SOCIAL IMPACT SCAN

Interim report – Social Impact Scan mangos from Ivory Coast

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# Social Impact Scan

## Interim report – Social Impact Scan mangos from Ivory Coast

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Introduction
Impact Institute performed a Social Impact Scan on the Jumbo mangos sourced from Ivory Coast

Jumbo is a supermarket chain based in the Netherlands, holding a share just over 17% of the Dutch market. As a part of their Human Rights policy, Jumbo has defined a due diligence process, which, among other steps, includes researching high-risk commodities such as mangos sourced from Ivory Coast.

Although secondary sources and sector information help Jumbo prioritize and assess between origins and commodities, it does not yet show the current situation at the farms from which Jumbo sources or points of improvement to be focused on for these farms.

To gain these specific insights into their value chain, Jumbo contracted EMC and Impact Institute to perform a Social Impact Scan\(^1\) and provide Jumbo with a quantitative social impact assessment of their sourcing farm(s).

This document presents the process and interim results of the present study and recommendations for follow-up studies. First the study set-up and data collection are discussed, after which interim results of the different impacts are given, including recommendations on how to move forward.

Due to delayed data collection, the Social Impact Scan could only provide interim results with the available data and collecting additional data is recommended.

\(^1\) Developed and tested in collaboration with Hivos in the floriculture sector.
THE SOCIAL IMPACT SCAN

The Social Impact Scan is an application of true pricing that calculates the social costs of a product

A Social Impact Scan involves the quantification and monetisation of the social and human impacts included in a true price (excluding the environmental impacts).

True Pricing, the method of calculating a true price, uses human rights as its starting point. A true price quantifies the extent to which the creation and sale of a product violates the human rights of all stakeholders involved, including the environment and society-at-large.* These costs are then monetised (exchanged from footprints to monetary units) using established monetisation factors.

Monetised impacts give an actionable perspective for improvement. Presenting impacts in monetary units allows us to directly compare impacts to a product’s market price and other products. It highlights the relative urgency and drivers of the different impacts. Based on the monetary values, resources can be allocated to reduce the highest costs in the most efficient manner.

Using the social costs of roses as an example (on the right), the Social Impact Scan highlighted the relatively high cost and prevalence of harassment in rose production. With this knowledge, the farms involved can work to reduce their social costs by allocating resources towards ending worker harassment.

The true price method is in line with the OECD Guiding principles on Business and Human Rights. It serves as a tool for human rights due diligence and provides information on reparation and compensation costs (remedy) and the costs of prevention.

Case example: The social cost of roses
Together with Hivos, Impact Institute performed a Social Impact Scan, calculating the social cost of a Kenyan rose. It was discovered that, on top of the retail price of €1.11, the social costs amounted to €0.12 per rose. The largest drivers of this impact are harassment (€0.06) and wages and social security (€0.02).

Further information on our methodology and a selection of resources can be found towards the end of this report, or through this link.

*More information on True Pricing’s relation to human rights due diligence can be found in Annex I.

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Approach
The Social Impact Scan measures six impacts on two farms in the North of Ivory Coast

The Social Impact Scan is a quantitative assessment of social impacts. It is based on primary data collected through two questionnaires: one directed at workers, and one directed at farm management. For this study, Impact Institute’s partner EMC Conseil collected data in Ivory Coast.

**Impacts in scope**
- Harassment
- Health and safety
- Freedom of association
- Wages and social security
- Overtime
- Gender Equality

**Value chain partners**
Two farms that supply to Jumbo were in scope for assessment. These farms harvest mangos in the north of Ivory Coast, where they are shipped to Abidjian and then Rotterdam. In Rotterdam they are received by Special Fruit & The Greenery and finally sold throughout the Netherlands by the retailer Jumbo.

**Geography**
Both farms are located in northern Ivory Coast.

**Workers population and intended sample size**

<table>
<thead>
<tr>
<th></th>
<th>Farm 1</th>
<th>Farm 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent workers</td>
<td>40</td>
<td>11</td>
</tr>
<tr>
<td>Temporary workers</td>
<td>265</td>
<td>370</td>
</tr>
<tr>
<td>Management</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Planned sample</td>
<td>28</td>
<td>29</td>
</tr>
</tbody>
</table>
Data collection was limited due to short timelines and the impact of Covid-19 on data collection methods

Data collection was performed by EMC Conceil. EMC is Impact Institute’s local partner, specialising in marketing research, opinion poll and social research.

Farm contact
EMC was put into contact with the farms through the value chain partners of Jumbo. After initial issues in getting to talk to the right person, contact was established. However, it soon turned out that Farm 2 was unable to provide respondents for a sample as the harvest was over and temporary workers had left the farm. Thus, data collection was done only at Farm 1. For this farm, EMC did not initially receive the correct contact details, which caused confusion for the project team, as well as a delay in planning.

Logistics
The EMC data collectors travelled to the different parts of the farm to interview respondents, as the farm is split between two office stations and different harvesting areas.

Due to Covid-19 measures, interviews were conducted at a safe distance and in smaller groups.

Respondents
A total of 19 respondents from Farm 1 were interviewed. They came from a local town surrounding the farm.

Sample
Since the harvest season had ended prior to the data collection, the sample was not representative of the farm workers active during the mango harvesting season. Of the respondents, 10 were temporary workers, 9 were permanent workers and all were male. In contrast, the harvest season at Farm 1 has 34 permanent workers and 152 temporary workers, 76% of which are female.

Recommendations

- **Farm contact.** Provide complete contact details for people able to facilitate the research.
- **Timing.** Ensure data collection takes place during the mango harvesting season.
- **Logistics.** Coordinate with farms well ahead of time to arrange a date where the workers can be brought to one location.
- **Logistics.** Review optimal circumstances to interview respondents based on (updated) covid-19 restrictions.
- **Sample.** Plan for the availability of respondents needed for a representative sample with the farm.
Interim results
INTERIM RESULTS

The collected data only allowed for the calculation of Health & Safety and Wages and Social Security

As a result of the earlier described challenges in sampling for this study, the collected data sample was incomplete. The lack of female respondents made it impossible to calculate results for gender equality and harassment, while a lack of contextual information and worker responses impeded the calculation of overtime and freedom of association. The quality of the data that was collected was high, and especially the producer questionnaire provides useful insights on two impacts: health & safety and wages and social security.

As such, interim results are presented in two ways:

- Interim results and recommendations on Health & Safety, Wages and Social Security
- Brief note on method and reflections for Gender Equality, Harassment, Overtime and Freedom of Association

From the current sample and secondary sources, overtime and freedom of association do not come forward as impacts of particular risk. For harassment and gender equality, it is recommended to gather additional data before making any statements on materiality.

Included with quantitative analysis

- Health and safety
- Wages and social security

Additional data collection required

- Harassment
- Gender Equality
The impact ‘Health and safety’ measures the extent to which an organisation does not cover injuries (mental or physical) that occur in the workplace and the extent to which workers follow legal and workplace health and safety measures. The calculation of this impact includes measuring the provision of health and safety training, use of personal protective equipment and the occurrence of accidents in the workplace.

Interim result
According to our calculations, the farm’s Health and Safety externalities amount to €0.04 per kilogram of mangos. These costs are primarily driven by work done without the proper personal protective equipment (PPE) with a small influence from the costs of auditing the labour force and ensuring that H&S practices are followed.

Health and safety training
According to the answers of the respondents, it was found that 37% of workers were not adequately trained in health and safety measures. All temporary workers reported receiving H&S training, whereas only two out of nine permanent workers reported having received this training.

Personal protective equipment (PPE)
Only five out of 19 respondents answered questions related to PPE, two of which mentioned that not all work is performed with necessary PPE. This includes wearing gloves, boots, suits, hats and masks. While the current result concludes that only 1% of all pesticide work (the only work requiring PPE) is performed without proper equipment, this result may change with more information. The farm could do more to ensure that all employees are working with proper PPE.

Accidents
According to the producer, compensation for accidents to workers are covered by the farm, but payment is given informally. There were no accidents reported by workers, so the accuracy of this cannot be confirmed.

Farm recommendations
- **Training.** Ensure all permanent workers are given proper H&S training by the farm
- **PPE.** Improve systems ensuring that all workers are wearing proper PPE when working
- **Accidents.** Integrate payment for incidents into the contracts of employees
INTERIM RESULTS  WAGES AND SOCIAL SECURITY

The social costs on wages and social security at Farm 1 amount to €0.06 per kilogram of mangos

The impact ‘wages and social security’ measures the gap between the wage plus the contribution to employees’ social security and the living wage in the region. Based on the responses, this impact is mainly driven by the low pay of temporary workers. This includes the lack of contributions from the farm towards their pensions, health and unemployment benefits.

Interim results
According to our calculations, wages and social security externalities amount to €0.06 per kilogram of mangos.

Payment
The interim results concluded that, while permanent workers are paid above the living wage, temporary workers are not. This is calculated through comparison of the stated wages of employees with a living wage for rural Ivory Coast, €3,237 per FTE (one year of full-time work).

Temporary workers are paid €1,583 per FTE on average, giving an average wage gap of €597 per FTE per year.

Despite the wage gap, the sample of temporary workers interviewed indicated that the farm paid well and is preferable over other positions. This indicates that the farm may be ahead of other farms or sectors in terms of paying a living wage but can still make progress.

The living wage impact is calculated based on the CIRES (Ivorian Center for Socio Economic Research) calculation of the living wage benchmark for rural Ivory Coast.

Social security
The farm does offer pension payments for all permanent workers but not for temporary workers. No payments towards unemployment or health systems are made for any employees.

Farm recommendations
• Payment. Research methods to close the underpayment gap for temporary workers
• Social Security. Develop processes to ensure the payment of pensions and other social security measures for both permanent and temporary farm workers
• Closing the gap. Develop a process for auditing these impacts at farm level. This will ensure progress towards closing the gap

1 The scope of this research is Southern Ivory Coast, whereas this study is set in Northern Ivory Coast. This value has been selected because no urban values are available for the North, and the discrepancy between urban and rural cost of living is deemed more material than between regions within the country. If resources and priorities allow for this, it can be considered to add a validation of this value for Northern Ivory Coast in the follow-up of this study.
The living income used for this study was calculated by the Côte d'Ivoire Living Income Benchmark study (CIRES) and published by The Living Income Community of Practice (LiCoP).

The living income calculated was broken into four categories: decent food, decent housing, non-food and non-housing monthly costs and an additional 5% for emergencies. Combined, these costs compose the monthly living income for a household of 2 adults and 4 children. For the purposes of this assessment, the living income was transformed into a living wage per FTE, by calculating the FTE available in a 2 adult, 4 children household using the Anker & Anker methodology.

The EUR/FTE living wage was then used to calculate the living wage gap for workers at the farm. To do so, the average financial wage of four employee categories were calculated: temporary general workers, permanent general workers, managers and supervisors. The average wages for these groups were then compared to the living wage to provide four living wage gaps. The four gaps were then averaged (with a weighted average) to give the overall living wage gap per FTE at Farm 1.

On the right, we have provided a wage ladder, for visualization, of the average financial wage compared to both the minimum wage and living wage in Ivory Coast. It can be seen that the farm pays employees quite well compared to the minimum wage but can still improve in terms of paying a living wage.
As previously mentioned, the lack of female respondents impeded the calculation of gender equality and harassment, while a lack of contextual information and worker responses made the calculation of overtime and freedom of association impossible. As a result the available data is insufficient to draw conclusions from. This section gives a brief overview of what these impacts calculate and why the calculations could not be completed.

More resources on the true price methodology for calculating impacts are given in appendix 2.

**Gender equality**
Gender equality measures to which extent women earn lower salaries than their male counterparts. As no women were available during data collection, gender equality could not be calculated.

**Harassment**
Harassment includes the unwanted intimidation of workers by their colleagues or managers. The impact is based on a calculation split into four categories: sexual/non-sexual and physical/non-physical harassment. Among the respondents, there were no reported instances of harassment. It should be noted that in general, most cases of harassment are reported by women and no women were interviewed.

**Freedom of association**
Freedom of association measures the extent that a workplace separates workers from the ability to unionise or join or form formal work-related groups. The respondents indicated that they were not aware of union related to their work but would like to join one if possible. As such, no negative impact is found. However, the producer could explore how to support worker unionisation further.

**Overtime**
Overtime measures the extent to which unpaid and illegal overtime occurs at a position. The producer indicated that overtime pay corresponds with local labour law. Some instances of overtime were recorded by the respondents interviewed, but they did not record the amount that was paid for it. As such, it is not possible to verify the producer’s claim.

From the current sample and secondary sources, overtime and freedom of association do not come forward as particular risk impacts. For harassment and gender equality, it is recommended to gather additional data before making any statements on materiality.
INTERIM RESULTS AUDIT COMPARISON

The results of the Amfori BSCI audit of Farm 1 are comparable to the presented interim results

Farm 1 was audited by the Amfori BSCI certification program for the 2017-2018 season. Many of the performance areas checked by the program match with the impacts measured by Impact Institute in the Social Impact Quick Scan. For comparison, the relevant results of the program will be compared with the interim results of the Scan.

Child, forced and bonded labour
Child and forced labour were two impacts left out of scope of the Social Impact Quick Scan, due to their expected relevance and materiality. It is important to note, though, that the certification audit confirmed this expectation. Farm 1 received the highest rating, A, in both the child and forced labour performance areas, as no instances of either were seen at the farm.

Wages
The certification audit provided Farm 1 with an A in the fair remuneration performance area. They note that all workers are paid a living wage, when their wage is combined with the end-of-season bonus. However, the living wage used for this assessment is not provided in the audit results.

Impact Institute, in comparison, concludes that workers are not paid the living wage for the area, using a recent CIRES researched value. However, both Impact Institute and the certification audit agree in that no workers are being paid below the legal minimum wage.

Overtime
The certification audit gave Farm 1 an A in the overtime performance area. It is noted that workers are always paid overtime according to the law and their rest hours are respected. It is even reported that the farm pays above the legal amount for the first six hours of overtime, choosing to pay the full 150% instead of the legal 115%. This result suggests that overtime will not be a material impact for the farm.

Health & Safety
The certification audit did not check for proper health and safety procedures, as the farm is certified by GLOBAL G.A.P. The results of the Social Impact Quick Scan, though, suggest an increase in the training on health and safety practices may be necessary.
Recommendations
RECOMMENDATIONS

The results offer some recommendations for moving forward

The initial process of this study has led to interim results and process reflections that can help to streamline a follow-up study. This includes improving on the communication and data collection processes (detailed right).

Effectively implementing these improvements will help to entirely eliminate the €0.04 Health & safety costs (with more training and PPE monitoring) and significantly lower the €0.06 Wages and social security cost (with improved benefits and higher temp. worker wages)

Although the results themselves shed light onto the materiality of certain impacts, further data collection is necessary to give a complete picture of the social working conditions at the farms in scope. The current results will then be used as an input for scoping and context for new results.

Summary of recommendations

Data collection
- Perform data collection during the mango harvesting season
- Coordinate with farms well ahead of time to arrange a date where the workers can be brought to one location

Health & Safety
- Ensure all employees at the farm receive proper health and safety trainings
- Improve systems ensuring that all workers are wearing proper PPE when working on tasks that require these, this will help to close most of the H&S gap and will prevent unnecessary accidents that can raise the gap further

Wages and social security
- Research methods to close the underpayment gap for temporary workers; closing the gap would reduce the (current) true price most
- Develop processes for ensuring the payment of pensions and other social security measures for both permanent and temporary farm workers

Monitoring
- Develop a process for auditing these impacts at farm level. This will ensure progress towards closing the gap
ABOUT IMPACT INSTITUTE

Impact Institute enables organizations to measure, report and steer on impact

Vision
We believe one of the greatest opportunities of the 21st century is the realization of the impact economy: an economy in which work, entrepreneurship, innovation and technology engender a better world.

Mission
Our mission is to empower organizations and individuals to realize the impact economy. We do this by providing organizations with the tools, data, training, and services they need to measure, report and steer on their impact.

Organization
Impact Institute – a spin-off of True Price – is recognized as a global leader in impact measurement and valuation. It has contributed to international frameworks such as the NCP and the TEEB framework. It developed the first methods worldwide for true pricing, the integrated profit & loss, and impact statement.

Selection of clients

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TRUE PRICING AND HUMAN RIGHTS DUE DILIGENCE

True Pricing enables companies to do quantitative human rights due diligence

Over 70 years after the adoption of the Universal Declaration of Human Rights, organisations with international value chains are still struggling to ensure these rights are being respected by all members in the chain.

In-depth studies into production chains can help to create an integrated picture of a particular value chain, but do not provide insights into the human rights violations that occur at different chain members. Beyond this lack of knowledge, there is a lack of consensus on the relative importance of different violations and the harm they create. These issues make it difficult to objectively measure human rights violations and track progress towards their improvement.

True Pricing offers a unique methodology for exactly this. With either a full true price or a social impact scan, the human rights violations prevalent in a product’s value chain can be quantified, monetised and reported in reference to the market price. This highlights the extent to which certain violations are harming society and how prevalent they are in the chain.

The true price method is in line with the OECD Guiding principles on Business and Human Rights. It serves as a tool for human rights due diligence and provides information on reparation and compensation costs (remedy) and the costs of prevention.
These resources detail the development and use of the True Pricing methodology.

Impact Institute works together with the organisations True Price to apply True Pricing. Part of the vision of True Price is to make it a standard for all products available. To do this, the process for conceptualising true prices and the methodology for calculating them needs to be made public. True Price is in the process of making these open-source, together with a.o. Wageningen University, ABN AMRO and Rabobank.

The four publications presented on the right detail the conceptualisation, vision and monetisation of true price impacts. Examples of these methodologies in use can be seen in the variety of case studies published on impactinstitute.com.

Principles for True Pricing
This publication sets out the underlying principles of True Pricing as a methodology. It explains how true prices utilise human rights and other international conventions as the basis for their quantification and monetisation.

A roadmap for true pricing
The roadmap details the vision of realising a sustainable economy through True Pricing. It is the first in a series of open-source publications about True Pricing.

Monetisation Factors for True Pricing
The monetisation factors utilised to exchange quantified impacts into monetary values. All factors are researched and established by external organisations.

Framework for Impact Statements
Here, the Impact Pathway methodology for determining the impacts created by an organisation are set out, as well as an indicative list of standard impacts.
CONFIDENTIALITY REQUEST AND DISCLAIMER

Information, data, and drawings embodied in this document are confidential and are supplied with the kind request that they will be held confidentially and not disclosed to third parties without the prior written consent of Impact Institute.