Memorandum of Understanding

This Memorandum of Understanding (hereafter referred to as the MoU) has been agreed between Systembolaget Aktiebolag (a duly incorporated Swedish company with org no. 556059-9473 (Systembolaget) and the International Union of Food, Agricultural, Restaurant, Catering, Tobacco and Allied Workers Association (IUF).

Systembolaget is a state owned company holding a monopoly on the retail sale of alcoholic beverages above 2.25 percent in Sweden.

The IUF is the global trade union federation representing workers throughout the food chain.

This MoU has been agreed between Systembolaget and the IUF in response to shared concerns about working conditions in the global alcohol beverage industry and its supply chain for agricultural raw materials. Systembolaget recognizes the IUF as the representative international trade union federation in the food and agricultural sector including the alcohol beverage industry and its supply chain.

Systembolaget and the IUF have a common interest in improving working conditions in the alcohol industry and its supply chain for agricultural raw materials for alcoholic beverages, including through workers exercising their rights to be in a trade union and to negotiate collectively as stated in Systembolaget’s General Terms & Condition (GTC).

Systembolaget’s GTC require that all suppliers of alcoholic beverages to Systembolaget produce the supplied beverages in accordance with the BSCI Code of Conduct 2.0. The BSCI Code is based upon relevant, external international standards, notably the OECD Guidelines for Multinational Enterprises and the core ILO Conventions.

The parties therefore agree:

- to have regular meetings between the senior management of Systembolaget and representatives from IUF including Unionen (the union representing the majority of workers employed at Systembolaget) both at national and company level. To exchange information on working condition in production of raw materials for alcoholic beverage, specifically potential and actual breaches of national law and international standards. Reported incidents will be investigated by Systembolaget and the actions taken by Systembolaget will be reported back to the working group;

- these meetings shall take place four times a year (usually two physical meetings in an agreed venue and two virtual meetings) and an agenda will be agreed 2 weeks before the meeting;

- that the parties individually shall bear the cost of participating in these meetings and nothing in this MoU shall be construed, interpreted or understood as obliging
a party to remunerate the other party for any obligation or cost arising out of this MoU;

- between these meetings, ongoing communications will be maintained through identified contact persons.

Either party has the right to terminate this Memorandum of Understanding at any time and without any notice period. Such termination shall be in written form.

Magdalena Gerger, CEO  
For Systembolaget

Ron Oswald, General Secretary  
For the IUF

Maria Nilsson  
President SPF, Unionen

Witnessed by Martin Linder  
President Unionen

Date and Place
Appendix 1

Systembolaget, IUF and SPF Unionen process for incident reporting under the Memorandum of Understanding (MoU)

Systembolaget, Systembolagets Personalförening (SPF) and the IUF have on August 24, 2017 entered into a MoU. The MoU was witnessed by Unionen.

This document is to give effect to the / clarify the process for incident reports within the MoU.

The process under the MoU shall be as follows:

The chain between the linked actors and the continuous flow of information between them shall be as illustrated below.

1. Local Union

The aim of this step in this process is to ensure the involvement as well as to clarify the responsibility of local unions in the process.

The process is initiated by the local IUF-affiliated union. A complaint is raised through local elected union representatives to the regional or national level of the union, which ensures that all available actions through negotiation, local government agencies and judicial actions have been taken. A report of the potential breach is written by the Local Union and sent to the IUF Local Contact Person.

2. IUF Local Contact Person (LCP)

The aim of this step in the process is to ensure that sufficient information is gathered from the involved workers to substantiate a complaint that can be investigated under the MoU. The information must be gathered in a way that protects the involved workers. The LCP should not substitute the local process between union and producer but rather ensure that the local process between union and producer is respected.
When receiving an incident report from an affiliated member the LCP ensures that the report contains all required information.

It should cover:
- Description of the incident/potential breach of national law and international standards
- At what farm/producer the breach occurred
- Time for the potential breach
- Evidence to support the breach eg photos, documents, witnesses to the incident

In addition, the LCP should indicate:
- Has the management at the farm/producer been notified of the report?
- Have your members been informed about the compiling of this report?

If the report is missing any of the above, the LCP will ask the member for additional information.

Once the report is complete, the LCP anonymizes the report if needed to ensure protection of the workers, prior to sending the report to the next step in the process.

In the case of IUF not having a LCP in the specific country one of the affiliated members designated by the IUF can function as the LCP.

3. IUF Geneva, International officer – Agriculture and Plantations (IO·AP)

The aim of this step in the process is to ensure transparency in the MoU between IUF, SPF, Unionen and Systembolaget.

When receiving the finalized report from the LCP the IO·AP sends the report to both SPF Unionen and Unionen, for their acknowledgment and in order to receive any potential feedback.

If no feedback is given from SPF Unionen or Unionen within five working days the IO·AP sends the report to the responsible Sustainability Manager at Systembolaget as well as to hallbarhet@systembolaget.se.

4. Systembolaget, Sustainability Manager (SM)

The aim of this step in the process is to inform all involved parties in the supply chain (importers, producers/farms) of the incident and start the investigation and make proposals for remedial actions.

When receiving the report from the IUF, Systembolaget will follow their normal incident procedure. If the reported producer/farm is connected to Systembolaget’s supply chain the report will be shared with the Swedish importer. The Swedish importer is then responsible for contacting all actors in the supply chain including...
producer and farms. Depending on the severity of the reported incident and/or in the case of repetitive incidents the importer is given either 48 hours to attend a meeting with Systembolaget to discuss the case further or seven calendar days to provide Systembolaget with an initial written statement on the producer’s perspective on the report.

Based upon the information provided by the Swedish importer to Systembolaget, Systembolaget will either:
- initiate a third-party follow-up on the specific issues
- or consider the information provided sufficient for not taking further actions.
  For example if the producer can provide a remediation plan with supporting documentation that shows improvement regarding the breach, and/or can present an audit report from other certification and/or producer visit by Systembolaget.

5. Remedial actions

Any remedy process stipulated in a remediation plan shall provide transparent, accessible and effective remedy and therefore it is crucial that feedback on an ongoing case is shared and escalated between the four links in the chain. The feedback includes but is not exclusive to:
- IUF IO-AP confirms receipt of report to reporting union
- Systembolaget confirms receipt of report to IUF IO-AP and LCP
- Systembolaget provides feedback to IUF IO-AP and LCP on first response from Swedish importer
- Systembolaget provides feedback to IUF IO-AP and LCP on next steps/actions to be taken.
- IUF IO-AP and LCP provides feedback from the reporting union on the implementation on the steps/actions taken to Systembolaget

This stage of the process could involve the need of feedback between the IUF LCP and Systembolaget’s SM. Any email communication in between the two parties should involve the other Parties of the MoU as well, to ensure transparency. The expected response time should not exceed three working days.

Systembolaget shall – regardless of the nature of Systembolaget’s decision provide formal feedback for each reported incident during the next meeting between IUF, Unionen and Systembolaget. This in order to ensure progress and remedy on the reported breach.

In accordance with Systembolaget’s General Purchasing Terms and Conditions, Systembolaget has the right to take legal action towards articles connected to producers who do not show continuous improvement on reported and confirmed breaches.

Any information provided within the process of the MoU shall be kept confidential by all involved parties and shall not be disclosed to any third party without first obtaining written consent to such disclosure.