



Improving working conditions in the agricultural supply chain for alcoholic beverages

The Memoranda of Understanding (MOU) between the IUF and the Nordic alcohol monopolies Systembolaget and Alko

WHY THE IUF SIGNED THE MOU

Many agricultural workers, including those growing raw materials for the manufacture of alcoholic beverages live and work in poor conditions with bad sanitation, no clean drinking water, and exposure to toxic pesticides. They suffer verbal and physical abuse, evictions, unfair dismissals, low wages, and their fundamental rights to freedom of association and collective bargaining can be violated. On some farms and plantations, which are often located in isolated areas, child labor and forced labour still exist.

In Sweden and Finland, Systembolaget and Alko are State monopolies controlling the import of alcohol. They both signed a Memorandum of Understanding with the IUF as part of a concerted effort to eliminate abuses within their supply chains. The MoU with Systembolaget was signed in 2017 and the MoU with Alko in 2020. Both MoUs have identical texts and aim to improve working conditions throughout the alcohol supply chain, including the right of workers to be in a trade union for the purposes of collective bargaining.

The Monopolies' General Terms and Conditions require that all suppliers of alcoholic beverages produce them in accordance with the Business Social Compliance Initiative (BSCI) Code of Conduct 2.0. The Code is based upon relevant, external international standards, notably the OECD Guidelines for Multinational Enterprises and, more importantly, the core Conventions of the International Labour Organization (ILO). These international labour standards (ILS) are part of a global human rights framework of norms and standards.

THE CORE ILO CONVENTIONS

- **Convention 87** — Freedom of Association and Protection of the Right to Organize, 1948
- **Convention 98** — Right to Organize and Collective Bargaining, 1949
- **Convention 29** — Forced Labour, 1930
- **Convention 105** — Abolition of Forced Labour, 1957
- **Convention 138** — Minimum Age, 1973
- **Convention 182** — Worst Forms of Child Labour, 1999
- **Convention 100** — Equal Remuneration, 1951
- **Convention 111** — Discrimination (Employment and Occupation), 1958
- **Convention 155** — Occupational Safety and Health Convention, 1981
- **Convention 187** — Promotional framework for Occupational Safety and Health Convention, 2006

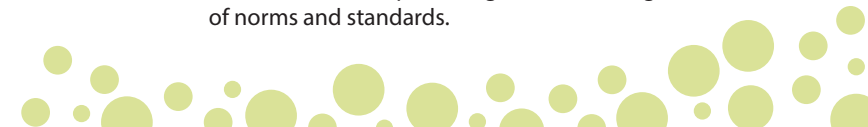
The MoU with Systembolaget and ALKO, including the appendix on incident reporting can be accessed on the IUF website.

www.iuf.org



IUF

The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international trade union federation made up of 423 affiliated trade unions in 127 countries representing over 10 million workers. IUF unites the workers in the tourism, food and agriculture, including the alcohol beverage industry and its supply chain.





ILS provide the details for practical implementation of human rights obligations in the world of work. For example, the **UN Covenant on Economic, Social and Cultural Rights** proclaims the right to freedom of association, while **ILO Conventions No. 87** and **No. 98** and the compilation of decisions of the ILO Committee on Freedom of Association **provide for detailed rights** emanating from this fundamental freedom with regard to the right to organize for workers.

The **1998 Declaration on Fundamental Principles and Rights at Work** as amended in 2022, highlights five principles as so fundamental that they have to be realized even when the country concerned has not ratified the relevant Conventions. These are:

- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labor
- the effective abolition of child labor
- the elimination of discrimination in respect of employment and occupation; and
- a safe and healthy work environment (added in 2022).

The challenge for the IUF and the Nordic monopolies is to ensure that the above standards become the norm throughout the alcohol supply chain. There have been significant advances, in South Africa for example, though there is still much work to do in other countries including those in Europe and the USA. The MoU principles can be applied to any country the Nordic monopolies source from. The monopolies are committed to promote freedom of association and collective bargaining. Therefore, the IUF affiliates could use the MoU as an organizing tool and as a tool to support local collective bargaining and its effective enforcement in order to improve the working conditions of workers throughout the alcohol supply chain in both agriculture and the alcohol manufacturing sectors.

THE MONOPOLIES WHICH SIGNED THE MOU¹



As the Swedish retail monopoly of alcoholic beverages, **Systembolaget** is a different kind of company for a reason. Ultimately, our purpose is to limit the harmful effects of alcohol. This mission can take different forms and extends from within our own organization throughout our entire supply chain. As one of the world's largest buyers of wine, beer and spirits, Systembolaget can drive sustainable development by setting requirements, creating incentives and collaborating with actors across our supply chains. Systembolaget is committed to respecting human rights in our industry. Through a proactive, systematic, and long-term approach at all levels of the supply chain, we aim for a product range that is produced without negative impact on people.

Meaningful engagement with local trade unions through the Memorandum of Understanding with IUF and Unionen has been a prerequisite for positive industry impact. By bringing different perspectives with one common aim – to promote social dialogue, freedom of association and collective bargaining – we have been able to create a channel to strengthen workers voices. It provides a process to constructively address risks and issues and together improve working conditions, the respect of human rights as well as work against power imbalance in Systembolaget's supply chain.

Alko Inc. is a state-owned company, holding a monopoly on the retail sale of alcoholic beverages above 5,5 percent in Finland. The Ministry of Social Affairs and Health is responsible for the ownership steering and supervision of Alko Inc. Alko carries around 10 000 products in the selections, out of those around 300 are from South Africa. Products are sold to customers through 366 stores and online store.



The Memorandum of Understanding has been agreed between Alko and IUF in response to shared concerns about working conditions in the global alcohol beverages industry and its supply chains for agricultural raw materials. Also our customers in Finland are expecting sustainability from the products they choose to buy. To meet this expectation requires persistent work from all stakeholders in the supply chain.

¹ As described by the monopolies in their own words.

THE PROCESS FOR INCIDENT REPORTING



Progress on implementing the MoU is reviewed at international level at regular meetings and calls (4 per year) between monopolies' senior management and IUF representatives including SPF Unionen, the union representing workers employed at Systembolaget in Sweden and PAM, the union representing workers employed at Alko in Finland.

An appendix for incident reporting under the MoU was developed. The incident report cover breaches of companies' procedures, violations of Collective Bargaining Agreements (CBAs) and violations of national labour laws and international standards.

An incident report from an affiliated member contains all required information, covering:

- Description of the incident/potential breach of national law and international standards
- At what farm/producer the breach occurred
- Time for the potential breach
- Supporting evidence that the breach occurred, e.g. photos, documents, and contact information for witnesses to the incident.

Remedial Measures.

Incident cases, follow-up and remediation measures are discussed regularly by the IUF with each monopoly separately.

MoU joint activities.

At the national level, meetings are organized by the IUF and the monopolies with trade unions, importers, and producers on the implementation of the MoU. During these meetings and trainings, the IUF explains to affiliates in the producing countries how to use the MoU as a tool for organizing and as an incident complaint mechanism.