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Business Human Rights Resource Centre London, UK [via email]

In 2023, the Business and Human Rights Resource Centre contacted Ahold Delhaize and its U.S. subsidiary Hannaford Supermarkets regarding evidence of human rights violations in Hannaford's dairy supply chain. Ahold Delhaize and Hannaford both provided written responses. Migrant Justice, a farmworker-led human rights organization in the United States, has analyzed the companies' claims and issues the following response. This analysis seeks to provide context and address the claims which appear to overstate the scope of Ahold Delhaize and Hannaford's human rights due diligence efforts.

Background on the Milk with Dignity Program

Since 2019, dairy workers in the northeast, organized in non-profit human rights organization Migrant Justice, have urged Hannaford Supermarkets to join the Milk with Dignity Program. Milk with Dignity implements a farmworker-authored Code of Conduct setting standards for labor and housing conditions on dairy farms. Participating companies require dairy suppliers to enroll in the Program and pay to them a premium to cover raises and improvements. Workers are educated on their rights in the Program, and standards are enforced by an independent monitor.

Ben & Jerry's became the first company to join Milk with Dignity in 2017, instituting the Program in the company's northeast dairy supply chain. The agreement was heralded by the New York as a step to "improve migrant dairy workers' conditions." The Program currently operates in New York and Vermont, protecting the rights of over 200 dairy workers. Milk with Dignity has extensively documented the positive impact on farms and farmworkers and has been independently lauded for the effectiveness of its unique model.

Hannaford has resisted calls from farmers and farmworkers to join the Milk with Dignity Program since 2019, despite <u>well-documented labor abuses</u> and severe <u>human rights violations</u> on the farms producing Hannaford-brand milk. Migrant Justice's campaign has received support from <u>national faith organizations</u>, <u>labor and climate groups</u>, <u>agricultural organizations</u>, <u>legislators</u>, and

thousands of Hannaford customers who have sent <u>emails</u>, written postcards, <u>made calls</u>, and attended rallies.

Hannaford's response

In its letter to the BHRRC, Hannaford makes a number of claims. Below, Migrant Justice responds to each.

Our Standards of Engagement include provisions for how suppliers must treat and compensate workers, provisions on workplace health, safety, and housing. Similarly, they prohibit discrimination, child labor, precarious employment and forced labor.

As stated in the guidance from the Office of the United Nations High Commissioner for Human Rights (OHCHR), "Adopting a human rights policy is a precursor to a company's human rights due diligence towards meeting its responsibility to respect human rights." However, as that guidance continues, "Developing a human rights policy is only the first step for a company to know and show that it respects human rights. Embedding it throughout the relevant processes and procedures of the company is necessary to ensure its effective implementation." While Hannaford's Standards of Engagement include good guidance, they unfortunately fall short of effective implementation.

Migrant Justice has documented <u>cases</u> of physical abuse, substandard housing, discrimination, rampant health and safety violations, and retaliation on farms that sell to Hannaford's suppliers. Without adequate training or protection from retaliation, Hannaford's standards of engagement offer these workers no meaningful protections.

Further, in the case of one worker, the retaliation he faced for speaking up was damaging enough that not only did he leave the area, but such events have had a chilling effect on other workers who might consider raising concerns. In such an atmosphere, an absence of complaints should not be considered as evidence that all is well.

Hannaford has been actively engaged with our dairy supply chain for years, partnering with our milk suppliers, the National Milk Producers Federation and the Innovation Center for U.S. Dairy to both assess and assure compliance and responsible farm management across our private brand dairy supply chain.

While both of these industry groups may do good work in their area of expertise, neither has an explicit focus on protecting the human rights of workers, which is the issue at hand. The Innovation Center for U.S. Dairy offers helpful guidance for suppliers seeking to assess the materiality and priority of topics from animal husbandry to environmental impact, the focus is on assessment, not on assurance of compliance. Further, it's worth noting that the Innovation Center's own documentation does not suggest that they have programs or metrics in place to address human rights:

Table 2. Value Chain Overview

	TOPIC	FEED PRODUCTION	MILK PRODUCTION	MILK TRANSPORTATION	PROCESSING	PACKAGING	DISTRIBUTION	RETAIL	CONSUME
	Animal Care		•						
	Community Contributions	0	0	0	0	0	0	0	0
	Diversity, Equity and Inclusion	0	0	0	0	0	0	0	
MIC	Economic Contributions	0	0	0	0	0	0	0	
NO	Employee Attraction and Retention	0	•	0	0	0	0	0	
OEC	Food/Nutrition Security and Accessibility		0	0	0		0	0	0
S	Health and Nutrition				0			0	0
	Human Rights	0	0	0	0	0	0	0	0
NVIRONMENTAL	Product Safety and Quality	•	•	0	•	0	0	0	0
	Worker Health and Safety	0	•	0	•	0	0	0	
	Biodiversity	•	•						
	Energy Use	•	•	0	•	0	0	0	0
	GHG Emissions	•	•	0	•	0	0	0	0
	Land Use	•	0						
	Materials/Packaging					0			
	Nutrient Management	•	•						
	Resource Recovery	0	0		•	0		0	0
Ш	Soil Heath and Quality	•	0						
	Water Conservation	•	•		•	0			
	Water Quality	•	•		•	0			

Screenshot from the Innovation Center for U.S. Dairy's "2021 Materiality Assessment for U.S. Dairy" (notes that human rights impacts occur but no national programs or metrics are in place)

Similarly, the National Milk Producers Federation focuses on a range of issues as an industry trade group from trade policy to immigration reform, animal health, environmental, and nutrition concerns. Their FARM standards include guidance regarding developing human resources plans for farms, which could be quite helpful, but should not be confused with fulfilling human rights obligations.

Using the FARM assessment, which includes modules on environmental practices, animal welfare and workforce conditions, our suppliers have assessed working conditions at 70 of Hannaford's private label milk suppliers across our marketplace.

The FARM self-assessments are likely a useful tool for farmers. But they are by no means structured to prioritize human rights. FARM standards are a collection of suggestions for best practices for creating an HR manual and becoming "an employer of choice" – this is not about workers' rights or protections.

Does the Evaluation Result in Any Corrective Action Plans?

No. The FARM Workforce Development Version 1 evaluation focuses on voluntary best practices. While these practices are beneficial for HR and safety outcomes, there is no penalty for not adopting any of the best practices. Farms vary in terms of how many best practices they adopt. Many farms only implement a few best practices; they will answer "no" to many evaluation questions during their first evaluation — this is a normal starting place.

Screenshot from the "FARM Workforce Development Evaluation Preparation Guide" (emphasis added)

While this work is ongoing, to date these assessments have covered more than 500 farm workers. Any findings are addressed with farmers in real-time.

A farm counts as participating in FARM standards even if they answer "no" to every point on the assessment, it's doing the checkbox exercise that counts. FARM assessment and improvements are scattershot, not risk-based due diligence: They recommend farmers do the self-assessment and then see where they have the most "no" answers to decide what to prioritize, not which points might cause most risk to workers.

The HR Self-Assessment closely follows each section of the FARM HR Manual. It assists in determining HR-related strengths, weaknesses, goals and priorities. The first step in the process is to complete the self-assessment, answering "yes" or "no" to each question. Appropriate people to complete this questionnaire include those involved in the dairy operation's day-to-day HR activities including owners, office staff and managers. The self-assessment is for internal use only. Farms are encouraged to be as honest as possible in their self-assessment because it serves as the foundation for the HR program and future initiatives. After completing the assessment, look at which topics have the most "no" answers. Focus on those topics to establish HR priorities.

Screenshot from the "FARM HR Self-Assessment" (emphasis added)

So far in Migrant Justice's conversations with workers on northeast dairy farms, the only consequence of Hannaford's engagement has been the posting of "Restricted Access" signs, which workers viewed as retaliatory and an attempt to bar advocates from visiting them in onfarm housing – not resolving or providing remedy to any of the issues raised.

As key rights-holders, workers should be engaged in the process of assessments. Instead, workers report being unaware of any such assessment and have not been consulted, even in cases where they have reported violations via Hannafords' Speak Up line.

Importantly, an independent third-party auditor has been identified and is being onboarded for the purpose of confirming that the second party FARM assessments accurately reflect working conditions on farm.

This commitment was first made in Ahold Delhaize's 2022 Human Rights Report ("in 2022, those FARM assessments will be validated through independent, third-party social compliance audits"). In response to questions on the matter at the company's AGM in April 2023, Ahold USA CEO Kevin Holt responded that these audits would begin by May 2023. As of February 2024, no auditor has been publicly named nor has any worker reported any such contact.

Lastly, as the below FARM guidance makes clear, FARM assessments are not concerned with legal compliance; that's up to regulatory authorities. This is inadequate in an industry where

research shows <u>96% of workers aren't covered by OSHA</u>, the key regulatory body for ensuring occupational health and safety in the U.S.

Legal Compliance

Legal compliance is an important baseline for business operations. However, verifying legal compliance is part of proper legal and regulatory channels, not the role of the FARM Workforce Development evaluator or evaluation tool. FARM Workforce Development provides information about relevant laws and regulations through federal and state fact sheets that are updated annually. The FARM Safety and Human Resource Manuals provide more details on specific compliance topics. But, as demonstrated through the second-party evaluation tool and suite of resources, the program's focus is to promote best practices to help U.S. dairy farms be "employers of choice" in rural America.

Screenshot from the "FARM Workforce Development Evaluation Preparation Guide" (emphasis added)

In the event of a serious finding reported to us, Hannaford policy requires the suspension of our commercial relationship with the supplier until the issue has been remediated and re-assessed.

Hannaford has been made aware of multiple instances of serious violations of the company's Standards of Engagement through worker complaints via the Speak Up Line, public reporting, and direct communication from Migrant Justice. To date, Hannaford has provided no evidence of suspension of commercial relationships with any dairy supplier – even when the company's own findings corroborate worker allegations of abuse.

In response to a complaint of a <u>violent attack by a farm supervisor</u> against a worker – a claim supported by a police report – Ahold representatives held "a formal meeting with the management of our supplier to reiterate the expectations outlined in our Standards of Engagement and to discuss the investigation, our findings and our concerns." Hannaford continued to source from the supplier without interruption.

In response to another complaint of <u>physical violence against a worker by the farm's owner</u> – a claim also supported by a police report and later backed up by <u>public reporting</u> – Ahold representatives wrote "we have issued a formal warning to our supplier that this type of behavior is not acceptable and not in line with our Standards of Engagement."

In both these cases, Hannaford responded to verified incidents of physical violence against farmworkers with slaps on the wrist, directly contradicting the company's stated commitment to suspend purchases from suppliers in such circumstances.

[O]ur supplier reports that the majority [of complaints] (60%) were either not specific to a particular farm or concerned an incident or conditions on farms outside of Hannaford's private brand dairy supply chain.

Workers employed on farms in Hannaford's dairy supply chain have no way of knowing whether they are part of that supply chain and thus protected by Ahold's Standards of Engagement. Due to the nature of the dairy industry – where the supply chain is mediated by producer cooperatives and processors – workers have no way of knowing actual or potential end users of the milk they are producing. And no information is provided to farmworkers at the time of their employment that would allow them to identify their farm as supplying Hannaford-brand milk.

Ahold relies on workers' ability to find the Speak-Up Line on their own in order to raise a concern, even as the worker is unsure as to whether Ahold is a relevant entity to provide protection and remedy. Of those workers who have submitted complaints, four received the following response:

"We are committed to following-up on allegations of human rights violations within our supply chain. As it pertains to these cases, our review shows that these farms do not supply "Hannaford" brand fluid milk."

No evidence was provided to back the conclusion that the farms did not supply Hannaford's private-label milk. Given that Hannaford's private-label milk is bottled by H.P. Hood, which in turn sources commingled fluid milk from the region's major dairy cooperatives, the burden falls to Hannaford to demonstrate how a particular farm in one of those cooperatives could be excluded from the company's dairy supply chain.

Indeed, one worker asked this question through the Speak-Up Line portal:

"In response to a previous complaint from a member of our community, Hannaford has acknowledged that it sources its private-label fluid milk from Vermont farms belonging to the Dairy Farmers of America cooperative. We know that the farm where we are working and submitting this complaint belongs to the same cooperative, and that milk from DFA farms in this geographic region is commingled at the DFA facility in St. Albans before being sent to the bottling plants where Hannaford has private label contracts, how can Hannaford claim that this farm is not within its dairy supply chain? Can you provide evidence showing that milk from this farm is segregated from milk from other DFA farms that Hannaford has already acknowledged sourcing from?"

Rather than respond to this question, Ahold closed the case and the complainant was restricted from asking any further questions.

A commitment to increased supply chain transparency is an essential precursor to an effective supply chain grievance mechanism. In addition, proactive outreach to workers is needed to communicate that 1) the supplier is beholden to Ahold's Standards of Engagement; 2) those Standards confer benefits and protections to the worker; and 3) the worker has access to a grievance mechanism to address violations of those standards.

Migrant Justice proposes a program narrowly focused geographically and on a small subset of the stakeholders involved. Because of the complexity and scope of these issues, we do not feel Migrant Justice's approach is scalable, nor can these issues be solved by a patchwork of loosely confederated programs working independently of the rest of the stakeholders.

Migrant Justice's approach to protecting human rights in supply chains, the Milk with Dignity Program, is based on the Worker-driven Social Responsibility (WSR) model - a model which has been commended as "the gold standard" for protecting human rights by a project of the Harvard Law Clinic. The WSR model has also been commended as "a model for companies to meet UN Sustainable Development Goals," especially those focused on Decent Work and Reducing Inequalities. Globally, the WSR model is successfully protecting workers and growing - most famously internationally through the International Accord, formerly the Bangladesh Accord, now protecting over three million workers in Bangladesh and Pakistan's garment sectors. In agriculture, the Fair Food Program which started in Florida's tomato fields has now expanded to ten crops in ten states in the U.S. Further, to the scalability of this approach, the program is now expanding through the supply chains of a willing buyer, Bloomia, to cover not just their domestic suppliers but also those in Chile and South Africa. The instructive lesson here is that the model is scalable; what it takes is a willing buyer.

Lastly, the research regarding best practices for business and human rights strongly points towards the importance of engaging with workers in supply chains as central rights holders. This does not exclude the possibility, and even necessity, of engagement with other stakeholders, but it defines the role of rights holders as one requiring specific, targeted engagement.

Hannaford is fully committed to working collaboratively with its direct suppliers, the dairy cooperatives, farmers and farm workers making up this supply chain, to ensure the human rights integrity of our supply chain and the respect and fair treatment of farm workers within it.

Migrant Justice shares this goal, and we point to our six years of successful collaboration with Ben & Jerry's Ice Cream, dairy suppliers, farmers, and farmworkers enrolled in the Milk with Dignity program.

After three years in operation, Migrant Justice's own published statistics show that they have lost farm and farmworker participation in the Milk with Dignity program and that many of the remaining farms do not employ migrant workers who would qualify for the program.

Hannaford misrepresents Milk with Dignity and the definition of qualifying workers in the Program. As has been explained to the company through extensive communication, Milk with Dignity provides human rights protections for all qualifying workers – defined as any non-supervisory worker who is not a direct family member of the farm owner – not just migrant workers.

Furthermore, the statistics that Hannaford points to are indicative of the broader state of the dairy industry, especially in the northeast United States where the Milk with Dignity program currently operates. Consolidation at multiple levels of the supply chain, volatile dairy prices, and competition from large-scale dairy production in other regions are factors that impact the entire dairy industry.

A risk for any organization that commits to supply chain transparency at this level is that such transparency will be used against them. However, we align with human rights researchers and advocates who hold that the value of transparency in respecting human rights is greater than the risks of revealing the fluctuations of the market.

Hannaford chooses to continue to work broadly across all stakeholders to promote and assure fair and legal treatment of the migrant workers within its private brand dairy supply chain.

Hannaford does not, and has never, engaged dairy workers in any initiative related to its private brand dairy supply chain. Rather – as has been amply demonstrated above – the company has consistently ignored and maligned these workers as they have attempted to communicate experiences of human rights violations. Those excluded have proposed a solution that truly engages all stakeholders and has a documented history of success: the Milk with Dignity Program.

Ahold Delhaize's Response

Ahold Delhaize recognizes that driving positive impact and mitigating negative impact for people is most effectively accomplished locally through its brands.

This statement contradicts the company's own past actions. In 2015, Ahold USA – then encompassing subsidiaries Stop & Shop, Giant, Martin's and online grocer Peapod – became the "first major grocer in the U.S." to join the Fair Food Program (FFP). The company boasts of this commitment, writing:

"Ahold USA's companies are deeply committed to responsible practices throughout their operations and to providing customers with great products at great prices from suppliers who share our dedication to strong ethical standards and fair treatment for workers. The cornerstone of this commitment is the Ahold Standards of Engagement, which commit our companies' suppliers to these values. The Fair Food Program is a time-tested leader in improving the lives of agricultural workers, and we have observed the Program's success over the past several years."

As detailed above, the Milk with Dignity Program is based on the Fair Food Program and was developed through extensive collaboration with FFP founder, the Coalition of Immokalee Workers. Ahold Delhaize neglects to specify why the company joined a Worker-driven Social Responsibility program in 2015 yet refuses to today.

[Business for Social Responsibility's] assessment identified that risks are not limited to specific commodities or locations, per se. Rather, risks are predominantly associated with undocumented immigrants who work with a variety of commodities based on the harvest season. The assessment resulted in the development of a commodity prioritization framework for the U.S. brands and a human rights governance model that supports more proactive identification and mitigation of human rights risks.

Assessing a businesses' impact on stakeholders broadly is a critical first step in due diligence. However, risk assessment is not the same as engagement, especially when rights-holders are naming abuses that they have suffered.

The Ahold Delhaize 2022 Human Rights Report highlights Hannaford's dairy supply chain as a salient case study for human rights. However, the programs that they point to in the case study are the ones that have been found inadequate to protect workers.

Lastly, if Ahold is contending that the risk is low for U.S.-based dairy production, the data suggests otherwise.

- Peer-reviewed research <u>published by the journal Nature</u> reveals the systematic undervaluation of forced labor risk in U.S. land-based food production. This study ranks <u>U.S.</u> <u>dairy production as the highest weighted risk</u> for forced labor. This research also cites the Milk with Dignity program as uniquely suited to addressing this risk, as well as ensuring decent work for this population.
- <u>Peer-reviewed research</u> examining the Vermont dairy industry specifically found that high risks of injury and death to dairy workers.
- <u>Investigative reporting underscores</u> that the official numbers for injury and death to dairy workers is under-reported due to legal loopholes in U.S. law which prohibits OSHA from investigating worker injuries or even deaths on farms with fewer than 11 employees.

Together, this research suggests that both the metrics for assessing risk and the regulatory avenues for addressing risk are inadequate in the U.S. dairy supply chain - and especially in

New England, where Hannaford sources, as these farms tend to be smaller and fall under the OSHA exclusion.

Ahold Delhaize ensures compliance with the Standards of Engagement through its social compliance and critical commodity programs.

Workers in Hannaford's dairy supply chain are unaware of these Standards of Engagement and the programs that Ahold Delhaize points to. Without adequate training or protection from retaliation, the Standards of Engagement offer these workers no meaningful protections. Previously-shared <u>analysis of the Standards of Engagement and Speak Up line show</u> that these tools as implemented in Hannaford's private label dairy supply chain do not meet the UN Guiding Principles on Business & Human Rights (UNGPs) Effectiveness Criteria for Non-Judicial Grievance Mechanisms (Principle 31).

Whenever there are allegations or reports of non-compliance with the Standards of Engagement, the Ahold Delhaize brands follow up on those. That is why Hannaford has been, and continues to be, engaged in a thorough due diligence review across its dairy supply chain.

Analysis of the failures of the Speak Up line to address workers' concerns has been shared with Ahold Delhaize and Hannaford, both through the Speak Up line and through engagement at the Ahold Annual General Meeting in April 2023.

To date, workers have not reported being engaged in any process to ensure due diligence or access to remedy for harms which have been reported through the channels that the company has designated.

While the Speak Up Line is also accessible to third parties, Ahold Delhaize recognizes that it is more difficult for those working in supply chains to find and access these resources. That is why Ahold Delhaize also expects suppliers to establish adequate complaint mechanisms and to ensure no retaliation, as outlined in its Standards of Engagement.

It is good to see Ahold Delhaize acknowledge that farmworkers are not the intended users of the Speak Up Line and that they do indeed have great difficulty in accessing the hotline. Workers in Hannaford's private-label dairy supply chain are not aware of other complaint mechanisms in their workplaces, nor is there a clear path of accountability for suppliers who may not ensure compliance with the Ahold Delhaize Standards of Engagement.

In contrast, research in the <u>Harvard Business Review</u> points to the functions of the Milk with Dignity program that ensure that its hotline is both accessible to workers *and* protects them from retaliation. This is due to the combination of worker training and market-driven consequences that ensure both suppliers and workers have a clear understanding of the program.

Further, research in the <u>Journal of Business and Human Rights</u> finds that Milk with Dignity and similar Worker-driven Social Responsibility programs are advantageous to businesses who employ them based on key criteria, including improved employer-employee relations; transparent, measurable outcomes; collaborative, timebound remediation of issues; and adaptive systems to quickly respond to emerging issues before they rise to the level of complaints.

Ahold Delhaize also works with industry organizations and standard's committees, including amfori BSCI and others, to promote the provision of effective grievance mechanisms by its suppliers.

It is unfortunate that Ahold Delhaize has chosen to highlight amfori BSCI as the centerpiece of their attempts to ensure effective grievance mechanisms by suppliers. Amfori BSCI has a long track record of failures in their social compliance mechanisms including deadly factory collapses and forced labor that led to U.S. Customs issuing a Withhold Release Order. Clearly, their program is neither fit to protect workers' safety and rights nor manage companies' risk. High profile cases include:

- Prince Jacquard factory in Bangladesh, where a union organizer was beaten to death
 after trying to negotiate with a factory owner for back wages. <u>Human Rights Watch</u>
 <u>confirmed that amfori BSCI audits</u> had been conducted just months before the murder
 but the program had not resolved issues and would not discuss corrective action plans.
- Top Glove factory in Malaysia, where investigative reporting identified forced labor in 2018. Amfori BSCI gave Top Glove an A rating as recently as June 2020, just one month before U.S. Customs & Border Protection banned import of their gloves due to forced labor. Four months after the import ban, Amfori BSCI finally downgraded Top Glove's rating to a D.
- Rana Plaza in Bangladesh, where a massive building collapse killed 1134 people and
 injuring thousands more in 2013. Two factories in the building were found to have been
 audited using the BSCI standard. <u>BSCI has more recently made statements</u> that the
 International Accord, the WSR program in the apparel sector, is better suited to
 protecting workers.
- Rosita Knitwear factory in Bangladesh, where workers were subject to severe abuses in 2012. BSCI, which was involved in auditing Rosita and Megatex, was recommended to undergo a serious evaluation and remediation plan to restore its credibility.
- <u>Tazreen Fashions in Bangladesh</u> where a massive fire killed 110 workers in 2012. Amfori BSCI members were sourcing from the factory at the time of the fire.

These high-profile cases suggest that amfori BSCI is not up to the task of protecting workers' rights. Indeed, when criticized, amfori BSCI has pointed to the WSR model, on which Milk with Dignity is based, for its worker-driven ability to tailor its standards, grievance mechanisms, and enforcement to the sector as needed. Milk with Dignity is ready and willing to engage with Ahold Delhaize and Hannaford to discuss how the Milk with Dignity program is developed to international standards and simultaneously tailor-made to the U.S. dairy industry - and stands

on a strong track record both receiving and resolving concerns in a timely manner and providing effective risk mitigation.

Conclusion

The responses to BHRRC's inquiry from Ahold Delhaize and its subsidiary Hannaford Supermarket fail to justify the company's continued failure to ensure respect for human rights in its dairy supply chain. Rather, they contain a litany of disproven claims and misrepresentations. Yet there is still time for the company to change its approach.

The company has before it an opportunity to join the Milk with Dignity Program, which has a proven track record of success on northeast dairy farms and is prepared to scale to match Hannaford's private-label dairy supply chain. By meeting with Migrant Justice and joining the Milk with Dignity program, Hannaford and Ahold Delhaize could meet their human rights due diligence obligations – and become industry leaders in responsible dairy sourcing. Migrant Justice calls on Ahold Delhaize and Hannaford Supermarkets to join the Milk with Dignity Program without further delay.