing housing closer to farms – or both. | *Likely*<br>16 workers were killed in two separate traffic accidents in August this year alone. Although no evidence is available as to whether they worked on farms in SOK's supply chains, it is likely that such accidents will continue, which could easily affect workers in any retailer's processed tomato supply chain. | *Contributed*<br>The lack of decent accommodation provided on or nearby farms and/or the lack of safe transport options provided by farmers, is likely a result of the need for farmers to squeeze their labour costs. SOK, along with buyers in the sector as a whole, are contributing to the squeezing of labour costs in supply chains through pricing strategies. | *Moderate*<br>The Nordic countries are considered a significant export market for both La Doria and Mutti[239]. However, given the SOK/Coop Trading share of these suppliers' total production volumes is nonetheless quite low, raising labour costs in order to enable provision of safer transport would require action from a critical mass of other buyers and suppliers too, possibly alongside action from local authorities. |
| **Lack of access to justice (e.g. workers not having options to raise complaints about their treatment)** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| *Large*<br>Affecting the vast majority of the agricultural labour force in SOK's supply chains (and indeed in the sector as a whole). Very few if any effective grievance mechanisms appear to be in place for most workers in SOK's supply chains. | *Moderate*<br>Ensuring access to remedy is a key pillar of the UNGPs. | *Possible*<br>Grievance mechanisms could be created either through the state or private companies like SOK in the supply chain. | *Actual*<br>State-based grievance mechanisms are widely recognized to be limited at best and flawed at worst.<br><br>While there is a limited form of grievance mechanism available to workers on farms that supply La Doria[240], no such mechanism is administered by Mutti with respect to farms from which it sources.[241] | *Caused*<br>While the lack of effective formal mechanisms to enable access to justice is an obligation of the Italian government, the lack of any grievance mechanism for many workers in the SOK supply chain is a direct result of the lack of a policy in SOK to ensure that either SOK or its suppliers make grievance mechanisms available to all workers in their supply chains. | *High*<br>SOK could enact policies that would create grievance mechanisms, albeit to ensure they are effective would require close collaboration with suppliers, producers, trade unions and other actors. |
| **Sexual harassment and gender discrimination (e.g. women workers are paid less than men, face harassment and/or violence on farms or in communal housing)** | | | | | |
| *Low*<br>No estimates of the proportion of women workers in SOK's supply chains have been possible for this assessment, although the observations at the informal settlement for this assessment suggest that the vast majority of workers are men. It is therefore likely that the numbers of women affected by possible discriminatory practices is relatively low. | *Moderate*<br>No evidence for this assessment has been found of sexual harassment or discriminatory practices on the basis of gender, although based on findings in the secondary literature, such abuses can constitute some of the most serious rights violations. | *Possible*<br>Improved drafting and implementation of anti-discrimination and sexual harassment and abuse laws would provide greater protection.<br><br>Suppliers and farms with better gender policies and grievance mechanisms as part of improved HR systems could reduce inequalities and vulnerability to abuse as could trade union representation. | *Likely*<br>On the basis that evidence was found that suggests at least some women work on farms supplying at least one SOK supplier, and of the documented widespread practice of discriminatory practices in the agricultural sector in the secondary literature, it is likely that some women will face such impacts on their rights on farms from which SOK's suppliers source | *Linked*<br>The root causes of gender discrimination and sexual harassment and/or violence relate to social norms about the role of women and the abuse of power by men.<br><br>While SOK could take actions that could help to mitigate the risks faced by women, it is hard to conclude that SOK's actions have materially increased those risks. | *Low*<br>With regards to shifting social norms.<br><br>However, SOK could help to provide support and training for employers in developing gender policies (e.g. see ETI work in South African fruit farms). It could also join advocacy calls for better legal protection for migrant women. |
| **Restrictions to freedom of association and collective bargaining (e.g. workers lacking access to effective trade unions to bargain for improved wages and working conditions)** | | | | | |
| *Medium*<br>Migrant workers, especially | *Moderate*<br>Lack of access to formal protection and | *Possible*<br>But difficult given the indirect relationship | *Actual*<br>Workers report living in fear of losing their jobs, | *Linked*<br>Lack of freedom of association and collective | *Low-Medium*<br>SOK could work in collaboration |

| | | | | | |
|---|---|---|---|---|---|
| irregular, cannot formally join unions – but unions do provide solidarity support and advocate on their behalf at national and EU level. | means of negotiation and grievance reporting puts workers at a severe disadvantage and undermines their ability to fight for all their other rights. | between workers and employers, with *caporale* intermediating. Workers could form committees and have demonstrated that they can make collective decisions to go on strike in protest against the most egregious rights abuses | and tolerate extremely low wages, long working hours without breaks, and dangerous working conditions as they are unable to negotiate for better conditions. While they have gone on strike (e.g. in 2016 and in 2018) this has been prompted by extreme circumstances involving deaths of fellow workers. | bargaining is caused by local and national circumstances, including Italian labour and irregular migrant workers laws, by the presence of *caporale.* | with other non-Italian sourcing companies and with trade unions to lobby at Italian and EU level for better laws to protect workers through trade unions. In the absence of the possibility of formal trade union membership, SOK could also collaborate with others to support NGOs to help workers set up committees, learn their rights and present collective grievances to employers. |

## 5.2. Recommendations for action

In this final section of the assessment, recommendations are proposed for SOK Corporation to address the identified adverse human rights impacts in the company's Italian processed tomato supply chains, according to the prioritization process outlined in the previous section, and informed by the root cause analysis in Chapter 4.

The recommendations cover a range of actions that SOK Corporation can take in relation to its own policies and practices, and actions that it can take to influence others – including the Italian state as the primary duty-bearer in this instance – to change policies and/or practices to mitigate the risks of adverse impacts.

Given that SOK Corporation's leverage in relation to many of the impacts identified is relatively limited, efforts to increase that leverage – as foreseen under the UNGPs[242] – are critical. In that regard, it is proposed that SOK Corporation identifies a number of collaborative spaces in which it can work with others to pursue many of the recommendations detailed in Table 14 below. These should include:

- Joining or establishing a close working relationship with the ETI Working Group on Italian tomatoes, and encouraging other like-minded Nordic companies to do the same;
- Encouraging BSCI to adopt a common strategy towards identified risks in the Italian processed tomato sector;
- Encouraging Eurocoop[243] to adopt a common strategy towards identified risks in the Italian processed tomato sector.

Specific recommendations related to all three actors are further explored below. It is

recommended that top priorities are pursued within six months, medium priorities within a year and lower priorities within 18 months.

**Table 14: Recommendations to SOK Corporation to address identified human rights impacts in the company's Italian processed tomato supply chains**

| Human rights impacts | Recommendations | | |
|---|---|---|---|
| | **What?** | **Why?** | **How?** |
| **Top priorities** | | | |
| ***Low wages, excessive working hours, health and safety on farms, unsafe and unsanitary housing and unsafe road transport*** | Bring buying and sustainability functions closer together in SOK and Coop Trading, so that:<br>buyers receive training to understand the impact of their purchasing practices on their suppliers' ability to respect labour rights in their operations and supply chains; and<br>buyers are given more explicit responsibility to undertake due diligence with regard to prices quoted by suppliers, and empowered to propose to their managers changes to practices that may increase the risk of labour rights abuses in the supply chain;<br>buyers cease to use benchmark prices to guide negotiations with suppliers that bear no relation to the costs of ethical production in Italy (e.g. prices from suppliers that have not been subject to adequate human rights due diligence, or prices from competitors in other countries). | Currently, benchmark prices used by SOK and/or Coop Trading may be taken from suppliers whose quotation does not reflect the costs of fully respecting workers' rights in Italy. This can have the effect of depressing prices throughout the chain to levels that do not reflect the costs of ethical production.<br><br>Buyers are best-placed to understand the price dynamics around the products in their portfolio, and therefore – if explicitly mandated to do so, and with the appropriate training and support of sustainability colleagues – to undertake due diligence with regard to prices being quoted to ensure they account for the full costs of ethical production and could not increase the risk of labour rights abuses in the supply chain. | Follow the guidance provided in the Joint ETIs' Guide to Buying Responsibly[244], including setting new KPIs for buyers related to human rights due diligence.<br><br>Require buyers to request more detail from first tier suppliers about the labour costs of tomato production implied by suppliers' price quotations.<br><br>Consider jointly commissioning with other stakeholders in the value chain an academic study of the price of ethical production of processed tomatoes to guide purchase price negotiations.<br><br>Consider reducing the number of supplier changes from one year to another, and/or reducing the number of product categories that each buyer is responsible for, given that time is a significant constraint to buyers engaging more deeply with their suppliers |
| | Respond to the voluntary agreement between the Italian ministry of agriculture and Federdistribuzione by agreeing to end the use e-auction-type purchasing practices in Coop Trading. | Due to the intensity of the time-bound process, the use of e-auction-type practices can exacerbate pressure on tier one suppliers to quote prices that are below the full costs of ethical production, which are likely to be passed through in negotiations with tier 2 producers. | Coop Trading has moved away from use of e-auctions in most purchasing, and that should now be extended to processed tomatoes and any other remaining product categories that make use of the practice, following the voluntary commitments of major Italian retailers to stop using e-auctions in the sector.[245] |
| | Support the establishment of price premiums for private label products to benefit workers' rights on farms in | Given the low margins faced by tomato producers,<br>a price premium linked to worker welfare could provide | A precedent is the CIW price premium of *'a penny on the pound'* for wages and working conditions on tomato |

| | | | |
|---|---|---|---|
| | SOK's supply chains. | both the additional resources and leverage needed to improve conditions on farms.<br><br>Such an approach could ensure urgent remediation for adverse rights impacts on farms – e.g. paying for the rapid installation of sun-shelters and provision of free drinking water. | farms in the USA.[246]<br><br>A sketch of such an initiative is included in Annex 3. |
| | Work with others to advocate towards the Italian processing industry association ANICAV to ensure that price negotiations with Italian tomato producers reflect the full costs of ethical tomato production, and to report annually on how they have done so. | The power imbalance between ANICAV and the producer organizations means that prices may not adequately reflect the full costs of ethical production. Retailers can help to ensure the full costs are taken into account in these price negotiations. | Test the strategy first in the ETI working group, which includes some ANICAV members. A common advocacy strategy developed in that group could subsequently be developed with BSCI and/or Eurocoop to further increase leverage. |
| | Set a time-bound requirement for suppliers of Italian processed tomatoes to progressively increase the share of farms from which they source that are members of the Network on Quality Agricultural Labour towards 100%, and to publish the list of farms from which they source which are registered to this network. Progressively expand this requirement to all suppliers of Italian agricultural products.<br><br>Progressively expand this requirement to all suppliers of Italian agricultural products. | The Network on Quality Agricultural Labour offers an opportunity to create positive incentives for compliance with high ethical standards of production, and eventually to foster more ethical consumer behaviour, but needs more support to reach scale. | Discuss with prospective suppliers of Italian processed tomatoes ahead of the 2019 season, and consider setting as a requirement for pre-qualification ahead of tendering at the earliest opportunity. Progressively roll out to all Italian agricultural suppliers.<br><br>This may require a reduction in the number of supplier changes from one year to another. |
| | Revise the SOK Corporation and Coop Trading codes of conduct to include reference to the standard of workers' housing even where not provided directly by employers of workers. | The codes of conduct of SOK Corporation and Coop Trading only refer to the standard of residential facilities for workers where these are provided by the company.<br><br>This assessment identifies a near-complete lack of decent accommodation options available to workers, suggesting that codes of conduct should recognize the responsibility of suppliers to ensure to the greatest extent | Urgently discuss with BSCI possible changes to the principles of the code of conduct to include reference to accommodation standards even where facilities are not currently provided by the company. |

| | | | |
|---|---|---|---|
| | | possible the provision of adequate housing options. | |
| ***Cross-cutting*** | Strengthen the SOK Corporation due diligence approach by:<br>establishing Italy as a 'high risk' country with regards to agricultural production, and exploring indicators for assessing whether other countries not in the BSCI 'high risk' category should be;<br>seeking to work with trade unions and civil society organizations active in the Italian agriculture sector to improve audit processes, particularly in relation to the monitoring of working hours and creation of grievance mechanisms. | This assessment suggests that impacts such as those identified are not limited to the processed tomato sector, but likely affect a wide range of Italian agricultural produce.<br><br>Current approaches to auditing, based on worker interviews on farms and checking of contracts and payrolls are inadequate to uncover widespread use of 'grey labour' practices. Trade unions are the best means of consulting in confidence with workers, and could play a role in oversight of time sheets and/or creating effective grievance mechanisms. | Urgently discuss with BSCI possible changes to the risk categorization approach to deal with countries like Italy.<br><br>An MOU is already established between the processing industry association and key trade unions. A similar model could be developed with a group of buyers or with BSCI, including funds to support the roll out of new digital approaches (e.g. using blockchain technology) to recording hours worked. Oxfam is exploring a pilot project to trial such an approach in the Moroccan strawberry sector.[247] |
| | Join or establish a close working relationship with the ETI working group on Italian tomatoes, and encourage other like-minded Nordic companies to do the same. | The ETI working group is the strongest existing multi-stakeholder initiative working on addressing root causes of labour exploitation in the sector. | Explore with ETI options for joining or establishing close working relationships with a like-minded group of Nordic companies. |
| | Signal public support for the work of trade unions active in the Italian agricultural sector, including consulting with the USB union on publicly-endorsing their recently-approved *'ethical code',* e.g. through joint advocacy at the EU-level. | Active trade unions in the sector play a critical role in identifying, communicating about and seeking redress for adverse rights impacts in Italian agricultural production. | Reach out to relevant trade unions to consult on possible SOK Corporation advocacy efforts, including with regard to the USB 'ethical code'.[248]<br><br>E.g. Unions helped to convene recent discussions at the European Parliament on the Mavrikos and Zarianopoulos petitions, following their recent visits to informal accommodation of agricultural workers in the region around Foggia, Puglia.[249] |
| | Require all suppliers over a certain size to make a public commitment to the UNGPs – including the establishment of effective due diligence processes, grievance mechanisms and regular and robust reporting of implementation efforts (e.g. through an annual sustainability report.) | This assessment has demonstrated that even major suppliers do not necessarily have human rights due diligence practices in place that are aligned with international standards of best practice. | Explore with others, including consulting with civil society stakeholders, appropriate thresholds for supplier company size and associated requirements in terms of alignment with the UNGPs.<br><br>Roll out the resulting requirements as part of the pre-qualification criteria for prospective suppliers. |

| | | | |
|---|---|---|---|
| | | | Consider the establishment of training initiatives for suppliers on the UNGP requirements. Precedents include the supplier capacity building approach of UK retailer Marks & Spencer.[250] |
| | Consult internally and with stakeholders on a time-bound, comprehensive action plan to address the findings and recommendations of this assessment, including regular reporting of progress with regards to implementation and consideration of future updates to the assessment. | An action plan and regular monitoring and reporting of progress is a critical component of the human rights due diligence process. | Use the SOK Corporation concluding remarks to this assessment report as the basis for initial consultations with stakeholders in early 2019, and commit to publish the resulting action plan by mid-2019. |
| **Medium priorities** | | | |
| ***Multiple dependency on* caporale** | Support the establishment of alternative recruitment models among SOK Corporation suppliers. | The lack of effective formal recruitment models is a root cause of reliance by farmers on *caporale* (even where *regular* migrants are hired on formal contracts). Given the current political context in Italy, establishing private alternative recruitment models seems the most likely option to affect change. | Work with suppliers and the ETI working group to explore options for the establishment of alternative recruitment models, such as those established, for example, by Thai Union[251] or Princes[252] in the seafood sector.<br><br>To the extent that this will entail higher labour costs, be prepared to consider in the context of discussions on price premiums (see above). |
| | Work with others to advocate towards the government of Italy for the full implementation of Law 199/2016 - in particular with regard to Article 8 on the Network on Quality Agricultural Labour – and to improve formal recruitment channels in the sector. | The lack of effective formal recruitment models is a root cause of reliance by farmers on *caporale* (even where '*regular*' migrants are hired on formal contracts). Trade unions in the agriculture sector have warned that the current government may attempt to modify the law, rather than seek its full implementation. | Work with suppliers and the ETI working group, BSCI and/or Eurocoop to boost leverage in undertaking joint advocacy efforts, including eg, writing open letters, hosting events in Italy, making private representations to local and/or national authorities. |
| ***Lack of access to justice*** | Support the establishment of effective grievance mechanisms for agricultural workers in SOK Corporation's supply chains. | Ensuring access for workers to effective grievance mechanisms is a core expectation of the UNGPs. | Follow-through on plans to establish an SOK Corporation-administered grievance mechanism, learning from similar experiences (e.g. from UK retailer Marks & Spencer[253]). Explore lessons learned from La Doria's experience. Discuss the most effective options with trade unions and |

| | | | |
|---|---|---|---|
| | | | in the context of the ETI working group. |
| ***Cross-cutting*** | Establish a mechanism that allows all SOK Corporation suppliers in this (and other) supply chains to report transparently on their experiences of working with SOK Corporation, and report annually on steps taken as a result. | Mechanisms that encourage feedback from suppliers can help to identify purchasing practices that may be having adverse impacts for the rights of workers in supply chains. | Precedents exist operated by UK retailers Marks & Spencer and Tesco[254], and similar one-off exercises have been run by ETI. |
| | Publish a single, annually updated list of all suppliers of processed tomato products, includingthe names and locations of the farms from which they source, and details concerning their workforce (number and gender split of seasonal and permanent workers, and presence of a trade union). | Publishing this information will enable trade unions, NGOs and others to help monitor whether S-Group's standards are being upheld and can help identify root causes if they are not.<br><br>The current SOK Corporation approach of publishing supplier names on product packages, while welcome, is of more limited use in this regard. | Work with suppliers to establish their list of farms from which they source.<br><br>Relevant precedents include the interactive map of food and non-food suppliers published by UK retailer Marks&Spencer[255] and the recent food supplier list published by UK retailer Waitrose.[256] |
| | Strengthen public advocacy for legislation in Finland establishing requirements for corporate human rights due diligence processes, and for the establishment of a similar EU regulation. | Government regulation requiring corporate human rights due diligence processes levels the playing field, encouraging all companies to improve their actions. | Work with other stakeholders active in the campaign for Finnish legislation, and explore opportunities to increase advocacy efforts with others towards similar regulation at the EU level. |
| | Advocate towards the EU to establish regular and safe entry channels for migrant workers, in order to guarantee the full respect of rights and the dignity of migrant workers. | Migrant labour flows into Europe affect the agriculture sector in many European countries, and more effective coordination and regulation is needed at EU level. | Work with trade unions, NGOs and other stakeholders to boost leverage to undertake joint advocacy efforts. |
| **Lower priorities** | | | |
| ***Lack of access to medical facilities*** | Work with others to advocate towards the government of Italy on the need to tackle barriers to migrant workers making use of medical facilities, even where they may be entitled to them (E.g. ensuring that services are located in places that are easily reachable by workers; or developing training of doctors and health professionals on health and migration). | Interviews with migrant workers for this assessment confirmed that none are making use of medical facilities even where they are entitled to them, likely as a result of social norms around migrant workers and/or a fear of the consequences of using public services. | Work with suppliers, the ETI working group, BSCI and/or Eurocoop to boost leverage in undertaking joint advocacy efforts, including for example, writing open letters, hosting events in Italy, making private representations to local and/or national authorities.<br><br>Where workers already have the right to use medical facilities, options may include awareness-raising campaigns to reassure them of their rights. |
| ***Women's rights*** | Commission a gender | At least some women appear | Commission a |

| | | | |
|---|---|---|---|
| ***impacts*** | assessment of SOK's supply chains to ascertain the proportion of female workers on farms from which SOK's suppliers source, and any instances of discrimination that they may face. | to be employed in SOK's supply chains, and given widespread practices of discrimination and harassment reported in the sector as a whole, SOK should work to confirm the extent to which such impacts on women's rights are material in its supply chains, and take appropriate action. | complementary assessment to dive in-depth into issues facing women workers on farms from which SOK's suppliers source (such a study could address women workers in other high risk supply chains). |
| | Endorse the UN Women's Empowerment Principles[257] and consider the development of a gender policy to apply to sourcing in this and other supply chains. | The Women's Empowerment Principles is a partnership initiative of UN Women and UN Global Compact to provide guidance to help the private sector focus on key elements integral to promoting gender equality in the workplace, marketplace and community. Endorsing the principles can provide a solid foundation for the development of a gender policy to apply to sourcing. | Elements of a gender policy can be found in commitments made, for example, by US retailer Walmart under the company's Women's Economic Empowerment initiative[258], by UK retailer Marks & Spencer under the company's Plan A initiative[259] or in the forthcoming comprehensive gender sourcing policy of UK retailer Tesco[260]. |
| ***Cross-cutting*** | Educate consumers about the cost of ethical production in processed tomatoes (and other products). | SOK is under significant pressure to maintain low prices, including due to the presence of low-cost discounters in the Finnish market. Educating consumers about the implications of ever-lower prices is one means to counteract this competitive pressure. | Balance in marketing materials the consumer promise to low prices with the promise to be an ethical business; raise awareness of the damaging effect on human rights of excessively low prices; explain that quality and ethics also have a price.<br><br>The Coop Italia marketing campaign on labour exploitation offers a precedent.[261] |

# CONCLUDING REMARKS

## SOK Corporation

The aim of this human rights impact assessment (HRIA) was to increase our understanding of the underlying root causes of human rights problems in the Southern Italian processed tomato supply chains and especially the challenges faced by migrant workers that have also been covered by media in the past few years. The other aim was to find tangible solutions to address these issues in a most impactful way and that could possibly be scaled up to other products and supply chains too. In this chapter we outline some of the follow up actions that we will take to respond to the findings and Oxfam's recommendations.

We consider the findings of this human rights impact assessment very serious and concerning. What especially concerns us is that, even though the assessment focuses on Southern Italy, Italy is not unique with regards to situation of migrant workers, and vulnerable workforce subject to somewhat similar conditions is available in other European countries too. Therefore, we seek to find coherent and scalable solutions to address similar issues in other supply chains too.

A limitation of the assessment is that the workers interviewed were not verified to work at farms that supply to S Group's suppliers. They work at the area from where S Group's suppliers source tomatoes from and therefore it is likely that the problems occur at S Group's supply chain. It is also worth remembering that even though the assessment focuses on Southern Italy, S Group's suppliers also source from other parts of Italy, where such problems are not reported to be at least as prevalent as in the south and therefore were not included to this assessment. So, this is not the whole picture of the Italian processed tomato production, but it does portray a picture of the potential human rights problems that migrant workers face in the Southern Italy.

However, we don't agree with Oxfam's interpretation on S Group contributing to the adverse human rights impacts in Italian farms. There is no global consensus on the interpretation of the difference between contributing and being linked to adverse human rights impacts. There is also no unanimous consensus on what the reasonable mitigation measures are. According to UNGP, reasonable measures depend on the size, nature and role of the company. In 2015 Finnish grocery retailers together with the Ministry of Employment and the Economy and the Ministry for Foreign Affairs and Finnish NGOs gathered for round table discussions to make a shared vision of what is considered as reasonable human rights due diligence practices and mitigation measures at grocery retail. S Group is committed to the Shared Vision for Respecting the UN Guiding Principles on Business and Human Rights in Grocery Trade Supply Chains as a national interpretation of reasonable due diligence. As according to the shared vision, S Group has for example assessed the human rights risks, set and communicated human rights requirements to suppliers, discussed our expectations and farm level monitoring with suppliers, and initiated this HRIA as part of our due diligence. We also question the conclusion that S Group contributes to the impact collectively with other actors of the sector, as we have taken many steps to mitigate it.

Regardless of these limitations and different interpretations, S Group takes the findings of the assessment very seriously and is committed to act and use our leverage to contribute to change.

As the first follow up action, S Group will discuss the findings and recommendations with our suppliers and discuss how our suppliers mitigate such problems and monitor the farms they

source from. We will also make sure that our suppliers ensure the immediate health threatening breaches like lack of drinking water and shelter from sun do not occur at the farms on the next harvesting season.

Some of the issues are not solved overnight and by any actor alone. Sustainable solutions require long term commitment, work and collaboration with different stakeholders and actors. Stakeholder dialogue and collaboration is not a quick fix, but we still consider it to be important in order to get sustainable and systemic changes.

**Focus on migrant workers and recruitment practices**

Migrant workers' issues and recruitment practices that violate migrant workers' rights and even have elements of forced labor or modern-day slavery are a global, increasing problem. This assessment in Southern Italy highlights well some typical forms of the exploitation of migrant workers. There are some elements that might be unique to Italy but many of them are similar to, for example, some other European and Asian countries as well.

Therefore, to have a coherent, scalable approach, S Group will not only focus on Italian supply chains but broaden the perspective and learnings of this HRIA to other countries and supply chains that face similar challenges. S Group will:

1. map out areas and product groups where migrant workers are available and commonly recruited,
2. map national and international initiatives that would support suppliers to improve and show commitment to responsible recruitment, and
3. ask auditors to pay special attention to recruitment practices when conducting audits at areas and industries where migrant workers' and their recruitment practices are considered high risk.

The Italian Network on Quality Agricultural Labor serves as a good and tangible example of a national initiative that would support supply chain actors' responsible recruitment practices. S Group seeks to find other such initiatives from around the world and encourage our suppliers to commit to them.

**Advocating for improvements for migrant workers' conditions**

To achieve systemic change, many of the findings should be addressed at the legislative and political level and not only in S Group's supply chains. S Group will raise the issues at national and international level and build leverage by seeking collaboration with relevant stakeholders and networks. At advocacy work S Group will especially focus on:

1. The situation of migrant workers and responsible recruitment practices. We will seek collaboration with ETI Italian Tomatoes Working Group and amfori to influence Italy to strengthen official recruitment channels and raise the issue also at EU-level as similar problems occur in other EU-countries too.
2. The collective nature of setting prices between industry and tomato processors in Italy have major impact on the labor costs and living and working conditions of workers. Instead of building price premium models for individual supply chains, it should be ensured in the price negotiations between industry and producers that the pricing does not risk prerequisites for ethical production.
3. S Group is part of a group of Finnish NGOs and businesses that campaign for mandatory human rights due diligence responsibility for businesses. Legislation should be EU-level to guarantee level playing field for all actors within EU. S Group will raise the need of EU-level solution.

**Strengthening pre-qualification criteria and providing training for suppliers**

As Oxfam recommends, the sourcing and corporate responsibility teams must work close together. S Group will further develop the roles, cooperation and process between CSR and sourcing functions to strengthen human rights due diligence. Sourcing teams have been and will be given further training to understand the human rights risks related to their specific product categories and supply chains and what information they should request from suppliers about human rights issues.

In the tendering process it is essential that only suppliers that have been pre-qualified through, for example, meeting quality and sustainability requirements can participate the tender. The criteria are same for all and suppliers are assessed before tendering. Electronical tender itself is a transparent process to all participants. S Group has made principles for electronical tendering together with external stakeholders like industry association to ensure that the rules of tendering are clear and transparent to all participants.

The countries risk classification is not the only tool S Group is using to assessing human rights risks in different countries. This assessment also shows that there are areas within countries that have higher risks even though the country is not classified as a high-risk country. The need to monitor social conditions at farm level in Italy and other Mediterranean countries with a heightened risk of violations of migrant workers' rights has been recognized and this assessment strengthen this conclusion. We acknowledge the limitations of social audits but also recognize their usability to monitor supply chains on a larger scale. Audit systems are constantly developing, and we will follow the development and contribute to it actively. Audits are not to be used as the only tool for monitoring and the audit results must be analyzed with an understanding of the typical human rights risks of the product and area in question. This understanding we will continue to improve with human rights impact assessments like this.

Active dialogue with suppliers is a key to understanding how human rights risks are being mitigated at each stage of the supply chain. Especially in long supply chains, cooperation between all supply chain actors is essential. That requires understanding and know-how of the international norms and practical tools to support supply chain monitoring. S Group will review sourcing agreements and emphasize establishment of human rights due diligence process. To support suppliers on human rights due diligence process, S Group will develop a training for suppliers on human rights during 2019.

S Group is working on establishing a grievance mechanism that is open for all stakeholders to report misconducts. The Board of Trading Practices in the Food Supply Chain also provides an independent channel to confidentially report any breaches to the fair trading practices in Finland. In addition, amfori has recently set up a grievance mechanism which is open to all amfori members and their business partners as well as workers and employees in their supply chains.

As part of S Group’s HRIA concept, we will publish the results of this assessment and our action plan. The actions summarized here will be scheduled in the coming months and implemented to our normal processes. We will also follow up our actions by open communication in our communication channels.

We want to thank Oxfam for the persistent work and solid expertise in conducting this assessment. This project has been an important learning and developing process for us and we feel that we have achieved the objectives initially set for this assessment.

# Oxfam

**A new benchmark**

To our knowledge, this is the most comprehensive human rights impact assessment (HRIA) undertaken by a major food retailer in a food supply chain. In developing an approach to undertake such assessments on a regular basis, SOK Corporation has undoubtedly established a new benchmark in human rights due diligence in food supply chains from which others in the sector in the Nordic markets and beyond have much to learn.

A significant lesson of the assessment process therefore is simply that *it is possible* for a major food retailer to use HRIAs as a tool of a human rights due diligence approach that goes beyond reliance on audits of compliance with codes of conduct. Notably, SOK Corporation allowed the assessment to be conducted with transparency around commercial data in the supply chain and with full access to all relevant SOK Corporation staff and to the company's suppliers, and within a period of just over six months. If SOK Corporation can do it, then so too can other major food retailers around the world.

Furthermore, SOK Corporation's concluding remarks indicate that it has also been a beneficial process for the company to undertake. Lessons have been learned and new insights gained about not only the human rights impacts present in the Italian processed tomato supply chain, but many other comparable chains, and a series of new actions will be undertaken by the company as a result that will strengthen the company's approach to mitigating human rights risks.

**Towards a public time-bound action plan**

Oxfam welcomes the steps that have been set out by the company to date, and stresses the importance of further stakeholder engagement with actors in Finland and Italy (notably including trade unions) on that basis in order to conclude a public time-bound action plan, against which the company can regularly report progress and be held to account.

Of particular note, in this regard, is the recognition by SOK Corporation that:

'*The collective nature of setting prices between industry and tomato processors in Italy has [a] major impact on the labor costs and living and working conditions of workers... it should be ensured in the price negotiations between industry and producers that the pricing does not risk [undermining the] prerequisites for ethical production.*'

This is significant because so many actors interviewed for this assessment concluded that the disconnect between price-setting in the value chain, and the costs of ethical production, is a major impediment to the full realisation of the human and labour rights of workers on tomato farms. It is critical that all actors in the chain shine more light on price levels as part of thorough human rights due diligence processes.

Naturally, such a process should assess price-setting at each point in the chain. It is therefore critical that this is taken forward as part of SOK Corporation's commitment to '[S]trengthening pre-qualification criteria' and to 'further develop the roles, cooperation and process between CSR and sourcing functions to strengthen human rights due diligence.'

The company notes that: 'Sourcing teams have been and will be given further training to understand the human rights risks related to their specific product categories and supply chains and what information they should request from suppliers about human rights issues.' In Oxfam's view, this should include requesting information from suppliers about how the

prices they pay for tomatoes cover the full costs of respecting human and labour rights on farms.

Also notable and welcome are the company's commitments to:

- review sourcing agreements, emphasising the establishment by suppliers of human rights due diligence processes and providing training to do so;
- map products reliant on migrant labour and attempt to link those suppliers to initiatives that support more responsible recruitment;
- establish a new grievance mechanism; and to
- undertake joint advocacy efforts with others, towards the Italian government and the European Union, on many of the issues raised in this assessment.

**The importance of considering a company's own business practices**

Oxfam notes, however, that SOK Corporation takes a different view on the extent to which the assessment findings indicate that the company 'contributes to' the human rights impacts identified (see Box 17for a further discussion of the basis on which this judgment is reached in the assessment).

It seems contradictory that a company that - on one hand - recognises the limitations of its current due diligence approach (and commissions an assessment such as this explicitly to identify new 'tangible solutions to address these issues in a most impactful way'), also claims – on the other hand – that the same current due diligence approach amounts to 'reasonable mitigation measures'. Both assertions cannot be true.

While this might seem like an abstract debate – the kind that lawyers enjoy but that does nothing to advance the rights of workers facing human and labour rights violations – the distinction is not insignificant. Under the UNGPs, companies that are assessed to be 'directly linked' to adverse impacts, and not to 'contribute to' those impacts, are not required to change anything about their own business practices to 'cease or prevent' the contribution (see Figure 11).

In the case of SOK Corporation, it is notable and welcome that a number of the actions committed to by the company in the concluding remarks *will* address the company's own business practices, although significant further steps should be taken. It would however be unfortunate if the interpretation that the company offers on this matter were used by other companies to avoid committing to take such actions themselves. Companies that fail to recognise their own role - however big or small - in contributing to adverse human rights impacts, are likely to miss critical opportunities to avoid harm.

It was similarly disappointing that analysis related to the share of added value captured by each actor in the supply chain was not included in the final assessment report due to a disagreement between the research team and SOK Corporation about its quality and relevance. There is an extensive literature discussing the significance of declining shares of value added for agricultural producers in highly imbalanced value chains, and using this analysis can provide further insight into how the business practices at the retail end of food supply chains can affect human and labour rights at the producer end. This would be an important area for further research by SOK Corporation and others exploring future assessments of this kind.

It is nevertheless clear that by commissioning this assessment, committing to a time-bound action plan that includes addressing the company's own policies and practices as well as

advocating for broader systemic change, and committing to further regular such processes, SOK Corporation has broken new ground in the development of human rights due diligence in the food retail sector. Such steps are critical if tangible progress is to be made in realising the human and labour rights of people producing food for supermarket shelves.

# ANNEXES

## Annex 1: Research team

The below table shows the research team responsible for conducting this assessment.

| | |
|---|---|
| **Tim Gore**<br>Head of Policy, Advocacy and Research - Food Justice, Oxfam International | Lead author and researcher |
| **Sabita Banerji**<br>Independent consultant | Co-author and researcher |
| **Niclas Holm**<br>Strategic Partnerships Manager, Oxfam Sverige | Project management |
| **Giorgia Ceccarelli**<br>Policy Advisor - Food and Agriculture<br>Oxfam Italia | Italian stakeholder outreach and interviews and co-researcher |
| Assorted Oxfam colleagues | Peer review |

## Annex 2: Human rights in Italy in theory

The below table provides a non-exhaustive outline of the major elements of the human rights framework in Italy in relation to the tomato production sector.

| **ISSUE** | **LAW/REGULATION** | **Rights** |
|---|---|---|
| *Contracts* | | |
| The contract of employment is usually considered indefinite. | Act 230 of 1962 | Right to enjoy just and favourable conditions of work |
| Fixed-term contracts are permitted on certain grounds, including seasonal work and extraordinary and occasional work. | Act 230 of 1962 | |
| Violations of fixed term contracts (e.g. requiring work beyond or rehiring soon after the end of the contract) lead to requirements to pay extra remuneration and eventually, to convert it to an indefinite contract | Act 196 of 1997 (the 'Treu Act') | |
| *Wages & Working Hours* | | |
| Workers have the right to a liveable wage for himself and his/her family (There is no statutory minimum wage; most workers are covered by minimum wage agreements established through collective bargaining). | Sect. 36 of the Italian constitution | Right to an adequate standard of living;<br><br>Right to enjoy just and favourable conditions of work; Right to health<br><br>Italy has NOT ratified |
| The hours worked by employees are determined by collective agreement and should not exceed 8 hours a day or 40 hours a week. | Act n. 196/1997, Sect. 13 | |

| | | |
|---|---|---|
| Derogations (to working limits on working hours) are permitted… 'where there is a foreseeable surge of activity, particularly in agriculture, tourism and the postal services… provided that equivalent compensatory rest periods are granted to the workers concerned' | EEC Directive no.104/93 & no.34/2000 | **C155** - Occupational Safety and Health Convention, 1981 (No. 155)<br><br>Italy's ratification of **C001** - Hours of Work (Industry) Convention, 1919 (No. 1) is NOT in force |
| Work performed in excess of 40 hours a week is overtime, and limits can be fixed by collective agreements. Overtime should be occasional or due to exceptional reasons which cannot be met by the hiring of new workers. Weekly working hours in excess of 48 hours must be authorized by the Department of Labour. | Act 196/1997 | |
| Overtime must be paid at not less than 10% over the regular rate (but Italian courts have ruled that such provision applies to all the remuneration an employee earns from his/her employer so that in practice overtime pay is paid at 30% of the basic rate). | Act 623/1923 | |
| During sickness, a period of suspension of the contract, with job protection and full pay, is usually determined by collective agreements: agricultural workers with a fixed-term contract must have at least 51 days of work in the previous year or this year before the illness occurs[i] | Unclear | |
| *Breaks, Rest and Leave* | | |
| If the working day lasts more than 6 hours, the employee must have a break, the conditions and duration of which are regulated by collective labour agreements. | Legge n.133 del 2008<br>articles 2107 to 2109, contained in the CodiceCivile (Civil Code)<br>Legge n. 183 del 2010 ('Collegatolavoro') | Right to enjoy just and favourable conditions of work;<br><br>Right to health |
| Italy has ratified the ILO Holidays with Pay Convention which provides for a minimum leave of not less than three working weeks for one year of service. | (Revised), 1970 (no. 132) | |
| All workers have the right to 24 hours of rest day per week | Article.36 of the Constitution | |
| All workers have the right to paid leave for national holidays, or receive extra pay for working on these days | Act 260/1949 and 90/1954 | |
| Maternity leave – with 80% of regular pay – is compulsory for from two months before (earlier if work is dangerous to mother or unborn child's health) until three months after childbirth. | Sect. 2110 Civil Code, Act 1204 of 30 December 1971 | |
| All workers have the right to annual paid leave determined by collective agreements, generally four weeks per year. | Article. 36 of the Constitution | |
| *Freedom of Association* | | |

| | | |
|---|---|---|
| The Italian Constitution recognizes the right of citizens to associate freely and the right of employers and employees to join associations or unions. Unions can freely negotiate collective agreements at provincial, regional and national levels. | Article 18 | Right to freedom of association;<br><br>Right to form and join trade unions and the right to strike<br><br>Italy has ratified C087 - Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) and C098 - Right to Organize and Collective Bargaining Convention, 1949 (No. 98)<br><br>Italy has NOT ratified C154 – Collective Bargaining Convention, 1981 (No. 154 |
| *The Constitution recognizes the right to strike (except essential services)* | Art. 40 | |
| *Equality* | | |
| | | Right to equality before the law, equal protection of the law, and rights of non-discrimination;<br><br>Rights of women<br><br>Italy has ratified C100 – Equal Remuneration Convention, 1951 (No. 100) and C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111) |
| Dismissal is prohibited on the grounds of political opinion, trade union membership, sex, race, language or religious affiliation, or on the grounds of pregnancy between the start of the pregnancy and the end of the statutory period of absence on confinement/unpaid leave, until the child is one year old. | Sect. 3, Act 108 | |
| Equality of all citizens before the law without difference of sex, race, language, religion, political views, personal and social position. | Article 3 of the Constitution | |
| Italy has ratified the *International Agreement of Economic, Social and Cultural Rights* | 1966, national Act 881, 25 October 1977 | |
| *Migrant workers* | | |
| Evolution of the Italian legal framework against labour exploitation[262] | Legislative Decree No. 286/1998 (Consolidated Immigration Act);<br>Law No. 228/2003 implementing the Palermo Protocol of 2000 (amended the Criminal Code, in particular, Articles 600, 601 and 602);<br>Law No. 108/2010 implementing the CoETrafficking Convention (further amended the Criminal Code);<br>Legislative Decree No. 109/2012 implementing Directive 2009/52/EC on sanctions and measures | Rights of minorities;<br><br>Right to equality before the law, equal protection of the law, and rights of non-discrimination.<br><br>International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families<br><br>Adopted by General Assembly resolution 45/158 of 18 December |

| | | |
|---|---|---|
| | against employer of illegally staying third-country nationals;<br>Legislative Decree No. 24/2014 implementing Directive 2011/36/UE on preventing and combating trafficking in human beings and protecting its victims (amended the Criminal Code, in particular Articles 600 and 601);<br>Law No. 199/2016 on countering undeclared work and labour exploitation in the agricultural sector | 1990 |
| Criminalization of 'unlawful gang-mastering and labour exploitation' (*intermediazioneillecita es fruttamento del lavoro*), also known as the *caporalato* system; defined as 'conducting an organized activity of intermediation, recruiting manpower or organizing its work, characterized by exploitation, through violence, threat.'[263][264] | Law 29 October 2016 no. 199 | |
| Laws on exploitation of agricultural labourers,<br>Providing for minimum standards on sanctions and measures against employers of non-Italian workers illegally staying in the country<br>Introducing aggravating factors to the crime of employing irregular migrant workers, including 'particularly exploitative working conditions'<br>Adding financial sanction of payment of the cost of return of the worker to their country of origin<br>Providing for the granting of a residence permit for humanitarian reasons to migrant workers who are victims of 'particularly exploitative working conditions' | Art. 1.1, Legislative decree No. 109 of 16 July 2012, Transposition of the European Union Directive 2009/52/CE ('Rosarno Law') | |
| *Other relevant rights* | *Relevant ILO convention* | **Ratified by Italy?** |
| Right to life | | |
| Freedom from torture, cruel, inhuman and/or degrading treatment or punishment | C029 - Forced Labour Convention, 1930 (No. 29) | Yes |
| Freedom from slavery, servitude or forced labour | | |
| Rights to liberty and security of the person | | |

# Annex 3: Chatham House rules summary of roundtable

Available on request from Oxfam, contact: niclas.holm@oxfam.se

# Annex 4: Sketch of a price premium model

- Based on the CIW model, a price premium of 0.01 euros per kg would represent around 75% of the current wage level in the collective wage agreement – a level which would make a significant contribution to improving labour standards, whether that was invested in wage increases, shortening working hours, improving on-farm facilities (including shelter from the sun for breaks, drinking water and toilets) or improving transport options for workers and ultimately even improving accommodation options.
- One of SOK Corporation's main private label suppliers is La Doria. SOK represents just 0.5% of La Doria's production, so we suggest an approach to work with other like-minded La Doria customers, starting small and growing over time.
- For example, the price premium could be limited to tomatoes sourced from the highest risk region of Italy in Puglia (it is already accepted within the industry that prices should be higher in the South than the North). 55% of La Doria's production is from this region, or approximately 150 000 tonnes. Adding 0.01 euro cents per kg – for example – would cost 1.5m euros. Shared among 20 or so of La Doria's buyers, for example, this would amount to around 75, 000 euros each, representing an increase of less than 10% on the value of La Doria sales to SOK in 2017.
- Transparent mechanisms would be required to ensure that the price premium is linked to the delivery of benefits for workers, for example working with trade unions active in the sector to ensure oversight, and/or linking the initiative with the Network of Quality Agricultural Labour.
- This is only a sketch of a price premium model that SOK should explore in partnership with others – beginning with a like-minded group of Nordic and UK retailers based on the current ETI working group. **A small initial pilot could, for example, direct ringfenced resources to La Doria for the immediate installation of sun shelters and provision of drinking water in time for next year's harvest**. It would offer an immediate and tangible response to the risk of further deaths of workers on tomato fields supplying SOK Corporation, and could establish an approach to directing targeted funds for the promotion of workers' rights through a price premium model that could be built on over time.

# Annex 5: Principles for stakeholder engagement and interviews – S Group Human Rights Impact Assessment Research

**Values for engagement**

**Transparency**

The interviewed stakeholders should always be informed about the purpose of the interview including how the information will be used and by whom, who has commissioned the assessment, the name of the persons interviewing them and be provided with contact details.

**Accountability**

The team will document the interviews, but not disclose the interviews unless required by law. In that case, sensitive information will be anonymized. The interviewed stakeholders must know the names of the interviewing team members.

All interviews with rights-holders are voluntary and the interviewed person must be informed about that at the beginning of the interview. The interviewers must be certain that the interviewee has fully understood the purpose and use of the interviews, and has given their consent before the start of the interview. In case the stakeholders wish to complain about the interviews, they should be provided with a mechanism for raising concerns.

**Participation and inclusion**

The collection of information will be done with different methods where focus is on listening to the interviewee in a setting where the interviewee feels comfortable. Female workers are interviewed by a female team member. The interviewer seeks to understand the interviewed stakeholder's opinion and views on the impacts, their causes and mitigation.

At the reporting phase anyone that is criticized should be given the right to reply before publication of any substantial negative information.

**Equality and non-discrimination**

The team seeks engagement with all groups or sub-groups of employees and rights-holders based on a principle of equality and non-discrimination. The report will reflect that value as all information are equally important for the report and recommendations are based on that value.

**Protection of rights-holders**

In the course of the field visit or after the visit, the team will not disclose any sensitive information that could be related to any particular person unless required by law. The team is required to ensure all information is kept confidential.

The names of the rights-holders interviewed should not be saved unless it is necessary to follow up with the rights-holder. In that case it is voluntary for the rights-holder to disclose his/her name. In case, the rights-holder does not want the team to follow up with him/her, the team will make an internal report to document the issue and position of the individual. The name of the individual will not figure in the internal report.

In case the team receives information about clear violations of human rights or law, the team will inform the Client about such cases. If the concern relates to a specific individual, the team will get the full written informed consent from the person to report the matter to the Client. In case, the individual does not want the concern reported, the team will make a report for internal use to document the concern and position of the individual in relation to reporting the concern. The name of the individual will not figure in the internal report.

**Principles for interviews**

**1. Objectives of the interviews**

All interviews have the objectives to:

**Map concerns (impacts) and their severity**

*Impacts upon a human right.* Although the interviewed person may not be aware about the categorization of the impact as a human right, the interviewee is likely to express their concerns (e.g. lack of training in using safety measures or hazardous chemicals; we don't

report incidents etc.)

*The severity of an impact in the view of the interviewed.* The interviewee may indicate a number of concerns, but the interviewer should attempt to make the interviewed describe how essential the negative impact is regarded. The interviewer should have in mind that severity depends on the circumstances but generally the more people affected the higher severity; the higher risk of irreversibility the higher severity (e.g. if the impact threatens physical and mental health and integrity or the impact may lead to destruction of the environment, cultural habits or local way of living) or if it involves a certain level of scale of impact e.g. slavery; forced or bonded labour; degrading and inhuman treatment; child labor; right to life or discriminatory practices.

**Map the causes (contributing factors) to the negative impacts, the potential solutions and the key actors for mitigating the impact.**

Whenever an interviewed person raises a concern (or a negative impact), the interviewer should ask the interviewed to describe what causes the concern, if the interviewed person has suggestions for a solution and who could actually contribute to mitigating the concern.

**Map the relevant systems for protecting human rights**

When the interviewed person raises a concern (impact) then the interviewer should try to ask the interviewed person if there are authorities (formal or informal) with the competence to monitor, regulate or handle the concern. Interviews with public officials from governmental agencies, local administrations or the Human Rights Commission are more likely to provide information about the overall system, while the individual rights-holders may identify the local system. The rights-holder may also inform the interviewer about efficiency of such systems.

## 2. Who to interview

The general objective is to have interviewed a considerable number of the right holders and with different backgrounds depending on the circumstances. It is important to include a variety of right holders.

**Staff**

If possible, 5-10 % of the staff should be approached for an interview.

**Other groups potentially impacted by activities**

These interviews depend on the accessibility of these other groups. In some cases, representatives of groups of people can provide greater value.

**Relatives of staff**

Whether it is appropriate to conduct interviews with relatives of the staff depends on the opinion of the staff, which can be discussed in the interview. If they feel comfortable then the team will attempt to conduct a couple of interviews.

**Interview with management**

Interviews with management can give valuable insights to the impacts and the mechanisms causing or contributing to them.

**Interview with community**

Interviewing local stakeholders at various levels and include groups that may not normally be interviewed, e.g. women or vulnerable groups (or their representatives) may provide strong insights. Sometimes, interviews with local businesses e.g. local restaurants and cafés, can also give good insights. When interviewing stakeholders it is important to keep the focus of the interview on the business relation that is being assessed, if the purpose is not background information of more general nature.

**Interview with workers of sub-contractors**

The approach will be discussed with the management at an opening meeting, if not discussed prior to the field visit.

**Interviews with other stakeholders**

The researcher should seek to interview a number of external stakeholders with the principle of balance and objectivity in mind. In particular, stakeholders that are identified to cause or contribute to the impact, or have a role in addressing the impact are important to hear from.

Interviews with government bodies should be discussed with the management at the opening meeting at the latest, in order to ensure transparency. Sometimes, the assessed business relations are nervous about such interviews in particular if they are in the process of having licenses renewed.

## 3. Conducting the interviews

**Follow the principles for engagement**

All interviews should observe the principles for engagement. It is important to ensure that the interviewed rights-holders feel comfortable. Consequently, the division of work in the assessment team should be considered. A team of male and female interviewers (and with local knowledge, if possible) should be sought as interviews with female staff should be conducted by female interviewers in certain cultural contexts.

**Use of an interpreter**

All interviews should be conducted in the native language of the interviewee. If interpreter is used, it is very important to ensure that the interpreter has appropriate skills. If it is necessary to interview female rights-holders by a female team member, the interpreter should also be female.

**Location of interviews**

It is necessary to carefully consider the location for interviews. It is important that the interviews are carried out in a setting that creates trust and does not expose the interviewed to any risks. It is preferable if the interviews are carried out outside the production site, even if sometimes interviews with staff could be conducted at the site.

**Engagement of management**

It is recommended that management of the facility is aware of the assessment and introduces the assessment team to staff or otherwise communicates to the staff that this exercise is supported by management and; that the management respect the confidentiality and the participation of staff. However, to protect workers' safety and to enable confidentiality it is important to assess whether informing management about the assessment is reasonable.

**Grievance mechanism**

At each interview the interviewees are given information on who they can contact in case of concerns related to the research, e.g. consequences of being involved or how the interview was conducted. Preferably the contact information for concerns should include a representative of the Client, the assessment team and if possible a third party. These concerns could be raised anonymously.

**The standard interview**

The interview starts with an introduction of the team, purpose and use of information as well as principles of confidentiality, followed by the introduction of the interviewee and expectations in case of rights holders.

At the beginning of each meeting, the team will hand out a leaflet indicating the purpose and use of information as well as principles of confidentiality, the name of the team members, their contact details, including while at the site, and information of who to contact in case of concerns.

At the end of the interview, the interviewee is asked, if she/he has any question to the team. Rights-holders are informed that in case they wish to discuss anything further they are welcome to contact the team when the team is at the site or at the location as mentioned in the leaflet.

# NOTES

1 LeccePrima. (2018) *Vite da pomodoro*Retreived 26 November 2018 fromhttp://www.lecceprima.it/cronaca/vite-da-pomodoro-storie-di-braccianti-sfruttati-in-manette-il-caporale.html

2 Hunter, I., De Pietro, L. (2017). *The terrible truth about your tin of Italian tomatoes*. *The Guardian*. Retrieved 26 November 2018 from ' https://www.theguardian.com/global-development/2017/oct/24/the-terrible-truth-about-your-tin-of-italian-tomatoes -

3 Fabio Ciconte Terra and Stefano Liberti. (2017). *Squeezed Dry: The Crisis In The Tomato Industry Between Exploitation And Unsustainability* Retrieved 26 November 2018 from https://www.business-humanrights.org/sites/default/files/documents/Terzo%20Rapporto%20FilierasporcaENG_WEB.pdf

4 See for example Ethical Trading Initiative/AlessaRigal. (2017). *Italian tomatoes: no more excuses over labour exploitation* Retrieved 26 November 2018 from https://www.ethicaltrade.org/blog/italian-tomatoes-no-more-excuses-over-labour-exploitation

[5] Genevieve Lebaron et al. (2018) *Confronting root causes: forced labour in global supply chains*. Retrieved 28 November 2018 from: https://www.opendemocracy.net/beyondslavery/genevieve-lebaron-neil-howard-cameron-thibos-penelope-kyritsis/confronting-root-causes#fn4

6United Nations Global Compact. *Promote Gender Equality in Your Business*. Retrieved 26 November 2018 from https://www.unglobalcompact.org/take-action/action/womens-principles

7 United Nations. (2011). *Guiding Principles on Business and Human Rights* (NGPs, see Principle 11). Retrieved 26 November 2018 from https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf -

8UNGPs Principle 12, Ibid.

9UNGPs Principle 15, ibid.

10 This should include four key steps: assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.

11S-S-ryhmä *S-Group in Brief*: Retrieved 26 November 2018 from https://www.s-kanava.fi/web/s/en/s-ryhma-lyhyesti

[12] OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct:http://www.oecd.org/industry/inv/mne/due-diligence-guidance-for-responsible-business-conduct.htm- Accessed 26/11/2018

[13] See for example Gary Gereffiet al. (2005). The governance of global value chains. Review of International Political Economy 12:1 February 2005: 78–104: Taylor & Francis: http://www.fao.org/fileadmin/user_upload/fisheries/docs/GVC_Governance.pdf- Accessed 26/11/2018

14 Oxfam. Community-based human rights impact assessment initiative. Retrieved 26 November 2018 from https://policy-practice.oxfamamerica.org/work/private-sector-engagement/community-based-human-rights-impact-assessment-initiative/

15 International Trade Center. (20187). Based on commodity code 2002 *Tomatoes, prepared or preserved otherwise than by vinegar or acetic acid* Retrieved 26 November 2018 from https://www.trademap.org/Country_SelProduct.aspx?nvpm=1|||||2002|||4|1|1|2|1||2|1|

16 Fruit Juice Focus. (2017) *Italian processed tomato overview*. Retrieved 26 November 2018 from http://www.fruitjuicefocus.com/italian-processed-tomato-overview/

17 Italian Feelings. (2017) *Harvest time for Italian tomatoes.* Retrieved 26 November 2018 from https://www.italian-feelings.com/harvest-time-for-italian-tomatoes

18 Terra, Fabio Ciconte and Stefano Liberti (2017) Squeezed Dry. Op Cit.

19 European Commission. (2018). *Staff Working Document Impact Assessment : Initiative to improve the food supply chain (unfair trading practices)*. Retrieved 26 November 2018 from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018SC0092#footnoteref262

20 Tomato News (2017, 16th October) *Italy: the industry is pursuing its reorganization*. Retrieved 26 November 2018 http://www.tomatonews.com/en/italy-the-industry-is-pursuing-its-reorganization_2_177.html

21 See for example OI Pomodoro da Industria NordItalia. http://www.oipomodoronorditalia.it/?page_id=1269 Retrieved 26 November 2018

22 For example, in 2015 18-19,000 workers were estimated to be employed in the sector in Puglia and Basilicata regions alone, although the numbers will have declined since then due to the increase in use of mechanical harvesting in recent years. Linkiesta (2015.) ***Raccoltadeipomodori, anchequest'annomigliaia di schiavidimenticati*** Retrieved 26 November 2018 from , https://www.linkiesta.it/it/article/2015/07/23/raccolta-dei-pomodori-anche-questanno-migliaia-di-schiavi-dimenticati/26797/ - Accessed 28/11/2018.

23 Interviews with SOK staff for this assessment.

24 See for example ANICAV (2018)Pomodoro da industria - ANICAV *Raggiunta 'intesa per l'acordodicampagna per ilBacino Centro Sud*. Retrieved 26 November 2018 from http://www.anicav.it/news/2018/5/15/487

[25]CGIL-FLAI. 2018. *Agromafie e Caporalato: Rapporto4* .Retreved 26 November 2018 from https://www.flai.it/osservatoriopr/il-rapporto/

[26]LeccePrima. 2018. *Vite da pomodoro.* Op Cit.

Hunter, I., De Pietro, L. (2017)*The terrible truth about your tin of Italian tomatoes*.

[28]CGIL-FLAI. 2018. *Agromafie e Caporalato: Rapporto 4*. Op Cit.

[29] Fabio Ciconte Terra and Stefano Liberti. 2017. *Squeezed Dry*. Op Cit.

[30]Ethical Trading Initiative, AlessaRigal (2017). Op. Cit.

[31]In addition to its regional and national subsidiaries, SOK Corporation engages in the supermarket trade and the travel industry and

hospitality business in the Baltic countries and Russia.S-Group In Brief: https://www.s-kanava.fi/web/s/en/s-ryhma-lyhyesti Retrieved 26 November 2018

[32] Coop Trading is jointly owned by Coop in Denmark, Norway and Sweden and SOK in Finland, who commonly agree priorities. See http://www.cooptrading.com/ Retrieved 26 November 2018

[33] See Meira Nova. https://www.meiranova.fi/

[34] S-ryhmä. (2017). *S-Group Annual Report* Retrieved 26 November 2018 from https://www.s-kanava.fi/web/s-ryhma/en/vuosikatsaus/etusivu

[35] Based on 2016 market share figures reported by United Nordic. Retrieved 26 November 2018 from http://www.unitednordic.com/our-operation/the-nordic-food-market/

[36] Data provided by SOK for this assessment.

[37] The company did not respond to a request for this information.

[38] The company did not respond to a request for this information.

[39] United Nations Human Rights Office of the High Commissioner (OHCHR) Ratification of 18 International Human Rights Treaties. Retrieved 26 November 2018 from http://indicators.ohchr.org/

[40]GazzettaUfficialedellaRepubblicaItaliana, Law no. 199/29. (2016*). Disposizioni in materia di contrastoaifenomeni del lavoronero, dellosfruttamento del lavoro in agricoltura e di riallineamentoretributivonelsettoreagricolo*.Retrieved 26 November 2018 fromhttp://www.gazzettaufficiale.it/eli/id/2016/11/3/16G00213/sg

[41]GazzettaUfficialedellaRepubblica Italiana. Op. Cit.

[42]Constitution of the Italian Republic. (1947). Retrieved 26 November 2018 from https://www.senato.it/documenti/repository/istituzione/costituzione_inglese.pdf -

[43]Human Rights Watch. Italy. Retrieved 26 November 2018 from https://www.hrw.org/europe/central-asia/italy

[44]Senato De La Republicca. Retrieved 26 November 2018 from https://www.senato.it/leg/18/BGT/Schede/Ddliter/50700.htm

[45]FederazioneLavatoriAgroindustria. *Legge 199/2016. LetteraaiParlamentari*. Retrieved 26 November 2018 from https://www.flai.it/primo-piano/legge-199-2016-lettera-ai-parlamentari/

[46] SOK Corporation comments on the draft report noted that: *'Other strategic focus areas are e.g.: developing the offering and excellent service. Also notable is that development of sustainability is a permanent focus area at S Group.'*

[47]S-ryhmä. (2017). *S-Group Annual Report* Retrieved 26 November 2018 from https://www.s-kanava.fi/web/s-ryhma/en/vuosikatsaus/etusivu

[48]S-ryhmä. S-Group Principles and Policies. Retrieved 26 November 2018 from https://www.s-kanava.fi/web/s-ryhma/en/periaatteet-ja-linjaukset

[49]S-Group Annual Report 2017. Op. Cit.

[50]S-ryhmä. S-Group Responsibility management. Retrieved 26 November 2018 from https://www.s-kanava.fi/web/s-ryhma/vastuullisuuden-johtaminen

[51]S-ryhmä S-Group Principles and Policies. Op. Cit.

[52] See BSCI (2019) *Country risk categorization*. Retrieved 26 November 2018 from https://www.amfori.org/sites/default/files/amfori%20BSCI%20CRC%20V2019%20Final.pdf

[53]amfori*BSCI Code of Conduct*. Retrieved 26 November 2018 fromhttps://www.amfori.org/sites/default/files/amfori%20BSCI%20COC%20UK_0.pdf - Accessed 28/11/2018

[54]Sedex. Retrieved 26 November 2018 from https://www.sedexglobal.com/smeta-audit/

[55]Global Gap. Retrieved 26 November 2018 from https://www.globalgap.org/uk_en/for-producers/globalg.a.p.-add-on/grasp/

[56] Note that audits are required if any of their subcontractor's production is located in a 'high risk' country or the main raw material of their product comes from such a country, or when they import or market products that are manufactured in a country with a 'high risk' classification.

[57]Interview and correspondence with Mutti for this assessment.

[58] The Coop Group. *Code of Conduct*.Retrieved 26 November 2018 from https://om.coop.dk/Upload/om.coop.dk/The%20Coop%20Group%20Code%20of%20Conduct%20July%202017.pdf - Accessed 28/11/2018

[59]Global Gap. Retrieved 26 November 2018 from https://www.globalgap.org/uk_en/for-producers/globalg.a.p.-add-on/grasp/

[60]Ethical Trading Initiative. Issues. *Audits and Beyond.* Retrieved 26 November 2018 from https://www.ethicaltrade.org/issues/audits-and-beyond -

[61] S-Group *Principles and Policies*. Op. Cit.

[62] SOK Corporation comments on the draft report.

[63]Business and Human Rights Resource Centre.Ana Zbona.(2017*). In-depth interview with Lea Rankinen of S*

*Group*. Retrieved 26 November 2018 from https://www.business-humanrights.org/en/in-depth-with-lea-rankinen-of-s-group-if-suppliers-think-they-can-sue-human-rights-defenders-who-will-audit-or-investigate-them-this-will-jeopardize-our-responsible-sourcing

[64] SOK Corporation comments on the draft report.

[65]Correspondence with SOK sustainability staff for this assessment.

[66] La Doria. *Private Labels*. Retrieved 26 November 2018 from http://www.gruppoladoria.it/EN/about-us/private-labels.xhtml#vocation

[67] Tomato News. (2018). *The world's TOP40 biggest processing companies.* Retrieved 26 November 2018 from http://www.tomatonews.com/en/the-worlds-top40-biggest-processing-companies_2_355.html

[68] Note that Belgian investment holding company Verlinvest reportedly bought a 24.5% stake in the company in 2016. See Unquote. *Verlinvest buys 24.5% of Mutti*. Retrieved 26 November 2018 from https://www.unquote.com/southern-europe/news/3002738/verlinvest-buys-245-of-mutti

[69] Checkout. (2015). *MuttiS.p.a*. Retrieved 26 November 2018 from https://www.checkout.ie/mutti-s-p-a/22460

[70]Italian Food News. (2017). *Mutti eyes exports growth in global markets*. Retrieved 26 November 2018 from https://news.italianfood.net/2017/03/17/mutti-eyes-exports-growth-in-global-markets/

[71] Tomato News. *The world's TOP40 biggest processing companies*. Op. Cit.

[72] Land, Commitment, Passion. (2017*) Consolidated Non-Financial Disclosure. Sustainability Report.*La Doria Group. Retrieved 26 November 2018 from http://www.gruppoladoria.it/assets/documents/BilancioSostenibilit%C3%A02017_ING.pdf

[73] Ibid.

[74] La Doria. (2016). *Modern Slavery Statement*. Retrieved 26 November 2018 from http://www.gruppoladoria.it/assets/documents/The_Modern_Slavery_Statement_2016.pdf

[75]Mutti. *Ethical Code*. Retrieved 26 November 2018 from https://www.mutti-parma.com/pdf/codice-etico/Mutti-Codice-Etico.pdf

[76]Mutti. (2018). *Providing fair working conditions in the Italian tomato industry: Our own commitment and a call to action* (not publicly available)

[77]Mutti response to the opportunity to comment on the draft section of the assessment report. The company further noted, that: '*With regard to the contents, it is true that Mutti's Code of Ethics does not precisely claim our commitment to human rights. When we wrote the Code, we taken for granted, perhaps naively, our commitment to respecting and supporting the human rights, as our full compliance with the laws and regulations of the international community and the specific countries in which we are present point that we have explained better in the first lines of chapter 2. Why we need a Code of Ethics and who will be committing with us.*

*Our Conduct, Organization, Management & Control Model (pursuant to Italian legislative decree # 231 of June 8th ,2001) issued together with our Code of Ethics clearly condemns in the ANNEX 1:*

*- the offences against the individual (point 9, page 32),*

*- the employment illegally staying third-country nationals (point 17, page 37)*

*- and the offences of racism and xenophobia (point 18, page 37).'*

And that: 'With regard to Mutti's Code Of Ethics availability, you can download it (and also our Code of Conduct and our Organization, Management & Control Model) on our website. We are aware that our website has a complex structure, and for this reason we are working on a new version, aimed at making navigation easier and content more readily available, even the social responsibility ones. Our desire of course has always been to share our Codes as much as possible and we worked – and we continue to work- in order spread them: indeed our Code of Ethics, Our Code of Conduct and our Organization, Management and Control Model have been sent - or delivered by hand- to all our suppliers and shared with all the Mutti employees.'

[78]Mutti response to the opportunity to comment on the draft section of the assessment report.

[79] Sample contracts with suppliers shared by La Doria and Mutti.

[80] See La Doria. (2017). *Land, Commitment Passion*, which describes SGS as 'an inspection, verification, analysis and certification services company.'Retrieved 26 November 2018 from http://www.gruppoladoria.it/assets/documents/BilancioSostenibilit%C3%A02017_ING.pdf

[81] Sample audit check-list and aggregate audit results shared by La Doria.

[82] La Doria. 2017. *Land, Commitment, Passion*. Op. Cit.

[83]Interview and written correspondence with La Doria for this assessment.

[84] Sample completed SAQ shared by La Doria.

[85] La Doria. 2017. *Land, Commitment, Passion*. Op. Cit.

[86]La Doria. 2017. *Land, Commitment, Passion*. Op. Cit.

[87] Sample farmer self-declaration shared by Mutti.

[88]Sample contract shared by Mutti.

[89]Interview and correspondence with Mutti for this assessment.

[90]Mutti response to the opportunity to comment on the draft section of the assessment report.

[91]Correspondence with Rispoli for this assessment.

[92]Mutti*Position Paper 2018* Op. Cit. and La Doria.*Commitment, Passion*. Op. Cit. 2017 Op. Cit.

[93] La Doria. 2017. *Land, Commitment, Passion*. Op. Cit.

[94]Mutti position paper 2018 Op. Cit.

[95] La Doria. 2017. *Land, Commitment, Passion*. Op. Cit.

[96]Correspondence with La Doria for this assessment, and La Doria response to the opportunity to comment on the draft section of the assessment report.

[97]Mutti response to the opportunity to comment on the draft section of the assessment report.

[98] UNGPs Principle 17 Op. Cit.

[99] Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit. Provided by SOK Corporation sustainability staff for this assessment. As the Coop Group Code of Conduct is slightly more extensive than that of amfori BSCI, the basis of the SOK Corporation code, it has been referred to in this section.

[100]United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 1984

[101] Point 9 notes: The supplier shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour. The supplier will risk allegations of complicity if it benefits from the use of such forms of labour by its suppliers. The supplier shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly. The supplier shall allow its workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer. This entails that employees shall not be required to make deposits to or store original versions of identification papers with their employer. The supplier shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse. All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

[102]Article 4 of the European Convention on Human Rights

[103]Article 5 of the European Convention on Human Rights

[104]Article 7 of the International Covenant on Economic, Social and Cultural Rights

[105] International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, 1990

[106]IOM. (2010). *Bitter Season: Report on the entry system for seasonal work and the conditions of migrants employed in agriculture in Campania, Puglia and Sicily.* As quoted in Amnesty International (2012) *Exploited Labour: migrant workers in Italy's agricultural sector*. Retrieved 26 November 2018 from https://www.amnestyusa.org/files/exploited_labour._italy_migrants_report_web.pdf

[107]The Ethical Trading Initiatives of Denmark, Norway and the UK

[108]Joint Ethical Trading Initiatives (JETI). (2015). *Due diligence in agricultural supply chains: Counteracting exploitation of migrant workers in Italian tomato production*: https://www.ethicaltrade.org/resources/due-diligence-agricultural-supply-chains-counteracting-exploitation-migrant-workers

[109]International Labour Organisation (ILO). (2012). *Special Action Programme to combat Forced Labour International Programme on the Elimination of Child Labour*.(2012) *Hard to see, harder to count. Survey guidelines to estimate forced labour of adults and children*. Retrieved 26 November 2018 from http://ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182096.pdf

[110] Interview with tomato harvesting worker in Foggia for this assessment.

[111] Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit.

[112]Article 7 of the International Covenant on Economic, Social and Cultural Rights

[113] Point 3 notes: 'The supplier observes this principle when it respects the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder. The supplier shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.

Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.'

114Article 25.1 Universal Declaration Of Human Rights (1948)

[115]R.,Willoughby and Gore, T. 2018.Oxfam. *Ripe for Change - Ending Human Suffering In Supermarket Supply Chains*. Retrieved 26 November 2018 from https://d1tn3vj7xz9fdh.cloudfront.net/s3fs-public/file_attachments/cr-ripe-for-change-supermarket-supply-chains-210618-en.pdf

[116]Amnesty International. (2012). *Exploited Labour.* Op. Cit.

[117] Two workers reported wages of 6 euro and 7 euro per box respectively for harvesting cherry tomatoes, which are not present in the SOK supply chains covered in this assessment.

[118] Based on calculations in Terra, Fabio Ciconte and Stefano Liberti (2017) *Squeezed Dry:* Op Cit.

[119]Correspondence with trade unions active in the sector.

[120] Figure not publicly available, but shared by La Doria for this assessment.

[121] Ibid.

[122] Ibid.

[123]RavennanotizieLavoroirregolare.*In agricolturatantogrigio e nero: la proposta di Flai e coordinamentoimmigrati*. Retrieved 26 November 2018 fromhttp://www.ravennanotizie.it/articoli/2018/06/30/lavoro-irregolare.-in-agricoltura-tanto-grigio-e-nero-la-proposta-di-flai-e-coordinamento-immigrati.html

[124]Flai-CGIL. *OsservatorioPlacidoRizzotto*. Retrieved 26 November 2018 from https://www.flai.it/osservatoriopr/osservatorio-placido-rizzotto/

[125]Article 25.1 Universal Declaration Of Human Rights (1948) and Article 11 International Covenant on Economic, Social and Cultural Rights (1966)

[126]R.,Willoughby and Gore, T. 2018.Oxfam. *Ripe for Change*.Op. Cit.

127Response from La Doria to the opportunity to comment on this section of the draft assessment report.

[128] Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit.

[129]Article 25.1 Universal Declaration Of Human Rights (1948)

130 Point 4 notes: 'The supplier observes this principle when it ensures that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, the Coop Group recognizes the exceptions specified by the ILO. Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO. In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded. The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Furthermore, the supplier shall grant its workers the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.'

131As the ILO notes (emphasis added) 'Under some conditions, piece rates may be beneficial to both employers and employees. For this to be the case, however, the manner in which remuneration is calculated for each piece produced or task completed needs to be fair to both parties: if the salary is set too low, discouragement will set in and the workers concerned will work long hours and may ultimately feel burnt out by the system.' Retrieved 26 November 2018 from https://www.ilo.org/global/topics/wages/minimum-wages/definition/WCMS_439067/lang--en/index.htm

[132]ILO. R021 - Utilisation of Spare Time Recommendation, 1924 (No. 21).Retrieved 26 November 2018 fromhttps://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R021

133ILO Factsheet. (2015). Rest periods: definitions and dimensions. Retrieved 26 November 2018 from https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_491374.pdf

134La Doria response to opportunity to comment on this section of the draft assessment report.

135 Point 5 notes: 'The supplier observes this principle when it respects the right to healthy working and living conditions of workers and local communities...' and that 'The supplier shall take all appropriate measures within its sphere of influence to see to the stability and safety of the equipment and buildings it uses, including residential facilities to workers when these are provided by the employer' (emphases added).

136Fanny Carrier. (2018). *Inside the slum that houses southern Italy's migrant workforce. The Local* Retrieved 26 November 2018 from https://www.thelocal.it/20180607/inside-san-ferdinando-slum-calabria-italy

137Medu. (2015) *Terraingiusta*. Press release. Retrieved 26 November 2018 from http://www.mediciperidirittiumani.org/terraingiusta-2/

138Rosa Luxemburg Stiftung. Florian Horn and Federico Tomasone. (2018). *Exploitation and trade unions on Southern Italy's tomato fields* http://www.rosalux.eu/topics/solidarity-and-emancipation/exploitation-and-trade-unions-on-southern-italys-tomato-fields/

139UnioneSindacale De Base. Il ParlamentoEuropeodiscutedeibraccianti del ghetto di Rignanonellatotaleassenzadeglieuroparlamentariitaliani. La testimonianza USB. (2018). Retrieved 26 November 2018 from https://agricoltura.usb.it/index.php?id=20&tx_ttnews[tt_news]=106457&cHash=b6833d4084&MP=63-1844

140 Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit.

141 Article 25.1 Universal Declaration Of Human Rights (1948)

142 Point 5. notes: 'The supplier observes this principle when it respects the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection. The supplier shall comply with occupational health and safety regulations or with international standards where domestic legislation is weak or poorly enforced. The active co-operation between management and workers, and/or their representatives is essential in order to develop

and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees. The supplier shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. The supplier shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace. The supplier shall seek to improve workers' protection in case of accidents. This includes compulsory insurance schemes. The supplier shall take all appropriate measures within its sphere of influence to see to the stability and safety of the equipment and buildings it uses, including residential facilities to workers when these are

provided by the employer, as well as to protect against any foreseeable emergency. The supplier shall respect the workers' right to exit the premises from imminent danger without seeking permission. The supplier shall ensure adequate occupational medical assistance and medical facilities. The supplier shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, the supplier shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.'

143Medu. (2015) *Terraingiusta.* Op. Cit.

144European Federation of Food, Agriculture and Tourism Trade Union (EFFAT). (2015) *Combating gangmasters with a network for dignified agricultural work.* Retrieved 26 November 2018 from http://www.effat.org/en/node/14018

145 Corriere della Sera. MichelangeloBorrillo. (2017) *Caporalato, così i pomodoridegli «schiavi» finiscononeisupermercati (attraversolemultinazionali).*Retrieved 26 November 2018 from https://www.corriere.it/cronache/17_ottobre_23/caporalato-pomodori-raccolti-finivano-grande-distribuzione-c6e67aec-b7b8-11e7-aa18-cabdc275da27.shtml

146Ibid.

147Dagbladet. Tina Faltin. (2017). *Picking tomatoes for criminal networks in Italy: Migrants are the new drug of the mafia* (Plukkertomater for kriminellenettverki Italia: Migranteneer den nyenarkoen for mafiaen). Retrieved 26 November 2018 fromhttps://www.dagbladet.no/mat/migrantene-er-den-nye-narkoen-for-mafiaen--slavetomatene-kan-ha-havnet-i-norge/69021159

148Hunter, I., De Pietro, L. 2017. *The terrible truth about your tin of Italian tomatoes*.Op Cit.

149Ibid.

150CrispianBalmer. (2018). *African migrants protest in Italy after road deaths.*Reuters. Retrieved 26 November 2018 from https://www.reuters.com/article/us-europe-migrants-italy-protests/african-migrants-protest-in-italy-after-road-deaths-idUSKBN1KT12A

151FederazioneLavatoriAgroindustria. (2018). *Mortioperaiagricoli in incidente.Delegazione FLAI in ospedale, mercoledìmanifestazione a Foggia*. Retrieved 26 November 2018 fromhttps://www.flai.it/primo-piano/morti-operai-agricoli-in-incidente-delegazione-flai-in-ospedale-mercoledi-manifestazione-a-foggia/

152 Vice. Leonardo Bianchi (2018). *How a Young Cameroonian Sparked a Revolt Against Migrant Exploitation in Italy.* Retrieved 26 November 2018 from https://www.vice.com/en_us/article/qv9xwm/how-a-young-cameroonian-sparked-a-revolt-against-migrant-exploitation-in-italy-v25n3

153 Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit.

154Protocol No. 12 European Convention on Human Rights and Fundamental Freedoms

155 There is no principle that deals comprehensively with the issue of access to justice. Point 1. notes: '... The supplier shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them. When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, the supplier shall respect this principle by allowing workers to freely elect their own representatives with whom the employer can enter into dialogue about workplace issues.' (emphasis added).

156R.,Willoughby and Gore, T. 2018.Oxfam. *Ripe for Change*.Op. Cit.

157Amnesty International. *Exploited Labour*. (2012) Op. Cit.

158 SOK Corporation comments on the draft report.

159 La Doria response to the opportunity to comment on this section of the draft assessment report.

160 Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit.

161ILO. *C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)/C141 - Rural Workers' Organisations Convention, 1975 (No. 141)* https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:::NO:12100:P12100_ILO_CODE:C087:NO

162Italian constitution Article 18

163 Point 1. notes: 'The supplier shall (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate against workers because of trade union membership; and (c) respect workers' right to bargain collectively. The supplier shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them. When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, the supplier shall respect this principle by allowing workers to freely elect their own representatives with whom the employer can enter into dialogue about workplace issues.'

164JETI. (2015). *Rights Due diligence in agricultural supply chains*. Op. Cit.

165 See: FederazioneLavatoriAgroindustria. (2018*). Bruxelles 5 November*. Retrieved 26 November 2018 from https://www.flai.it/primo-piano/bruxelles-5-novembre/

166 See also: FederazioneLavatoriAgroindustria. https://www.flai.it/primo-piano/agricoltura-basta-stragi-mercoledi-manifestazione-a-foggia/

167 France 24 (2018). *12 foreign farm labourers killed in Italy road crash during tomato harvest season* Retrieved 28 November 2018 from https://www.france24.com/en/20180806-12-foreign-farm-labourers-killed-italy-road-crash-during-tomato-harvest-season

168See:https://agricoltura.usb.it/index.php?id=20&tx_ttnews[tt_news]=105316&cHash=57dcd97e29&MP=63-1844

169GlobalGap. (2015). *Risk Assessment on Social Practice. GRASP Module interpretation for Italy. Version 1.3* Retrieved 26 November 2018 from https://www.globalgap.org/export/sites/default/.content/.galleries/documents/150917_GG_GRASP_V1_3_Interpretation_GL_Italy_en.pdf

170 Sample audit report provided by La Doria, question 26.

171 Sample farm self-declaration provided by Mutti.

172 Coop Group. (2017). *The Coop Group Code of Conduct*. Op Cit.

173 8. Convention on the Elimination of All Forms of Discrimination against Women, 1979

174 Point 2. notes: 'The supplier shall not discriminate, exclude or have a certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. In particular, workers shall not be harassed or disciplined on any of the grounds listed above.'

175R.,Willoughby and Gore, T. 2018.Oxfam. *Ripe for Change*.Op. Cit..

176R.,Willoughby and Gore, T. 2018.Oxfam. *Ripe for Change*.Op. Cit.

177 Genevieve Lebaron et al. (2018) *Confronting root causes: forced labour in global supply chains*. Retrieved 28 November 2018 from: https://www.opendemocracy.net/beyondslavery/genevieve-lebaron-neil-howard-cameron-thibos-penelope-kyritsis/confronting-root-causes#fn4

178This work highlights how outcomes in global value chains, far from the model of perfectly competitive markets, reflect structural asymmetries of bargaining power between different value chain actors. See for example the work of Gereffi et al (2005). Op. Cit.

179R.,Willoughby and Gore, T. *Ripe for Change*.*Publications, methodology and data.Oxfam*. Retrieved 27 November 2018 from: https://indepth.oxfam.org.uk/behind-the-price/

180 See for example *Eur-Lex Access to European Union Law Document 52009DC0591*. Retrieved 26 November 2018 from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52009DC0591 , or the forthcoming directive on Unfair Trading Practices; Legislative train schedule. Deeper and fairer internal market with a strengthened industrial base / products.Unfair trading practices in the food supply chain. http://www.europarl.europa.eu/legislative-train/theme-deeper-and-fairer-internal-market-with-a-strengthened-industrial-base-products/file-unfair-trading-practices-in-the-food-supply-chain

181 See, for example Olivier De Schutter. United Nations Special Rapporteur On The Right To Food. (2010). *Addressing Concentration in Food Supply Chains: The Role of Competition Law in Tackling the Abuse of Buyer Power.* Retrieved 26 November 2018 from https://www.ohchr.org/Documents/Issues/Food/BN3_SRRTF_Competition_ENGLISH.pdf

182 ILO. Daniel Vaughan Whitehead and Luis Pinedo Caro. (2016). *Purchasing practices and working conditions in global supply chains: Global Survey results.* Retrieved 26 November 2018 from https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_556336.pdf

183 See for example, albeit from the textiles sector, *Better Buying*https://betterbuying.org/ or Ethical Trading Initiative https://www.ethicaltrade.org/

184 Interview with SOK supplier for this assessment.

185 Open Migration. (2017). Different stories and routes but with something in common. Retrieved 26 November 2018 from https://openmigration.org/en/analyses/arrivals-by-sea-in-2016-all-the-numbers-and-a-few-thoughts/

186The Independent (2018).*Italy threatens to send stranded migrants back to Libya unless Europe steps in to help*. Retrieved 26 November 2018 from https://www.independent.co.uk/news/world/europe/italy-migrant-crisis-libya-north-africa-europe-return-eu-a8499466.html

187 Labour union representative at S-Group Italian Tomato HRIA Roundtable

188Latza Nadeau, B. 2018. *'Migrants are more profitable than drugs': how the mafia infiltrated Italy's asylum system.The Guardian.* Retrieved 26 November 2018 from https://www.theguardian.com/news/2018/feb/01/migrants-more-profitable-than-drugs-how-mafia-infiltrated-italy-asylum-system

189PlacidoRizzotto Observatory. (2016). *The third report on the mafias in agriculture and caporalato*, (English summary). Retrieved 26 November 2018 from https://www.flai.it/wp-content/uploads/SchedaSintesi-IIIRapp-EN.pdf

190 S-Group Italian Tomato HRIA Roundtable participant

191Participant in roundtable discussion.

192 Interview with La Doria for this assessment.

193 Amnesty International. (2012). Exploited labour: migrant workers in Italy's agricultural sector: https://www.amnestyusa.org/files/exploited_labour._italy_migrants_report_web.pdf

194 IOM. (2010). Bitter Season. Op. Cit.

195Correspondence with ETI.

196 Ibid.

197Rosa Luxemburg Stiftung. Florian Horn and Federico Tomasone. (2018). Op. Cit.

198 ETI. AlessaRigal. (2018*). Strengthening public-private cooperation to end migrant worker abuse in Italy's tomato industry*. Retrieved 26 November 2018 from https://www.ethicaltrade.org/blog/strengthening-public-private-cooperation-to-end-migrant-worker-abuse-italys-tomato-industry

199 JETIs. (2015) *Rights Due diligence in agricultural supply chains.* Op. Cit.

200 openDemocracy. Letizia Palumbo. 2016. *Commentary: Italian Govt.'s agricultural quality certification should focus on labour exploitation by companies*:https://www.opendemocracy.net/beyondslavery/pt/letizia-palumbo/why-show-your-cards-problem-of-transparency-in-agricultural-supply-chains

201 The Italian processing industry is also pursuing strategies related to improving productivity and differentiating Italian processed tomatoes from international competitors on the basis of superior quality. See for example ANICAV http://www.anicav.it/. SOK Corporation comments on the draft assessment report noted that 'Another reason [for price declines]: CT started to ask for processed tomatoes in a brick package (instead of tin) at early stage as it is more environment friendly and saves logistic costs. At the time there were not many suppliers that could do bricks, but that has changed rapidly which has increased the competition in bricks.'

202 Tomato News. (2017). *Italy: the industry is pursuing its reorganization.* Retrieved 26 November 2018 from http://www.tomatonews.com/en/italy-the-industry-is-pursuing-its-reorganization_2_177.html

203 Interview with SOK supplier for this assessment.

[204] It is notable that prices paid to suppliers of private label products by Coop Trading, on average, have declined even in the context of global tomato production volumes declining since 2015. See Tomato News (2018). *2018 Provisional end of season results* Retrieved 28 November 2018 from http://www.tomatonews.com/en/2018-provisional-end-of-season-results_2_531.html -

[205] Various terms are used to describe similar practices. In interviews with staff from Coop Trading, practices which are equivalent to e-auctions (i.e. in which lower quotations are encouraged between participants in time-bound periods) are sometimes referred to as 'e-tenders'. Technically, 'e-tenders' should refer to processes by which quotations are gathered through an electronic system, but without an auction element.

[206]FederDistribuzione. *Chi Samo. Federdistribuzione è l'organismoespressionedellaDistribuzioneModernaOrganizzata*. Retrieved 26 November 2018 from https://www.federdistribuzione.it/chi-siamo/

[207]PoliticheAgricole. (2017). *Agroalimentare: stop alleaste a doppioribasso. Firmatopatto di impegno con Federdistribuzione e Anc-Conad per favorirepratichecommercialileali e controilcaporalato*Retrieved 26 November 2018 from https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/11435

[208] Ibid.

[209] See Amendment 55, Draft European Parliament Legislative Resolution on the proposal for a directive of the European Parliament and of the Council on unfair trading practices in business-to-business relationships in the food supply chain.. Retrieved 28 November 2018 from http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A8-2018-0309&language=EN#title1

[210] Interview with Coop Trading sustainability staff for this assessment.

[211] Interview with Coop Trading buyer for this assessment

[212] Interview with Coop Trading buyer for this assessment.

[213]Correspondence with SOK Corporation sustainability staff for this assessment.

[214] SOK Corporation comments on the draft assessment reported noted that: *'There are different roles and responsibilities, but there are also formalized working procedures to ensure good collaboration. Even though the roles are different, the work between the teams is very close....He [the buyer] meant that CSR and buying team have different responsibilities and expertise and that CSR colleagues have better understanding of the complex technical details of labour conditions.'*

[215]Gereffi et al (2005). Op. Cit.

[216] POs have also been the subject of criticism in the literature for failing to adequately represent the interests of producers. See Terra, Fabio Ciconte and Stefano Liberti (2017) *Squeezed Dry.* Op. Cit.

[217] As noted in the 'Methodology limitations' section, the analysis with regard to trends in the distribution of value added at each stage of the supply chains in question has been removed from the final assessment report due to a disagreement between due to a disagreement between the research team and SOK Corporation about its

quality and relevance. This would be an important area for further research.

[218]Coalition of Immokalee Workers. Retrieved 27 November 2018 from http://ciw-online.org/about/

[219] Steven Greenhouse. (2014). *In Florida Tomato Fields, a Penny Buys Progress*. New York Times. Retrieved 27 November 2018 from https://www.nytimes.com/2014/04/25/business/in-florida-tomato-fields-a-penny-buys-progress.html

[220]Cosa Vostra. Da Silvia Bortoletto (2016). Funky Tomato. *A win-win situation in the disadvantaged Italian Southern regions*. Retrieved 26 November 2018 from http://www.cosavostra.it/cosavostra/funky-tomato-a-win-win-situation-in-the-disadvantaged-italian-southern-regions/

221 Funky Tomato http://www.funkytomato.it/

222 Christian Science Monitor. Elena ComelliCorrieredella Sera (2018). *Tomato workers fight exploitation by making their own sauce in Apulia* Retrieved 26 November 2018 from https://www.csmonitor.com/World/Europe/2018/0615/Tomato-workers-fight-exploitation-by-making-their-own-sauce-in-Apulia

223 Terra Nuova.it. (2018). *'SfruttaZero', the tomato without a caporalato* Retrieved 27 November 2018 from https://www.terranuova.it/News/Agricoltura/SfruttaZero-il-pomodoro-senza-caporalato

224 UNGPs Principle 19

225 Interview with Coop Trading sustainability staff for this assessment

226 Interview with SOK sourcing staff for this assessment.

227 In response to the company's opportunity to comment on this section of the draft report, La Doria noted that 'In the last years, we accommodated several ethical audit in tomato field carried out by customers such as Rema, United Nordic, Dansk Supermarked. Reports have not been shared with us.

228 Interview with Coop Trading sustainability staff for this assessment.

229 In Mutti's opportunity to comment on this section of the draft assessment report, the company noted that: 'The letter addressed to suppliers in 2018 report the target to have all suppliers compliant with external audit system such as Global Gap/Grasp by 2019. However let us underline that all supplier[s] are requested to provide document[s], such as DURC or UNILAV edit by authorities to reinforce and support self-declaration content'.]

230 UNGPs Principle 24

231 OECD (2018). *OECD Due Diligence Guidance for Responsible Business Conduct*. Retrieved 26 November 2018 from http://www.oecd.org/industry/inv/mne/due-diligence-guidance-for-responsible-business-conduct.htm

232 The main export markets for Mutti are reported to be France, the Nordic countries, Belgium and Germany, see Tomato News. (2017. Retrieved 26 November 2018 from http://www.tomatonews.com/en/italy-mutti-finalises-the-acquisition-of-copador_2_229.html La Doria claims it is the leader in exports to Britain, Germany, Scandinavia, Australia and Japan, see La Doria. Our story. Retrieved 26 November 2018 fromhttp://www.gruppoladoria.it/EN/about-us/our-story.xhtml -

233Ibid.

234 In Mutti's response to the opportunity to comment on this section of the draft report, the company noted that: 'The farm involved in this accident happen in 2015 was supplying three different tomato companies. Mutti, as soon as suspected irregularities have emerged, suspended the supplier. We were absolutely not aware of any kind of irregularity, also because we made all the checks that could be done. In 2015 indeed, the Mutti supply contract included specific requirements relevant to labor. On February 7th, 2018, took place the preliminary hearing of the trial against the farmer charged with the gangmaster crime, who was not the person we had contracted with. On February 27th the Judge accepted Mutti's application as Civil Party, as injured party.'

235 The main export markets for Mutti are reported to be France, the Nordic countries, Belgium and Germany, see *Tomato News*. (2017, 12th December) Italy: Mutti finalises the acquisition of Co.Pad.Or. Retrieved 26 November 2018 from http://www.tomatonews.com/en/italy-mutti-finalises-the-acquisition-of-copador_2_229.html. La Doria claims it is the leader in exports to Britain, Germany, Scandinavia, Australia and Japan, see La Doria. *Our story*. Retrieved 26 November 2018 from http://www.gruppoladoria.it/EN/about-us/our-story.xhtml

236 The main export markets for Mutti are reported to be France, the Nordic countries, Belgium and Germany, see Tomato News. 2017. *Italy: Mutti finalises the acquisition of Co.Pad.Or*. Op Cit. La Doria claims it is the leader in exports to Britain, Germany, Scandinavia, Australia and Japan, see La Doria. Our story Retrieved 26 November 2018 from http://www.gruppoladoria.it/EN/about-us/our-story.xhtml

237 La Doria response to the opportunity to comment on this section of the draft assessment report.

238 Tomato News. (2017). Op Cit.

239 Tomato News. (2017). Op Cit.

240 In La Doria's response to the opportunity to comment on this section of the draft assessment report, the company noted: 'no grievance [has been] received so far, therefore it is a limited tool'.

241 In Mutti's response to the opportunity to comment on this section of the draft report, the company noted that: 'Mutti has no grievance mechanism in place for supplier's employee or suppliers while [there] is in place a grievance system for own employees that is open to any remark or complaint that may regard Mutti company as well as suppliers.'

242 UNGPs Principle 19(b)(ii)

243 The European Community of Consumer Cooperatives, of which S-Group is a member, see http://www.eurocoop.coop/

244 See JETIs. (2017). *Guide to Buying Responsibly*. https://www.ethicaltrade.org/resources/guide-to-buying-responsibly. This should include, for example, exploring structural changes in buying and sustainability teams that will expose buyers to human rights issues and sustainability teams to buying issues; locating the sustainability team within the buying team, reporting to the same senior manager; introducing human rights related KPIs for buyers backed up with appropriate training; making exposure visits to farms compulsory part of the buying function.

245PoliticheAgricole. (2017). *Agroalimentare: stop alleaste a doppioribasso. Firmatopatto di impegno con Federdistribuzione e Anc-Conad per favorirepratichecommercialileali e controilcaporalato* Retrieved 26 November 2018 from https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/11435

246Huffpost (2013, 15th May) *A Penny a Pound, Plus Power: The Coalition of Immokalee Workers Changes History* Retrieved 28 November 2018 from https://www.huffingtonpost.com/beverly-bell/a-penny-a-pound-plus-power_b_3274169.html

247 At the time of this assessment, a design process is underway to explore the application of blockchain technology to support workers' rights in the Moroccan strawberry supply chain of a Swedish retailer. One application could be to create a record on blockchain of working hours. See: https://axfoundation.se/en/projects/report-blockchain-for-traceability-in-food-chains/

248UnioneSindicale de Base. (2018). *Lavoroagricolo, USB ha presentatonella terra di Di Vittorio la piattaforma e ilcodiceetico*. Retrieved 26 November 2018 from https://agricoltura.usb.it/index.php?id=20&tx_ttnews[tt_news]=105316&cHash=57dcd97e29&MP=63-1844

249249UnioneSindicale de Base. (2018). *Lavoroagricolo, USB ha presentatonella terra di Di Vittorio la piattaforma e ilcodiceetico*. Retrieved 26 November 2018 from https://agricoltura.usb.it/index.php?id=20&tx_ttnews[tt_news]=105316&cHash=57dcd97e29&MP=63-1844

250 Marks and Spencer. *Capacity Building Initiatives*. Retrieved 26 November 2018 from https://corporate.marksandspencer.com/plan-a/clothing-and-home/capacity-building-initiatives

251 Thai Union. *Migrant Workers Need to be Guranteed Safe and Legal Recruitment.* Retrieved 26 November 2018 from http://www.thaiunion.com/en/blog/sustainability/541/migrant-workers-need-to-be-guaranteed-safe-and-legal-recruitment

252 Ethical Trading Initiative. *How Princes Recruits Migrant Workers in its Global Supply Chain*. Retrieved 26 November 2018 from https://www.ethicaltrade.org/blog/how-princes-recruits-migrant-workers-its-mauritius-supply-chain

253 Marks & Spencer have committed that 'By 2019, we'll put in place mechanisms to make human rights complaints or raise concerns, which are accessible to all individuals and communities connected with our business. From 2020, we'll report annually on the use and performance of these mechanisms.' See Plan A 2025 Commitments. Retrieved 26 November 2018 from https://corporate.marksandspencer.com/documents/plan-a/plan-a-2025-commitments.pdf

254 Marks & Spencer have committed that 'By 2019, we'll develop and launch a mechanism that enables all M&S Foods suppliers and raw material suppliers to report transparently on their experience of working with M&S and for M&S to report on steps taken to improve score.', see https://corporate.marksandspencer.com/documents/plan-a/plan-a-2025-commitments.pdf ; Tesco uses the Supplier Viewpoint Survey, committing that by 2018/19 over 75% of suppliers will report being satisfied with Tesco, see https://sustainability.tescoplc.com/sustainability

255 See Marks and Spencer. *M&S Interactive Map*. Retrieved 26 November 2018 fromhttps://interactivemap.marksandspencer.com/

256 John Lewis. *Waitrose and Partners Factory List* October 2018. Retrieved 26 November 2018 from https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/our-responsibilities/2018/waitrose-factory-list-november-2018.pdf

257 UN Global Impact. *Endorse the Women's Empowerment Principles.*Retrieved 26 November 2018 from https://www.unglobalcompact.org/take-action/action/womens-principles

258Walmart. *Women's Economic Empowerment*. Retrieved 26 November 2018 from https://corporate.walmart.com/global-responsibility/opportunity/womens-economic-empowerment

[259] See Marks and Spencer. *Plan A 2025 Commitments.* Retrieved 26 November 2018 from https://corporate.marksandspencer.com/documents/plan-a/plan-a-2025-commitments.pdf This includes, for example, the following aspiration: *'To help create an inclusive society we'll pay particular attention to women's human rights, and develop an inclusion strategy for our whole value chain from field to factory to store. We'll make sure that our workforces and management teams reflect the diversity of the regions where they are located. And we'll monitor pay gaps and tackle any we find.'* and includes the following commitments: *'By 2022, we aim for our Food and Clothing & Home first-tier manufacturing sites to have 25% women in management positions. By 2019, we'll help advance women's human rights and combat gender discrimination by launching programmes and initiatives that promote gender equality and women's empowerment in our business and supply chains.'*

[260]Correspondence with Oxfam.

[261] See for example: Coop Italia. Twitter. Retrieved 26 November 2018 from https://twitter.com/Coopitalia/status/886893571126833156

[262] ASGI. *The Italian legal framework against labour exploitation.* Retrieved 26 November 2018 from https://www.business-humanrights.org/sites/default/files/documents/ASGI_HRIC_BHRRC_May2017_REV%2019.7.pdf

[263] Amnesty International. *Exploited Labour* (2012) Op. Cit.

[264]Lexology. *New Italian law on the 'gangmaster system'* Retrieved 26 November 2018 from https://www.lexology.com/library/detail.aspx?g=f6eeb159-2d8b-42ea-80ea-169097391a54



# OXFAM

Oxfam is an international confederation of 19 organizations networked together in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty. Please write to any of the agencies for further information, or visit www.oxfam.org

Back cover photo: Accommodation typical of where many tomato pickers live in Southern Italy © Rocco Rorandelli/Oxfam

OxfamAmerica (www.oxfamamerica.org)
OxfamAustralia (www.oxfam.org.au)
Oxfam-in-Belgium (www.oxfamsol.be)
Oxfam Brasil (www.oxfam.org.br)
Oxfam Canada (www.oxfam.ca)
Oxfam France (www.oxfamfrance.org)
Oxfam Germany (www.oxfam.de)
Oxfam GB (www.oxfam.org.uk)
Oxfam Hong Kong (www.oxfam.org.hk)
Oxfam IBIS (Denmark) (www.oxfamibis.dk)
OxfamIndia (www.oxfamindia.org)
Oxfam Intermón (Spain) (www.oxfamintermon.org)
Oxfam Ireland (www.oxfamireland.org)
Oxfam Italy (www.oxfamitalia.org)
Oxfam Mexico (www.oxfammexico.org)
Oxfam New Zealand (www.oxfam.org.nz)
Oxfam Novib (Netherlands) (www.oxfamnovib.nl)
Oxfam Québec (www.oxfam.qc.ca)
Oxfam South Africa (www.oxfam.org.za)

Observer:
KEDV (Oxfam Turkey)