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GERMAN SUPERMARKET SUPPLY CHAINS

ENDING THE HUMAN
SUFFERING BEHIND
OUR FOOD



OXFAM

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Cover photo: A worker transports bananas on a banana plantation in Ecuador.

Photo: M. Hägele/Oxfam

This paper puts key findings of Oxfam’s Behind the Barcodes campaign report in a German context. R. Willoughby and T. Gore. (2018). *Ripe for Change: Ending human suffering in supermarket supply chains.*



OXFAM

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INTRODUCTION

Inequality is rampant across the global economy,¹ and the agro-food sector is no exception. At the top, big supermarkets and other corporate food giants dominate global food markets, allowing them to squeeze value from vast supply chains that span the globe; while at the bottom, the bargaining power of small-scale farmers and workers has been steadily eroded in many of the countries from which supermarkets source. With its new international campaign *Behind the Barcodes*,² Oxfam aims to expose the root causes of human suffering in food supply chains, and mobilize people around the world to help end it.

In comparison to the supermarkets, small-scale farmers and workers are receiving an ever-smaller share of the end consumer price of many food products. Oxfam’s new report, *Ripe for Change: Ending human suffering in supermarket supply chains*, is based in part upon a study Oxfam commissioned from the French research organization Bureau for the Appraisal of Social Impacts for Citizen Information (BASIC).³ Drawing upon an analysis of 12 products, the study demonstrates how the share of the end consumer price retained by supermarkets is completely disproportionate to the share reaching small-scale farmers and workers in global value chains. In each of these examples, the average earnings of small-scale farmers and the workers on large-scale plantations or in processing factories were found to not even cover the minimum cost of living – i.e. what every human being needs for food, shelter, healthcare and necessary reserves. And where women provide the majority of the labour in a food supply chain, the gap between average earnings and the amount needed for a basic but decent standard of living is greatest. But the study also shows that the possibility for small-scale farmers and workers to earn a living income in supermarket supply chains is within reach. It calculates, for the products covered, how in most cases a fairer distribution of the revenues could enable small-scale farmers and workers to earn a living income or wage.⁴

The squeeze on prices paid to developing country producers and their share of the end consumer price, combined with inadequate government protection for small-scale farmers and workers in many countries, makes human and labour rights violations and other forms of human suffering in supermarket supply chains more likely. From forced labour⁵ aboard fishing vessels in Southeast Asia, to poverty wages on Indian tea plantations and hunger⁶ faced by workers on South African grape farms, human rights violations are endemic for the women and men who produce food for supermarkets in Germany and elsewhere. Extensive research published at the launch of Oxfam’s new campaign reveals numerous examples of human and labour rights violations in supermarket supply chains.⁷ Yet instead of using their enormous buying power to help end this, supermarkets use it to pressure suppliers to deliver at ever-lower prices – making socially just and sustainable food production nearly impossible.

We refuse to accept that economic exploitation, poverty and human suffering play any part in putting food on supermarket shelves. The deep-rooted nature of the problems Oxfam has evidenced in *Ripe for Change: Ending human suffering in supermarket supply chains* shows that a fundamental shift is required in the way supermarkets do business. Supermarkets cannot fix the global food system alone, but they can and should do a great deal more to be part of the solution and not part of the problem. For that to happen, their human rights policies, sourcing practices and lack of transparency need to change.



THE AVERAGE EARNINGS OF SMALL-SCALE FARMERS AND THE WORKERS ON LARGE-SCALE PLANTATIONS OR IN PROCESSING FACTORIES WERE FOUND TO NOT EVEN COVER THE MINIMUM COST OF LIVING.



A new Supermarkets Scorecard (presented in Section 6) developed by Oxfam rates some of the biggest and fastest growing supermarkets in Germany, the Netherlands, the UK and the US on the strength of their publicly available policies and reported practices to address human rights and social sustainability issues. The analysis paints a clear picture: none of the 'Big Four' German supermarket chains – the Aldi Group,⁸ Edeka, Lidl and Rewe – are living up to their responsibility to identify, publish and act upon the risk of human rights violations in their supply chains. Indeed, none of them scored higher than 8% in any of the evaluated themes. This means that Germany's Big Four are among the worst-performing supermarkets assessed globally.

The scorecard, which will be updated annually, gives an overview of where these supermarkets currently stand and shows the long way they still have to go. Its indicators are based on robust international standards and recognized good practice. Taken together they show if and how supermarkets are playing their part in ending human suffering in the production of the food they sell to us.

NONE OF THE 'BIG FOUR' GERMAN SUPERMARKET CHAINS ARE LIVING UP TO THEIR RESPONSIBILITY TO IDENTIFY, PUBLISH AND ACT UPON THE RISK OF HUMAN RIGHTS VIOLATIONS IN THEIR SUPPLY CHAINS.



Supermarket shelves.
Photo: Shutterstock



1. THE GROWING POWER OF SUPERMARKETS

Worldwide, the power of supermarkets has increased dramatically. In Germany, the four biggest chains – the Edeka Group, the Rewe Group, the Schwarz Group (with Lidl and Kaufland) and the Aldi Group – control 85% of the retail food market.⁹ But this trend is not just evident in the Global North. In emerging countries such as South Africa, the four biggest supermarket chains dominate 65% of the retail food market.¹⁰

In addition, more and more of these companies operate on an international level. The German discounter Lidl now has stores in 26 countries, the South African chain Shoprite in at least 16.¹¹ The French supermarket chain Carrefour is represented in 34 countries worldwide, and the US giant Walmart in 29.¹²

This massive market power enables supermarket chains to shape food production around the world. Supermarkets act as gatekeepers for the global trade in food products: every day, tens of thousands of products pass through their hands on the way to end consumers. To ensure that their customers can buy as cheaply as possible, the big chains squeeze the prices paid to farmers and producers – and shift the majority of the costs and risks of production onto them as well.

It has proven to be a lucrative business model: in Germany, the Aldi families are number one on the Forbes list for family wealth in 2018, and the same families contain four of the richest individual Germans. Dieter Schwarz – owner of the Schwarz Group, to which Lidl belongs – is in sixth place.¹³

2. INEQUALITY IN GERMAN SUPERMARKETS' SUPPLY CHAINS

The study undertaken by BASIC analysing the value chains of 12 common products sourced by supermarkets around the world shows that German supermarket chains receive over 50% of the end consumer price on average across the products, while the share going to small-scale farmers and workers is less than 8%, and in some cases is below 5%.¹⁴ At the same time, production costs increased by over 75% on average between 1996–98 and 2015. In the case of shrimp produced in Vietnam and exported to Germany, for instance, supermarkets keep 36.5% of the end consumer price. Small-scale farmers get a share that has declined to around 1.5%, partly due to rising costs.¹⁵

Altogether, the German supermarkets' average share of the end consumer price grew from 43.1% in 1996–98 to 51.5% in 2015, while the average share taken by small-scale farmers and workers only rose from 6.3% to 7.1%, as Figure 1 shows.

GERMAN SUPERMARKETS' AVERAGE SHARE OF THE END CONSUMER PRICE GREW FROM 43.1% IN 1996–98 TO 51.5% IN 2015, WHILE THE AVERAGE SHARE TAKEN BY SMALL-SCALE FARMERS AND WORKERS ONLY ROSE FROM 6.3% TO 7.1%.

FIGURE 1: INEQUALITY IN GERMAN FOOD SUPPLY CHAINS IS PRONOUNCED



Weighted average of basket of the following products: avocados (Peru), bananas (Ecuador), canned tuna (Thailand), cocoa (Côte d'Ivoire), coffee (Colombia), grapes (South Africa), green beans (Kenya), orange juice (Brazil), rice (Thailand), prawn (Vietnam), tea (India), tomatoes (Morocco)

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

Finally, BASIC's research showed that workers' wages are often insufficient to meet basic needs. In the case of some products, e.g. green beans from Kenya, farm workers earn less than half of the estimated living wage.



3. SEVERE HUMAN RIGHTS VIOLATIONS IN GERMAN SUPERMARKETS' SUPPLY CHAINS

Over many years, NGOs have documented severe grievances and human rights violations in the production of food for German supermarkets. Be it tomatoes from Italy, cacao from West Africa, pineapples from Costa Rica, bananas from Ecuador or grapes from South Africa – in the production of all of them at least some of the following grievances have been shown to occur:³⁴

- Wages below a living wage or even below the national mandatory minimum wage, resulting in poverty and in some cases hunger for those producing our food.
- Precarious working conditions, including work without written contracts, unpaid and forced overtime, and non-payment of social security fees. For workers, this means long and hard working hours for little reward, with no social safety net.
- Constraints to trade unions or other forms of representation of workers or local communities, including dismissal of union representatives and threats of physical violence. This is making it harder or even impossible for workers to defend their rights and to have their voices heard.
- Forced labour.
- Gender discrimination and sexual harassment, resulting in a dangerous and detrimental work environment for women.
- Routine physical and verbal abuse of men and women workers.
- Child labour.
- Use of highly toxic pesticides without protective clothing, sufficient training or respect for other necessary health and safety measures, resulting in severe damage to the health of workers, farmers and members of local communities.
- Violation of local communities' right to clean water and land, destroying livelihoods.

FIGURE 2: ECONOMIC EXPLOITATION IS WIDESPREAD IN SUPERMARKET SUPPLY CHAINS





INDIA

India is Germany's second biggest source of tea after China.²³ Oxfam found wages to be below the poverty line.²⁴ In addition, 95% of women tea pickers are anaemic due to poor nutrition, and conditions are very poor.²⁵

'I have been working for 25 years as a permanent worker, but I have no house and no firewood.'

Female tea plantation worker, Assam, India²⁶

INDONESIA

Indonesia is the world's largest exporter of canned tuna. Fisheries receive just 7% of the value of a can of tuna, compared with approximately 22% in the mid-1990s.¹⁶

'The workload is very hard, I can only rest for two hours every day. Every day, net-spreading starts at 1.30 in the afternoon and finishes at 5:00pm, then we take two hours break, after which we start the next net-spreading session at 7:00pm. We stand all night, waiting for net-lifting, and finish by 7:00 in the morning. We continue with breakfast, and take a rest for a while, then start again at 9:00am.'

Ruli, fishing boat worker, Muara Baru, Indonesia¹⁷

SOUTH AFRICA

Germany is a major buyer of South African grapes and wine. Oxfam found that 40% of the women interviewed had no written contract, poor access to drinking water and toilets, and felt they were not treated with respect.²¹

'I'm not happy. I don't have a contract, I don't know my wage.'

Female farm worker, Western Cape, South Africa²²

BOX 1: NEW EVIDENCE REGARDING ABUSES OF WORKERS' RIGHTS IN SEAFOOD SUPPLY CHAINS

In the report *Supermarket Responsibilities For Supply Chain Workers' Rights: Continuing challenges in seafood supply chains and the case for stronger supermarket action*, Oxfam and the Sustainable Seafood Alliance Indonesia present alarming evidence of the continued suffering of the women and men who are employed in the shrimp supply chains of German supermarkets.³⁵ At some of the biggest shrimp exporters in Thailand and Indonesia – who are supplying or have supplied Aldi, Edeka, Lidl and Rewe, among others – examples of poverty wages, excessive working hours and unsafe, unsanitary and degrading working environments were found. For example, we found that:

- Among suppliers in Thailand, wages were so low that over 60% of women surveyed were categorized as severely food insecure and extensive overtime was reported to be routine.
- In both countries, many workers reported that toilet breaks and access to drinking water are strictly controlled, and many reported health problems.
- Across the sector, work is exhausting, verbal abuse by supervisors is rife, and workers' access to effective trade unions is strictly limited.

Note: Research and analysis on Indonesia is co-authored with the Sustainable Seafood Alliance Indonesia. The wider analysis can be found here: <http://policy-practice.oxfam.org.uk/publications/supermarket-responsibilities-for-supply-chain-workers-rights-continuing-challen-620480>



Shrimp and workers at an auction site in Indonesia. Photo: Adrian Mulya/Sustainable Seafood Alliance Indonesia



4. SUPERMARKETS HAVE GREAT POWER, BUT FAIL TO TAKE RESPONSIBILITY

The conditions that make these human rights violations possible, or more likely to occur, are not controlled by supermarkets alone. Other factors – such as exploitative local structures and power imbalances between the economic elite and workers, cultural norms that discriminate against women, and the political trend of suppressing trade unions – all play a role. Given the complexity of the issue, governments around the world must take appropriate action to check abuses of power. This includes legislating to: respect, protect and realize human and labour rights; promote women’s rights and economic equality; close the gap between prevailing and living wages, and ensure a decent income for farmers and workers; and promote sustainable local food systems and alternative business models.³⁶

However, the vital role of governments does not relieve supermarkets from their duty to change their business policies and practices. They can use their enormous buying power to drive social and ecological standards in food production and end human rights violations. Instead, they continue using this power to pressure suppliers to deliver at ever-lower prices,³⁷ making socially just and sustainable food production increasingly difficult, if not impossible. In order to stop human rights violations and economic exploitation in the production of the food they sell, supermarkets need to change their buying practices in a fundamental way.

To inform Oxfam’s campaign, we assessed the publicly available supply chain policies and reported practices disclosed by some of the biggest and fastest growing supermarkets in Germany, the Netherlands, the UK and the US (see Section 6). We evaluated the performance of Germany’s ‘Big Four’ supermarkets: Aldi, Edeka, Lidl and Rewe. The Schwarz Group, to which Lidl belongs, is the biggest retailer in Europe and the fourth biggest retailer in the world – far larger than Amazon, for example. Lidl and Aldi are Europe’s top two discounters, while the discount chains of Edeka (Netto, NP, Disca, Treff 3000) and Rewe (Penny, XXL Mega Discount) are third and fourth respectively.³⁸ Their size allows them to buy products in great volumes and thus to exert considerable pressure on producers, brands and traders.

So far, in response to the challenge of addressing widespread human rights violations and economic exploitation in their supply chains, Aldi, Edeka, Lidl and Rewe have become members of various voluntary sustainability initiatives, and use certification systems including labels and audits of plantations and factories. In their tropical fruits supply chains, for example, all four supermarkets rely to a significant degree on certification by the Rainforest Alliance. However, our investigations of banana and pineapple plantations in Ecuador and Costa Rica show that, despite being certified by the Rainforest Alliance, unsafe pesticide use and violations of trade union rights persist.³⁹

Part of the problem with private sustainability initiatives and standards is that most fail to address the core of the issue: i.e. too-low prices paid to producers, with a knock-on effect on workers' pay and conditions, and unfair trading practices by supermarket chains and importers. An exception to this is the Fairtrade label, which addresses the price issue by establishing a minimum price and a premium to be paid to producers. However, while Aldi, Lidl and Rewe have all received Fairtrade awards in recent years, these companies and Edeka could all go further in offering Fairtrade products. None offers exclusively Fairtrade goods for a single product category, and Fairtrade accounts for only a small fraction of their sales.

The problems inherent in existing certification and sustainability systems mean that, so far, they do not provide a comprehensive solution enabling supermarkets to end rights violations and suffering in their supply chains. Given the context of huge power imbalances in the global food system, gaps in government protection of human rights and downward price pressure from consumers, certification schemes alone are not powerful enough to ensure decent living standards for farmers and workers. What is needed is a holistic approach, as spelled out in Oxfam's Supermarkets Scorecard.



A worker mists bananas in Ecuador. Photo: M. Hägele/Oxfam



5. TOWARDS A FOOD RETAIL REVOLUTION

The current business model being pursued by the supermarkets is a choice. BASIC has calculated that a fairer distribution of the revenues stemming from sales of food could often make it possible for small-scale farmers and workers to earn a living income or wage without necessarily raising consumer prices, even marginally.

For example, between 2011 and 2015, the amount by which supermarket chains have increased their share in the proceeds from the sale of a banana from Ecuador is six times higher than the amount required to guarantee small-scale farmers and workers a living income or wage (see Figure 3).

In the case of green beans from Kenya, in 2015 supermarkets achieved average revenues of \$3.75 per kilogram. Growers were paid just \$0.23. For their share to amount to a living income, growers would have to be paid an additional \$0.20 per kilogram. In theory, this increase could be covered three times over by the increase, between 2000 and 2015, in the share of the retail price going to supermarkets – which amounted to \$0.62 per kilogram (see Figure 3).⁴⁰

In reality, of course, supermarkets do not calculate their margins on every food product individually, and the level of wages paid to farmers and workers is also influenced by other factors, such as national legislation or the practices of national export companies. To ensure that the revenue shares are in fact distributed differently, and that small-scale farmers and workers can live from their work, all the relevant actors – governments as well as supermarkets and consumers – must work together towards change. The needed money is there, provided all actors in the supply chain cooperate in good faith.

WHAT NEEDS TO BE DONE?

Action by supermarket chains

Supermarkets must act to improve their human rights policies in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs). A few chains have already, as much as a decade ago, adopted voluntary measures towards improving sustainability, and by offering 'Fairtrade' products have helped raise consumer awareness of this issue. Nevertheless, these measures have addressed neither the disproportionate market power of supermarket chains nor the fundamental imbalances in the value chain. In particular, there is a need for action to create greater transparency in supermarket supply chains and the terms and conditions of production, as well as to promote more equitable sourcing strategies and business practices that strengthen the power and negotiating position of small-scale farmers and workers. The business model currently being pursued by the globally operating supermarket chains could be replaced by alternative models that would make it possible to reward small-scale farmers and workers with a fairer share of the value created – and spare them from shouldering an unfairly high share of the costs.

* * *

IN THE CASE OF GREEN BEANS FROM KENYA, IN 2015 SUPERMARKETS ACHIEVED AVERAGE REVENUES OF \$3.75 PER KILOGRAM. GROWERS WERE PAID JUST \$0.23.

* * *

FIGURE 3: FOR MANY PRODUCTS, SUPERMARKETS OR OTHER LEAD FIRMS HAVE INCREASED THEIR SHARE OF THE END CONSUMER PRICE BY MUCH MORE THAN IS NEEDED TO LIFT SMALL-SCALE FARMERS OR WORKERS TO A LIVING INCOME OR WAGE

| |  |  |  |
|------------------------------------|--|---|---|
| | SMALL-SCALE FARMERS/WORKERS Share of end consumer price (US\$/Kg in 2015) | LIVING INCOME/ WAGE GAP (US\$/Kg in 2015) | SUPERMARKETS Share of end consumer price (US\$/Kg) |
| COFFEE Colombia | \$1.10 | \$0.37 | \$6.73 (2011) → \$8.11 (2015) |
| TEA India | \$1.29 | \$0.78 | For the UK and the Netherlands \$12.96 (2000) → \$13.44 (2015) |
| COCOA Côte d'Ivoire | \$1.18 | \$0.28 | \$5.52 (2001) → \$6.00 (2015) |
| RICE Thailand | \$0.06 | \$0.05 | \$0.71 (2012) → \$0.89 (2015) |
| SHRIMP* | \$0.50 | \$0.15 | \$7.89 (2001) → \$10.21 (2015) |
| CANNED TUNA Thailand | \$0.25 | \$0.18 | \$4.22 (2012) → \$4.65 (2015) |
| ORANGE JUICE Brazil | \$0.08 | \$0.06 | \$0.53 (2005) → \$0.83 (2015) |
| BANANAS Ecuador | \$0.14 | \$0.02 | For Germany, the UK and the US \$0.34 (2001) → \$0.47 (2015) |
| TABLE GRAPE South Africa | \$0.69 | \$0.20 | \$1.29 (2001) → \$1.96 (2015) |
| GREEN BEAN Kenya | \$0.23 | \$0.20 | \$3.13 (2000) → \$3.75 (2015) |
| AVOCADO Peru | \$0.26 | \$0.03 | For the Netherlands, the UK and the US \$2.31 (2009) → \$2.39 (2015) |
| TOMATO Morocco | \$0.12 | \$0.10 | \$0.88 (2006) → \$1.15 (2015) |

*In this analysis, figures for shrimp are based on an average for Vietnam and two additional countries of production – Indonesia and Thailand. For further analysis on shrimp supply chains, see: Oxfam and the Sustainable Seafood Alliance Indonesia. (2018). Supermarket Responsibilities for Supply Chain Workers' Rights: Continuing challenges in seafood supply chains and the case for stronger supermarket action.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.



BOX 2: ALTERNATIVE BUSINESS MODEL: SAINSBURY'S DAIRY DEVELOPMENT GROUP

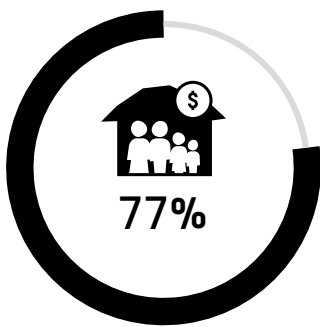
In 2007, the British supermarket chain Sainsbury's, together with dairy farmers, developed a sustainable sourcing model, which promotes efficient production along with improved animal welfare and lower environmental impact. The group consists of around 260 dairy farms, which supply 97% of the fresh milk sold by Sainsbury's. Farmers receive a guaranteed milk price, which covers their production costs. The milk price is fixed annually on the basis of data that consultants gather from the dairy farms and then evaluate. The price includes a profit margin defined collectively by the group members. In addition, bonuses are paid for especially good animal welfare practices. Sainsbury's itself reviews the expenditures for feed, fuel and fertilizer. The retail milk price is not tied to the wholesale purchase price. This means that the farmers' income does not depend on consumer prices, and that Sainsbury's bears a share of the losses that arise when the price of milk falls and production costs cannot be met. This business model does not only benefit the farmers: Sainsbury's saved £127,000 over the first two years of the programme, due to improved efficiency and quality.⁴¹

Oxfam has evaluated and compared the human rights policies of various supermarket chains on the basis of the UNGPs in its new Supermarkets Scorecard. The results for the four largest German supermarket chains are presented in Section 6.

Action by national governments in producer countries

National governments must introduce minimum wages and minimum prices for food products. In countries like Ecuador, Vietnam, Morocco and Peru, where governments have established higher minimum wages, average wages are closer to the living wage. Higher minimum wages is defined here as exceeding 50% of monthly GDP/capita.⁴²

FIGURE 4: HIGHER MINIMUM WAGES HELP NARROW THE LIVING WAGE GAP FOR WORKERS IN FOOD SUPPLY CHAINS (AVERAGE WAGE AS % OF LIVING WAGE)



HIGHER MINIMUM WAGE

Shrimp (Vietnam), bananas (Ecuador), tomatoes (Morocco), avocados (Peru)



LOWER MINIMUM WAGE

Green beans (Kenya), canned tuna (Thailand), tea (India), grapes (South Africa)

Note: Data from 2015. The commodities shown are those analysed that are produced on large-scale plantations, in processing facilities or on fishing vessels, so where waged work is relevant. Higher minimum wage is defined as exceeding 50% of monthly GDP/capita, and lower minimum wage as less than 50% of monthly GDP/capita.

Source: C. Alliot et al. (Forthcoming). Distribution of Value and Power in Food Value Chains. Oxfam-commissioned research undertaken by BASIC.

Action by governments in retail countries

Countries like Germany, the Netherlands, the UK and the US, in which the globally operating supermarket chains are headquartered, must introduce stricter competition laws.

The EU and its member states must amend their competition laws and adopt stricter standards on merger regulation, at both the EU and the national level. Governments must be able to impose unbundling measures in cases where a corporation has grown unduly powerful.

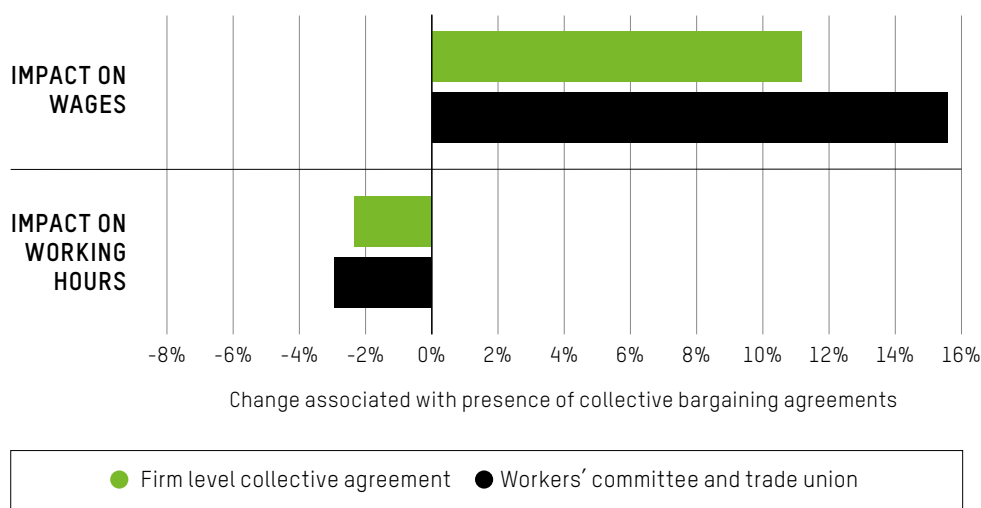
At the EU level, a new law is required concerning the regulation of unfair trading practices. This law should also incorporate a complaints mechanism. The EU Commission's most recent proposal for legislation prohibiting certain unfair purchasing practices is a step in the right direction.⁴³

Companies must also be obliged by law to ensure respect for human rights in their supply chains as well as internally – that is, they must be required to practice human rights due diligence, and be held liable when they do not.

Collective action by farmers and workers

According to the research by BASIC, small-scale farmers who organize themselves in the form of cooperatives achieve a much higher share of end consumer prices than they achieve acting individually: on average, 26% compared to only around 4%. Similarly, workers are able to strengthen their bargaining position in food supply chains where they enjoy freedom of association and the right to collective bargaining – fundamental labour rights enshrined in core International Labour Organization (ILO) conventions (see Figure 5).⁴⁴

FIGURE 5: STRONG TRADE UNIONS AND COLLECTIVE BARGAINING AGREEMENTS BOOST WAGES AND REDUCE WORKING HOURS FOR WORKERS IN GLOBAL SUPPLY CHAINS



Source: Adapted from D. Vaughan-Whitehead and L.P. Caro (2017), Purchasing Practices and Working Conditions in Global Supply Chains: Global Survey Results, Geneva: International Labour Organization. Retrieved from: http://www.ilo.org/travail/info/fs/WCMS_556336/lang--en/index.htm

Research by Oxfam in Mali, Tanzania and Ethiopia has shown that women working together in agriculture-based enterprises typically earn 70–80% more than their counterparts working alone.⁴⁵



BOX 3: WOMEN'S COFFEE FROM TWIN⁴⁶

Twin is a 'development through trade' NGO working with 59 producer organizations representing 400,000 coffee, cocoa and nut smallholders in 17 countries across Latin America, Africa and Asia. It has a trading company, Twin Trading. The Twin Trading Company sells products to the British supermarket chain Sainsbury's, among others. These products include Women's Coffee: every package sold can be traced back to the coffee farmer who produced it, in order to ensure that she received the premium paid. The profits are used to finance programmes promoting gender equality. Women's Coffee has contributed to a significant increase in the proportion of women in producer organizations and to lending them greater influence in decision making. The project has also increased the women's income.

OUR GOAL IS TO ENSURE IN THE COMING YEARS THAT:

- Consumers will find it unacceptable to be sold food that is produced with human suffering, and will demand change.
- Governments will re-establish and enforce vital protections for small-scale farmers and workers, and rein in the abuse of power by supermarkets and their suppliers.
- Small-scale farmers and workers will be empowered to negotiate a fairer deal with their buyers or employers, and women among them will be firmly established at the negotiating table with their rights respected.
- Supermarkets and their suppliers will change their core business models, to share more power and distribute more revenues to the women and men who supply them.



A member of the Tuzamurane Cooperative works on her farm in Rwanda. She uses the income from pineapples to support her family. Photo: Aurelie Marrier d'Unienville/Oxfam

6. THE SUPERMARKETS SCORECARD: TAKING A CLOSE LOOK AT SUPERMARKETS' HUMAN RIGHTS POLICIES

Governments have agreed the UNGPs. These clearly state that businesses are responsible for ensuring respect for human rights not only in their own operations but also in their supply chains and other business relationships.

Oxfam has assessed some of the largest and fastest growing supermarkets across Germany, the Netherlands, the UK and the US on how they tackle critical issues affecting the people working in their food supply chains. We have done so by looking exclusively at publicly available information relating to their food supply chain policies, and evaluating this against indicators based on robust international standards – including the UNGPs – and widely recognized good practice. These indicators are grouped in four categories: 1) transparency and accountability; 2) workers; 3) farmers; and 4) women.⁴⁷ In each case, we awarded scores for each relevant policy or practice the company disclosed, and gave partial scores for policies that applied to one of the company's subsidiaries rather than the whole company.

By publicly scoring and comparing supermarkets' sourcing policies, Oxfam aims to empower people with the information they need to hold the supermarkets they shop at, sell to, work for or invest in, accountable for respecting the rights of people working in their food supply chains.

HOW THE GERMAN SUPERMARKETS PERFORMED – AND WHAT THEY NEED TO DO NOW





















Overall, the Supermarkets Scorecard results (see Figure 6 on the next page) show a striking gap between supermarkets' policies and practices and Oxfam's benchmarks. None of the Big Four German supermarkets score higher than 8% in any of the assessed categories. Aldi North, Aldi South, Edeka and Rewe score as little as 4% regarding the wellbeing of small-scale farmers, and do not implement a single policy or practice in relation to any of the other categories. Compared to other major European supermarkets, the four German supermarkets are performing the worst.⁴⁸

OVERALL, THE SUPERMARKETS SCORECARD RESULTS SHOW A STRIKING GAP BETWEEN SUPERMARKETS' POLICIES AND PRACTICES AND OXFAM'S BENCHMARKS. NONE OF THE BIG FOUR GERMAN SUPERMARKETS SCORE HIGHER THAN 8% IN ANY OF THE ASSESSED CATEGORIES.



BEHIND THE BARCODES

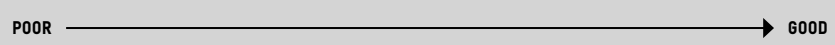
SUPERMARKETS SCORECARD

| |  TRANSPARENCY & ACCOUNTABILITY |  WORKERS |  FARMERS |  WOMEN |
|---|--|--|--|---|
|  | 4% | 10% | 4% | 0% |
|  | 13% | 13% | 4% | 0% |
|  | 0% | 0% | 4% | 0% |
|  | 0% | 0% | 4% | 0% |
|  | 4% | 21% | 0% | 0% |
|  | 0% | 0% | 4% | 0% |
|  | 0% | 0% | 0% | 0% |
|  | 0% | 0% | 0% | 0% |
|  | 8% | 2% | 8% | 0% |
|  | 4% | 17% | 0% | 0% |
|  | 17% | 17% | 4% | 5% |
|  | 0% | 0% | 4% | 0% |
|  | 8% | 38% | 17% | 10% |
|  | 29% | 42% | 15% | 5% |
|  | 0% | 25% | 17% | 29% |
|  | 0% | 4% | 4% | 0% |



THESE SCORES ARE BASED ON SUPERMARKETS' PUBLICLY REPORTED POLICIES AND ACTIONS IN THEIR FOOD SUPPLY CHAINS.

REPORTED HUMAN RIGHTS ALLEGATIONS IN THE SUPPLY CHAINS OF COMPANIES CAN BE FOUND HERE: WWW.BUSINESS-HUMANRIGHTS.ORG/BARCODES



Transparency and accountability

None of the four assessed supermarkets have made an explicit commitment at headquarter level to adhere to and report against the UNGPs, yet the example of Lidl in the UK shows that it is possible to do so.⁴⁹ Nor do any of them disclose the names and locations of suppliers of high-risk products on their websites, making it nearly impossible for consumers or other stakeholders to make an informed choice or to hold the supermarkets to account. None of the four have an official policy to give preference to suppliers that demonstrate a commitment to the wellbeing of workers, farmers or women; and none have ensured that workers and small-scale producers across high-risk supply chains have access to effective grievance mechanisms to report incidences of abuse.

What more should companies do to be transparent and accountable?

- Adopt a robust and comprehensive set of measures tackling human rights violations – a ‘human rights due diligence framework’ – which goes beyond an audit-based approach
- Actively manage human rights risks and ensure that workers and small-scale producers in high risk supply chains have access to effective grievance mechanisms and remedy for harm, in cooperation with local organizations and trade unions
- Track and disclose information about product supply chains, pay ratios and gender wage gaps

Workers

Although some German supermarkets have published policies concerning human rights in their supply chains, these do not cover all of the critical issues in accordance with the standards of the ILO. Nor have the assessed supermarkets provided any evidence that they systematically engage suppliers to support continuous improvement in relation to labour standards. None have ever published a Human Rights Impact Assessment.

What more should companies do for workers?

- Assess the impacts of supply chain activities on workers
- Proactively engage trade unions, and ensure that workers are not intimidated for organizing and bargaining collectively
- Take action to close gaps between current wages and a living wage

Farmers

Large-scale agricultural investment in developing countries is driving monoculture expansion and displacing communities, undermining smallholder livelihoods and local food security. Apart from sourcing Fairtrade-certified products, of the assessed German supermarkets only Lidl has implemented any substantive measures to counter the risks and challenges faced by small-scale producers. While Lidl’s measures are a welcome first step, it has ample room to improve.



What more should companies do for farmers?

- Assess the impacts of supply chain activities on farmers, and take account of women's different needs
- Implement sourcing practices that mean farmers get a fair deal, in particular by paying fair prices that cover the cost of sustainable production and refraining from using unfair trading practices
- Engage in advocacy to encourage public authorities to provide the support that farmers need

Women

Women are concentrated in the lowest paid and least secure positions in food supply chains. To meet labour rights standards, supermarkets therefore need to pay special attention to women's particular vulnerabilities. Supermarkets all over the world performed poorly on this theme, and none of the German supermarkets scored a single point. Companies may have a 'no discrimination' clause in their policies and take action in their own operations, but they demonstrate a real blind spot about the unique obstacles faced by women in their supply chains.

What more should companies do for women?

- Implement the UN Women's Empowerment Principles
- Track and disclose information on women's roles and remuneration
- Take action to assess and improve the impact of supply chain activities on women, including through cooperation with suppliers and advocacy targeted at governments

OTHER SUPERMARKETS DO IT – SO CAN THE BIG FOUR

The scorecard results show that all the assessed German supermarkets still have much to do. Yet they are fully capable of taking the necessary action, as the positive examples of supermarkets in other countries show. For example, the British supermarket Tesco has adopted a human rights due diligence framework and strategy for mitigating risks, and has disclosed challenges and lessons learned, helping it to score highest in the transparency and accountability theme. Some supermarkets in the UK have also taken important first steps regarding workers' rights, which the German supermarkets need to follow. These include publishing labour rights policies for their supply chains covering all critical issues in accordance with ILO labour standards, and providing evidence that they recognize the need to engage with suppliers to support continuous improvement in relation to labour standards.

Another example of good practice is provided by the US retail giant Walmart, which stands out in this good practice desert. While there is plenty of room for improvement, Walmart has at least committed to increase the proportion of products sourced from women agricultural producers, and has publicly challenged discriminatory gender norms and women's disproportionate unpaid care workload.⁵⁰ These are important examples for Germany's Big Four supermarkets to follow.

7. AN AGENDA FOR CHANGE

Supermarkets should take the results of the scorecard assessment seriously and act accordingly to play their part in ending the suffering of the women and men in their supply chains. The criteria set out in the scorecard offer concrete proposals for actions which it is feasible for supermarkets to take over the coming years. In general, Oxfam is asking German supermarkets to:⁵¹

- Understand and act upon human and labour rights risks in the company's supply chain;
- Put women's economic empowerment at the heart of business operations;
- Utilize commercial and trading practice that encourages a strong performance on human and labour rights and the sharing of value;
- Support a living wage and living income for women and men throughout the supply chain;
- Radically improve transparency in the sourcing of food;
- Level the playing field by proactively ensuring that human and labour rights are both strong and enforced in sourcing countries.

There is no quick fix, but sustained effort from supermarkets and other actors can make a real difference to millions of food producers and workers. Oxfam firmly believes that within our lifetime, no one will have to live in extreme poverty. A better deal for the women and men producing our food will ensure that day arrives all the sooner.

A full set of recommendations is available in the main campaign report:
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Fishing boats in Thailand.
Photo: Suthep Kritsanavarin/Oxfam







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