

FINAGRO STATEMENT ON ALLEGATIONS IN THE SWEET AND SOUR REPORT AND OXFAM RESPONSE

Last October, Oxfam launched its *Sweet and Sour* briefing paper which brought worker perspectives to bear on the conditions faced by women and men who work at the production of fruits we buy at our preferred supermarkets. Rural workers in mango, melons and grapes in Brazil are socially vulnerable, living in poverty and are often subjected to hidden abuses.

One of the producers mentioned in the paper was Finoagro, a mango producer in Rio Grande do Norte state which also owns farms in Pernambuco producing grapes. Oxfam interviewed several female workers from Finoagro in 2018 and 2019 and found that they felt: ‘they lacked the freedom to go for toilet and water breaks according to their needs’ and ‘feared to raise this issue with supervisors’. It is important to note that Oxfam provided an opportunity to comment to Finoagro in advance of our publication. We treated all companies equally – and all companies mentioned in our publications have been treated similarly with this approach.

This finding is in line with Oxfam’s experience that there are gaps in certifications and thus companies should place not too much reliance on certifications and compliance audits but need to carry out a comprehensive due diligence process, including engaging with local unions.

In response to Oxfam’s original research and recommendations, Finoagro submitted the following statement:

Finoagro, in response to Oxfam’s report called “Sweet and Sour”, hereby express its strong disagreement with the fact of being mentioned explicitly in article without further details and restates its permanent commitment of managing its business with a focus on the greatest respect to its employees, making no difference between gender, race and religion. Finoagro acquired undoubted reputation over time and this is ratified by the major seals and certificates such as Rainforest, Globalgap, Smeta, among others.

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Oxfam met in October with Finoagro to discuss our findings based on worker interviews, hear their comments, and share our recommendations with the company. We heard and appreciated the company’s commitment to providing a safe working environment, that is non-discriminatory against women, and how they valued transparency and had a good relationship with the local rural union. Finoagro also disputed Oxfam’s allegations and claimed that such problems would have showed up and were resolved through their audits and certifications: Rainforest Alliance, SMETA (Sedex Methodology Ethical Trade Audit) and Global GAP. We appreciated that they provided Oxfam with copies of their audit reports, which enabled us to compare the limited findings from these audits with the much fuller findings from our research. Oxfam identified some limitations from the audit findings – especially on the workers’ interviews process and the lack of effective grievance mechanisms in the workplace.

While we welcome the constructive dialogue with Finoagro, we also asked that they consider the possibility that the testimony of workers, particularly complaints by female workers of hidden abuse, published by Oxfam could be true and that they should back up their policy commitments to transparency, equality for women and respect for the role of trade unions by extending their current control systems with additional forms of due diligence. In that sense we recommended a series of actions they could take:

1. To consider that there might be an issue with women workers and bathroom breaks and that this issue is not being ‘captured’ by their current control systems. We proposed a meeting with the local rural union to discuss ways to improve their current processes.

2. To have a meeting with the local rural workers' union to explain the certifications and audits they use and listen to the experience and expectations of stakeholders. Oxfam offered to convene and facilitate the dialogue.
3. To publish on their website the audits reports, especially from certification schemes. Some producers already do this in Brazil, for example [Agrodan](#) and [Ibacem](#), two other big producers and direct competitors of Finoagro.
4. To sign up to the [UN Women Empowerment Principles](#) and communicate this to workers and stakeholders.
5. To see what transferable learning could be gained from the best practices Oxfam's research identified at the São Francisco valley, where the CBA is stronger, and Finoagro's other farm is located at; and apply those at their farms in Rio Grande do Norte (especially regarding harvest workers, pesticide protection and treatment of women).
6. Given that they are Rainforest Alliance certified, that they consider applying their additional protocol on assessing living wage gaps (which is based on the Anker methodology recommended by ILO and the Global Living Wage Coalition) and publish the results next year when the protocol is available with the new standard.

The Oxfam report which launched the Behind the Barcodes campaign, *Ripe for Change*, included our analysis that supermarkets cannot depend only on external audits and certifications to monitor their supply chains. There are gaps in the system.

The UN Guiding Principles on Business and Human Rights, when talking about risk, emphasize that the risk to be taken into account is the risk to the rights holders, in this case women workers, and not the risk to the company. Unfortunately, Finoagro's statement reinforces the view that supermarkets' suppliers are still a long way from being aligned with the UN Guiding Principles.

When Finoagro shared the summary of their audit reports, two things caught our attention. The first was the lack of participation by workers' unions. Instead of unions, the auditors talked to workers, who appear to not have been appointed by management. In Brazil, unions have a mandate over a determined area and legally represent the workers of such areas, regardless of them being unionized or paying union fees. Union representatives are protected by law and have stability.

Talking to workers who are not protected under Brazilian law in this way makes them extremely vulnerable, as anything they say could lead to retaliation by management. This makes it difficult for workers to be honest and open about their experience and fails to factor in the difference in power between the employer and individual employees. There is an intrinsic conflict of interest between the worker ability to keep his job and the potential for reprisals.

Our contention is that female workers felt safe telling Oxfam that they face problems and do not feel safe saying that during audits. Another issue is that according to the same audit reports, their complaint mechanism is composed of 'complaint/suggestion boxes' and there are two of them: one in the main office building, another at the cafeteria; both places it would be hard for a worker to be inconspicuous or anonymous while filing a complaint.

Again, this demonstrates a lack understanding of workers' vulnerability. Unions are in place to protect individual workers and to be able to freely communicate issues, without putting them at risk of losing their jobs.

No company or organization is free of having problems, but what defines socially responsible behavior is whether they are able to acknowledge problems and find ways to solve them and make sure they don't happen again. Oxfam stands ready to engage with Finoagro on effective ways they – and above all their supermarket customers - can do this, and 'know and show' that workers – particularly women workers – are listened to and can be confident they will be treated fairly and equally.