

SUPPLY CHAIN GOVERNANCE IN AGRICULTURE: STANDARDS AND AUDITS TO IMPROVE OSH IN THE EUROPEAN AGRI-FOOD SECTOR

Background

This policy brief is part of the project 'Leverage Instruments for Occupational Safety and Health - Lift-OSH', commissioned by the European Agency for Safety and Health at Work (EU-OSHA). The project provides both an overview and in-depth case studies of market leverage initiatives in the agri-food and construction sectors. It also analyses the factors influencing market leverage of occupational safety and health (OSH) in supply chains, among other standards and certificates in supply chain governance.

This policy brief describes the standards and certificates commonly used in supply chain governance in the agri-food sector, and outlines the potential benefits for OSH, even when this is not their primary intention and they appear to have limited OSH relevance.

This policy brief is of interest to policy-makers, employers, managers and workers in the agri-food sector, as well as those who help them to understand the application of certificates and standards in supply chain governance, such as buyers, consumers and OSH practitioners.

The agri-food sector supply chain and OSH

The agri-food sector is characterised by challenges related to precarious conditions, especially for migrant or seasonal workers who are often on short-term contracts. Issues include long working hours, low piece-rate pay and unfamiliarity with certain OSH risks such as heavy lifting; repetitive work; awkward postures; slips, falls and cuts; chemicals in farming; and a high psychosocial risks caused by elevated pressure, stress and monotony (Jones et al., 2020).

The agri-food sector is subject to extensive regulation, particularly as regards consumer food safety and environmental sustainability. These issues are usually addressed through multi-stakeholder partnerships, which inevitably have an impact on relationships in the agri-food supply chain.

OSH is integrated into the supply chain through 'contractual governance', meaning the various forms of formal tendering, contracting, auditing and monitoring of the suppliers' work processes. The main OSH-related contractual leverage practices are certification schemes and the associated audits targeting the agri-food sector. They consist of a standard, which forms the basis for certification, and a third party audit scheme. The standards generally build on international conventions such as the Universal Declaration of Human Rights, the UN guiding principles, the ILO conventions, EU sector-based regulations and national laws. They are concerned with topics such as child labour, forced labour, discrimination, freedom of association and right to collective bargaining, as well as aspects of safety and health.

Table 1: Features of five important schemes in the agri-food sector

Scheme	Key focuses	Key aspects to evaluate	Impacts on OSH	Third party involvement	Traceability
1. GlobalGAP and GRASP	<ul style="list-style-type: none"> • Food safety • Food quality • Environmental labour standards 	<ul style="list-style-type: none"> • Workers' voices • Human and labour rights information • Human and labour rights indicators 	<ul style="list-style-type: none"> • Higher productivity • Higher income • Improved quality • Better health and safety at work 	<ul style="list-style-type: none"> • The GRASP audit can be conducted alongside GlobalGAP inspection 	<ul style="list-style-type: none"> • Online database • Certification status • Certification scheme • Expiry date

Scheme	Key focuses	Key aspects to evaluate	Impacts on OSH	Third party involvement	Traceability
<p>2. EU Code of Conduct on responsible Food Business and Marketing Practices</p>	<ul style="list-style-type: none"> • Food sustainability • Reflect farm-to-fork strategy and Green Deal 	<ul style="list-style-type: none"> • Child and young workers' protection • Healthy, balanced and sustainable diets • Reduce food waste • A climate-neutral food chain • A resource-efficient food chain • An optimised circular economy? • Sustainable value creation in EU food supply chain through partnership • Sustained, inclusive and sustainable economic growth, employment and decent work 	<ul style="list-style-type: none"> • Economic sustainability • Employment sustainability • Safe and inclusive workplaces • Decent work by improving resilience and competitiveness • Support training, upskilling or reskilling • Workers' inclusion 	<ul style="list-style-type: none"> • Relevant associations help disseminate the code to their members 	<ul style="list-style-type: none"> • All signatories are listed in EU-relevant web page • Large companies – annual report • SMEs – simplified reports in 2-3 years
<p>3. SA8000</p>	<ul style="list-style-type: none"> • Applicable to entire chain: focal firms, suppliers and subcontractors • Proactive risk identifications and actions • Does not apply to small farms yet 	<ul style="list-style-type: none"> • Child labour • Forced labour • Discrimination • Freedom of association • Right to collective bargaining • OSH 	<ul style="list-style-type: none"> • Improve relationships between workers • Higher productivity and quality • Facilitate risk detection • Reduce accidents at work • Increase control of the supply chain 	<ul style="list-style-type: none"> • Surveillance audits every 6 months 	<ul style="list-style-type: none"> • Certification lasts for 3 years • Certified Organisation List
<p>4. SEDEX (SMETA)</p>	<ul style="list-style-type: none"> • Social responsibility and sustainability • Continual improvement of buyer-supplier relations 	<ul style="list-style-type: none"> • Labour standards • OSH • Environment • Business ethics 	<ul style="list-style-type: none"> • Audits focus on OSH in detail • Enables identification of weaknesses of existing conditions 	<ul style="list-style-type: none"> • Audits • Provide governance tools (for example, supply chain mapping, risk assessment tools) 	<ul style="list-style-type: none"> • Registration on SEDEX platform

Scheme	Key focuses	Key aspects to evaluate	Impacts on OSH	Third party involvement	Traceability
5. BSCI	<ul style="list-style-type: none"> Supply chain sustainability 	<ul style="list-style-type: none"> Freedom of association Collective bargaining Forced and child labour Anti-discrimination Fair remuneration Decent working hours OSH 	<ul style="list-style-type: none"> Supply chain efficiency Reduce risk Worker safety Productivity 	<ul style="list-style-type: none"> Full audits and follow-up audits Audit frequency depends on the company's auditing score Auditors also conduct research, visit companies and collect required information and data 	<ul style="list-style-type: none"> BSCI platform: add producers, map their supply chain and track performance

Best case practice – example of a leading Danish retailer: Business Social Compliance Initiative (BSCI) initiative

The Danish retailer’s social, environmental and ethical responsibility requirements are set out in their code of conduct, which is benchmarked against the code of conduct of the multi-stakeholder initiative BSCI and is based on international conventions and principles.

The company aims to meet these requirements by attaching the code of conduct to every contractual business agreement the focal company reaches with its suppliers. Suppliers who sign the business agreement must ensure that the production of products and the procurement of raw materials and services comply with the code of conduct.

The suppliers’ compliance with the code of conduct is monitored and tracked using a risk-based approach. Until 2019, only suppliers based in countries classified as risk countries in the BSCI’s Countries’ Risk Classification were required to prove compliance with the code of conduct, through a third party certification. Based on this list, Romania would currently be the only European country classified as a risk country. But after the focal company was made aware of a couple of high-profile media cases in southern Europe where migrant workers suffering poor working conditions were exploited, the focal company requested third-party BSCI certification from all their suppliers from Portugal, Spain and Italy. However, suppliers do not have to arrange a BSCI audit if they already have audit documentation of one of the following standards: Social Accountability International (SAI), Social Accountability 8000 (SA8000), Ethical Trading Initiative (ETI), Global Good Agriculture Practices (GlobalGAP) Risk Assessment on Social Practice (GlobalGAP GRASP), Initiative Clause Social (ICS), SEDEX Members Ethical Trade Audit (SMETA), Sustainability Initiative of South Africa (SIZA), Worldwide Responsible Accredited Production (WRAP).

In the fruit and vegetable segment, all suppliers must hold a valid GlobalGAP certification covering responsible farming practices: among other requirements, suppliers need to systematically assess risks for workers’ health and safety, address points identified in the risk assessments with procedures and staff training sessions, have clear guidelines on the usage of hazardous substances, provide workers with personal protective equipment, and ensure that machines and trucks are well maintained and used according to legal requirements.

Practical implications

Certification and standards remain important

- Certification and standards strengthen supply chain adherence to OSH and related working conditions, while communicating accreditations to buyers and end consumers. Buyers and end customers can better understand outcomes, mainly through recognised certification logos, and thereby make informed choices in their purchase of goods and services.
- It is helpful in cases when a buyer cannot directly audit supplier companies due to geographic location. By delegating the auditing duty to an accredited third party located in the supplier's country, the buyer can evaluate suppliers by simply checking the certificates and associated documents.
- There are additional potential benefits: improved access to buyers, better bargaining positions, technical upgrades and saving time owing to the reduced need for multiple audits.

The limitations of current certification and standards

- Certification schemes may not necessarily improve working conditions for agri-food workers; studies indicate the audits may not focus specifically on OSH aspects or working conditions. For example, of the five described certification schemes, GRASP and the SEDEX Members Ethical Trade Audit (SMETA) can potentially complement OSH national inspection systems, which may have a positive impact on OSH. Therefore, the use of certification needs to be complemented by other measures such as national regulation and worker involvement.
- Certification auditing is common in large farms in the global supply chain but may not be applicable in smaller farms where working conditions need improvement. One possible reason is the high cost of the certification process and the associated accruing fees for the audits that follow. Moreover, the process can be long and time-consuming for small suppliers lacking sufficient resources to prepare for certification.
- The existence of a wide variety of standards, often requiring suppliers to comply with several parallel standards, wastes resources and leads to audit fatigue.

The role of governments and policy-makers

- Governments and policy-makers can play a 'gatekeeper' role in giving credibility to voluntary standards. The involvement of governments and policy-makers can encourage transparency in standard-setting, and ensure that the process is inclusive and fair.
- If policy-makers and stakeholders in the sector merge or unify the certification and audit schemes with similar functions and purposes, it will be simple for suppliers to select the standard that best suits them. The number of subsequent audits can also be reduced to save time and effort.
- If possible, policy-makers and government experts should help simplify the certification process, which may encourage the involvement of more small suppliers.

References

- Amfori. (2019). *Our Members*. <https://www.amfori.org/content/our-members>
- Ciliberti, F., de Groot, G., de Haan, J. & Pontrandolfo, P. (2009). Codes to coordinate supply chains: SMEs' experiences with SA8000. *Supply Chain Management: An International Journal*, 14(2), 117-127.
- European Commission. (2021). EU Code of Conduct on Responsible Food Business and Marketing Practices: *A common aspirational path towards sustainable food systems*. https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy/sustainable-food-processing/code-conduct_en
- GlobalGAP. (2015). *GRASP General Rules*. https://www.globalgap.org/content/galleries/documents/190429_GRASP_Add-on_GR_V1_3-1_en.pdf

- GlobalGAP. (2017). *GRASP Guideline for Retailers*.
https://www.globalgap.org/content/galleries/documents/170830_GRASP_Guideline-for-Retailers_en.pdf
- Gurzawska, A. (2020). Towards responsible and sustainable supply chains – innovation, multi-stakeholder approach and governance. *Philosophy of Management*, 19(3), 267-295.
<https://doi.org/10.1007/s40926-019-00114-z>
- James, P., Johnstone, R., Quinlan, M., & Walters, D. (2007). Regulating supply chains to improve health and safety. *Industrial Law Journal*, 36(2), 163-187.
<https://doi.org/10.1093/INDLAW/DWM002>
- Jones, A., Jakob, M., McNamara, J., & Teutenberg, A. (2020). *EU-OSHA: Review of the future of agriculture and occupational safety and health (OSH): Foresight on new and emerging risks in OSH* [European Risk Observatory Report]. <https://doi.org/10.2802/769257>
- Mook, A., & Overdeest, C. (2021). What drives market construction for fair trade, organic, and GlobalGAP certification in the global citrus value chain? Evidence at the importer level in the Netherlands and the United States. *Business Strategy and the Environment*, 30(7), 2996-3008.
<https://doi.org/10.1002/bse.2784>
- Olejniczak-Szuster, K. (2019) The implementation of the SA8000 standard by contemporary enterprises. *Management Issues*, 2(82), 170-185.
https://www.researchgate.net/publication/333136088_The_Implementation_of_the_SA8000_Standard_by_Contemporary_Enterprises
- Social Accountability International. (2023). *SA8000 Standard*. Social Accountability International (SAI).
<https://sa-intl.org/programs/sa8000/>
- Santos, G., Murmura, F., & Bravi, L. (2018). SA 8000 as a tool for a sustainable development strategy, *Corporate Social Responsibility and Environmental Management*, 25(1), 95-105.
<https://doi.org/10.1002/csr.1442>
- SEDEX. (2021). SMETA Audit. <https://www.sedex.com/our-services/smeta-audit/> Short, J. L., Toffel, M. W., Hugill, A. R., Allen, C., Galvin, J., Mccaffrey, E., & Rivera, C. (2020). Improving working conditions in global supply chains: The role of institutional environment and monitoring program design. *Industrial & Labor Relations Review*, 73(4), 873-912.
<https://doi.org/10.1177/0019793920916181>
- TÜV Rheinland (2021). *Questions and answers about SMETA Sedex audits*.
<https://www.tuv.com/content-media-files/master-content/services/systems/1444-tuv-rheinland-sedex-audit-according-to-smeta/tuv-rheinland-sedex-audit-smeta-faq-en.pdf>
- Van Tulder, R., Van Wijk, J., & Kolk, A. (2009). From chain liability to chain responsibility: MNE approaches to implement safety and health codes in international supply chains. *Journal of Business Ethics*, 85(SUPPL. 2), 399-412. <https://doi.org/10.1007/s10551-008-9742-z>
- Williamson, O. E. (1991). Comparative economic organization: The analysis of discrete structural alternatives. *Administrative Science Quarterly*, 36(2), 269-296.
<https://doi.org/10.4324/9781315486253-13>
- Williamson, O. E. (2008). Outsourcing: Transaction cost economics and supply chain management. *Journal of Supply Chain Management*, 44(2), 5-16. <https://doi.org/10.1111/J.1745-493X.2008.00051.X>

Authors: Wanja Öhler and Yanbing Chen

Project Management: Dietmar Elsler, Annick Starren, Lothar Lieck, European Agency for Safety and Health at Work (EU-OSHA)

This policy brief was commissioned by the European Agency for Safety and Health at Work (EU-OSHA). Its contents, including any opinions and/or conclusions expressed, are those of the authors alone and do not necessarily reflect the views of EU-OSHA.

©European Agency for Safety and Health at Work, 2023