

November 7, 2016

Answers by the Minister for Foreign Trade and Development Cooperation to

Parliamentary questions by Member Voordewind (Christian Union) to the Minister for Foreign Trade and Development Cooperation on abuses at Indian tea plantations (submitted October 11, 2016)

Question 1

Have you taken note of the report *Certified Unilever Tea - A Cup Half Empty* of the India Committee of the Netherlands (ICN) on the substandard working conditions at the Rainforest Alliance certified Indian tea estates that supply to Unilever, including unequal treatment of temporary workers, inadequate compensation of overtime, inadequate precautions when working with pesticides, lack of freedom of association and not paying a living wage? ⁽¹⁾

Answer 1

Yes.

Question 2

Do you agree that both Unilever and Rainforest Alliance, despite improvements since 2010, need to address the current problems in these and possibly other tea plantations speedily?

Answer 2

The government shares the view that there have been many improvements in the tea plantations, but that the work has not been finished yet. Unilever and Rainforest Alliance also recognize the problems mentioned in the report and are working on improvements. Unilever has shown to work seriously on tackling the abuses in the supply chain. But more is needed. In order to effectively address the structural problems in the Indian tea sector, dialogue and cooperation between all stakeholders is required. That is to say: governments, producers, the (international) businesses and civil society organizations. The government supports through the Sustainable Trade Initiative (IDH) a number of activities aimed at improving the conditions in the tea industry in India in which Unilever is co-founder or actively involved. This concerns TRUSTEA, a sustainability standard for the domestic market of India (80% of the total market), and TEAM UP INDIA, a *multi-stakeholder* platform for the entire tea sector. This platform has this year agreed on an *Indian Tea Sustainability Roadmap* with working conditions, living wages, health and safety as central issues. For the first time in history, producers, buyers and other stakeholders in the tea sector are brought together on large scale to discuss the challenges and to co-operate on solutions in India. Within the framework of ISEAL labels such as Rainforest Alliance continuously work to improve their standard and verification. For example Rainforest Alliance has launched a new standard (*Sustainable Agriculture Network*) on September 20, after a consultation process of two years. An important innovation in this standard is the «Continuous Improvement Framework" that requires time-bound investments and improvements with regard to, inter alia, working conditions, living wages and the environment.

Question 3

Do you agree that Unilever should – in a public plan of action - make its commitment concrete that "... more needs to be done to raise the standards for workers on tea plantations and their families"? ⁽²⁾

Answer 3

The government advocates transparency by companies about their efforts to supply chain sustainability and the progress of this. Annually Unilever reports publicly in its annual report on financial, social and environmental objectives. In addition, the company's progress on sustainability objectives, as set out in the *Unilever Sustainable Living Plan*, is reported publicly on all individual targets. The assessment of the progress made annually is based on the *Global Reporting Initiative - Sustainability Reporting Guidelines*. In the area of human rights the *UN Guiding Principles Reporting Framework* is used.

Question 4

Are you of the opinion that Unilever has to ensure that the tea plantations pay a living wage to their workers, which is higher than the official minimum wage? Are you prepared to urge Unilever to present a public plan of action, in which the transition to a living wage is formulated?

Answer 4

Based on the OECD guidelines for multinational enterprises, the government expects Unilever to strive to achieve a living wage for the workers in the supply chain. Therefore Unilever has taken some important steps. Thus, the company has defined in its sustainable procurement policy that all employees of subcontractors should receive fair compensation in accordance with the *Unilever Framework for Fair Compensation* which was adopted in June 2015. Unilever aims to achieve the targets by 2020. 180 special subcontractors ("*Partners to Win*") are expected to have already achieved "good practices" by the end of 2016. Within the global organization there must be an annual public report on the progress.

Question 5

What has been achieved thus far with the bringing into practice of the living wage approach in the ISEAL-Global Living Wage Coalition? ⁽³⁾

Answer 5

The *Global Living Wage Coalition (GLWC)* has included living wage benchmarks in the code of their adhering six trademarks. For example, producers of UTZ coffee and Fair Trade bananas have to be monitored under this code for progress towards paying living wages. At the moment benchmarks for seven countries have been published: Malawi, South Africa, the Dominican Republic, Kenya (2 benchmarks), Ethiopia, Brazil and Bangladesh. For fourteen countries the benchmarks will be completed before the end of 2016: China (5), Pakistan, India (two in Tamil Nadu), Nicaragua, Guatemala, Mexico, Vietnam (2) and Sri Lanka.

The living wage benchmarks are used for collective bargaining, adjustment of the minimum wage and to stimulate local industry and international brands to bridge the gap between current wages and living wages. An example is the tea sector in Malawi. The living wage benchmark is included as target in the Malawi Tea 2020 Program of, among others, IDH. In July 2016 the union for tea pickers reached an agreement on increasing wages by 18 to 24%. UTZ is one of the implementing agencies that monitors compliance with the collective bargaining agreement with regard to UTZ certified plantations. Furthermore GLWC

researchers in Vietnam advised the *National Wage Council* on the increase of the legal minimum wage and will discuss this month the benchmark in Kenya local and international stakeholders in the supply chains for coffee, tea and flowers.

Question 6

What is your commitment to ensure that these and other initiatives in the field of International Corporate Social Responsibility (ICSR) will adopt a living wage as a standard in the foreseeable future and put it into practice?

Answer 6

The parliament was informed through the government's response to the initiative note "*Honest Work World-wide*" (reference 34311 / 2015D39350) and through the parliamentary letter on the *Asian Living Wage Conference* (Parliamentary document 32 735, no. 153) about the way the Netherlands contributes to the development of living wages. The effort focuses on the following three components: Various Strategic Partnerships support this living wage agenda, such as the Fair Wear Foundation for the textile sector, Solidaridad, UTZ and IDH. The new Trade Union Cofinancing Programme is committed to living wage ambitions in the ICSR covenants. Within the framework of the International Corporate Social Responsibility covenant for the garment and textile sector, a joint action plan for living wage will be agreed on within the first quarter of 2017. To this end, there is as much as possible cooperation with similar European initiatives. The Netherlands, for instance, has brought the subject of living wage to the attention of the International Labour Conference (June 2016, Geneva) together with Germany. Also during the conference on *Sustainable Sourcing in the Garment Sector* (organized by the Netherlands in September in Bangladesh), the government called on the parties to achieve living wages.

Question 7

What is your commitment to ensure that the increasing pressure on freedom of association (including trade unions) and the freedom of expression in India will be raised as a matter of urgency on bilateral, European and multilateral level?

Answer 7

The government is carefully monitoring the developments concerning the space for civil society organizations and will raise the importance of freedom of association and freedom of expression, when necessary and appropriate, with the Indian government. The government for instance discussed sustainability and human rights during the trade mission in 2015 under the leadership of Prime Minister Rutte. Often quiet diplomacy is used for this. Freedom of association is part of the fundamental labour standards. The ILO regularly requires Member States to report on compliance with fundamental labour standards. This is a good moment for Indian trade unions to raise the issue of barriers to trade union freedom. The Netherlands always speak out at the ILO against violations of freedom of association.

[translation: India Committee of the Netherlands; original document: <http://www.indianet.nl/pdf/kv161107.pdf>]

(1) <http://www.indianet.nl/pb160830e.html>

(2) <http://www.nu.nl/economie/4121721/misstanden-bij-theeleveranciers-unilever.html>

(3) <http://www.isealalliance.org/our-work/improving-effectiveness/global-living-wage-coalition>