

Albert Heijn Foundation

Introduction

The Albert Heijn Foundation is aligned with the current mission of Albert Heijn, which is “All ingredients for a better life. For everyone.” The AH Foundation plays a crucial role in translating Albert Heijn’s mission into reality for the fruit, vegetables and flowers that we source from Africa and South America. Together, Albert Heijn and the Albert Heijn Foundation work together because we want to be proud of every one of our products.

Currently around 10% of Albert Heijn’s fruit, vegetables and flowers are sourced from Africa, including tropical fruit salads from Ghana, sugar snaps from Zimbabwe, roses from Kenya and seedless grapes from South Africa. Of that, 95% of products are sourced in collaboration with the AH Foundation. The Albert Heijn Foundation expanded its scope to include South America in 2018. Around 5% of Albert Heijn’s fruit and vegetables are sourced from South America. The ambition is for Albert Heijn to purchase 100% of its fresh fruit and vegetables from Africa and Latin America in a responsible and sustainable way. To do so, the following model and principles have been developed:

AH Foundation Objective:
to improve the living conditions and prospects of African and South American suppliers who cultivate the fresh fruits, vegetables and flowers sold by Albert Heijn, as well as their outgrowing suppliers, employees, families and surrounding communities.

- Work with key strategic suppliers based on long-term intense business relationships where the whole value chain can be developed and optimized with maximum openness and transparency. Strategic partnerships are underscored by all relevant certifications in food safety as well as environmental and social/ethical practices.
- Maximize availability of top quality produce by investing in long-lasting wellbeing of staff of suppliers, their families and communities they belong to.

To facilitate the latter, Albert Heijn has established the Albert Heijn Foundation. The objective of the AH Foundation is to intensify the business relationship with our suppliers in Africa and South America by doing projects to improve the living conditions and prospects of African suppliers, who cultivate the fresh fruits and vegetables sold by Albert Heijn, as well as their outgrowing suppliers, employees, families and surrounding communities. Not as a charity initiative but under the assumption that better living circumstances for people go hand in hand with uninterrupted availability of the best possible quality products. In this way, we make the wellbeing of the people working in our supply chain, an integrated and key element of the business model aimed at maximising customer satisfaction. By adding value locally, employment and community development are stimulated.

The AH Foundation is an integral part of Albert Heijn’s due diligence process. It helps Albert Heijn in going beyond certification, in that it allows AH to pinpoint areas in which communities have additional legitimate needs, and work together with the supplier to fulfil those in a meaningful way.

Long Term Partnerships:

To achieve our objectives, we work with our suppliers in long-term sourcing relationships. Only through long term partnership, can we ensure that our products are of the highest quality and taste, and that they’re responsibly sourced for people and planet. Ensuring better working and living conditions and the most efficient use of agro-chemicals are just a few examples how we cooperate with our suppliers on longer term responsible sourcing objectives. With the AH Foundation, Albert Heijn aims to give back to the people and the environment where we source from.

Integral to Albert Heijn's Core Business:

The work of the AH Foundation is an important aspect of our fresh fruit, vegetables, flowers and plants sourcing strategy. The projects that we undertake with the AH Foundation, directly support our sourcing in Africa and South America.

Albert Heijn purchases fresh produce (fruit, vegetables and flowers) from multiple African and South American countries, including Ghana, South Africa, Kenya, Peru, Brazil and Colombia. In these countries, much of the local population lives under the poverty line, and this is especially true for rural farm workers and small farmers. In these countries, long term sourcing relationships with suppliers are especially important to ensure the availability and quality of the products we source there. A small percentage of these products are sourced under the Fairtrade standard. The number of products that we source under the Fairtrade standard is limited, as there isn't a Fairtrade standard available for all products in our assortment. The AH Foundation was set up in part to ensure that we can source our fresh produce from Africa and recently also from South America in a socially responsible way, especially in situations where Fairtrade was not an option. Albert Heijn's global responsible sourcing initiative on fresh produce is built on three pillars. These three pillars also apply to all fruit, vegetables and flowers coming out of Africa and South America. In this way, these three pillars are a prerequisite to the development of AH Foundation projects:

- All suppliers of African and South American produce must as a minimum be Global Gap certified on (food) safety and agricultural practices, and must meet Albert Heijn's protocol to guarantee that the maximum residue levels on all fresh fruit and vegetables are 50% less than required by law.
- All suppliers of African and South American produce must as a minimum be certified against the Business Social Compliance Initiative (BSCI), or equivalent¹. Currently, Albert Heijn's global fresh fruit, vegetable and flower supplier base has been audited, and implemented corrective measures to become BSCI compliant².
- All suppliers of African and South American produce must comply with the [Ahold Delhaize Standards of Engagement](#). The Standards of Engagement outline a set of minimum standards on quality and ethical practices for its suppliers. Included in these are the ILO's Fundamental Conventions and compliance with national laws and regulations, employment matters, and workers' rights.

In addition, and specifically for the AH Foundation:

- Via the AH Foundation, any funds contributed by Albert Heijn and the supplier are invested in local African and South American producer communities; and
- Wherever possible, small farmers are embedded into suppliers' existing supply bases.

Albert Heijn and the Albert Heijn Foundation are fully interlinked. In 2007, the AH Foundation opted for an independent legal entity to separate cash flows from supply chain projects with our African and South American producers, from Albert Heijn BV's administration. Transparency is essential for internal and external credibility and reliability. The AH Foundation is a foundation under Dutch law and has a non-profit (ANBI - *Algemeen Nut Beogende Instelling*) status.

The role of Albert Heijn in relation to the AH Foundation, includes:

- The governance and management of the AH Foundation;
- An annual financial contribution;
- The collection of funds contributed by itself and suppliers;
- Contact with suppliers on sustainability-criteria and growth-scenarios;
- Alignment and actualization of project proposals, monitoring, administering and screening/assessing project implementation vs goals and budget.

¹ See Annex 1 for more information on BSCI.

² If the producer is already FairTrade certified, or has an SA8000, Rainforest Alliance, ETL, Ethical Trade, Soil Association certification, or is certified according to a comparable system, this basic requirement is already full filled. Continuous improvement of sustainability of the products, the production system and/or the environment is a guiding principle within the AH Foundation.

The role of the African or South American supplier in relation to the AH Foundation, includes:

- The set-up and strengthening of Representing Bodies (RB), the official and authorized body representing the beneficiaries of projects as an equal partner in cooperation with Albert Heijn and its supplier;
- Working on increasing sustainability of their production systems;
- A financial contribution; and
- Alignment and actualization of project proposals, monitoring, administering and screening/assessing project implementation vs goals and budget.

What are the Foundation's focus areas:

Together with African and South American fresh produce suppliers, the AH Foundation invests in local projects to improve the living conditions of supplier's employees, their families and the community in which they live.

The target groups and beneficiary of projects should be:

- Employees (and their families) of pack houses, processors, plantations and out-growers.
- Small producers/farmers who link up with current AH suppliers, or who are organised in such a way that they supply fruits or vegetables to AH independently
- The families in communities surrounding the pack houses, plantations and out-growers, or the communities where the employees live.

The project should fulfil several general criteria:

- **Impact and additional benefit:** The project should have a positive impact on and add benefit to the community. The project should be relevant to the needs of the targeted group(s). Funds should not be used for purposes which are the direct responsibility of the employer. Forms of partnerships such as public-private partnerships (with government) are possible and even encouraged to increase added value for longer term sustainability and regional development.
- **Democratic:** Proposals should be developed in a transparent, democratic way. The target group should be actively involved in project development and implementation and be(come) responsible and committed owners of project assets.
- **Lasting benefit:** The project's benefit should be sustainable.
- **Addressing priority needs:** Projects that respond to the most urgent needs of workers and the community are preferred, the proposal should describe who prioritized the proposal and how.

The thematic focus of the projects is on housing, health care, education and empowerment. Within AH Foundation projects, special attention is always paid to the position of women and young people.

- **Housing and Community:**

- **This includes** (but is not limited to):

- Basic community facilities/ services such as potable water, toilets;
- Environmental projects;
- Day-care centers;
- Transportation for employees;
- Improved housing (for community buildings and/or individual families); and
- Sports and leisure projects.

- **Example:**

- In Zimbabwe, supplier Selby works together with the AH Foundation to improve the living conditions of workers and their families, where mud-huts were replaced by stone houses made with metal roofs, electricity, running water, toilets and other amenities. More information to be found in the 2015 progress report below.

- **Healthcare:**
 - **This includes** (but is not limited to):
 - Health services;
 - Health education such as TB/ malaria treatment & prevention; and
 - HIV/AIDS related projects.
 - **Example:**
 - In the Narok area of Kenya, AF Foundation works together with supplier Mara Farming, and a local branch of NGO Feed the Children to support the development of a health care clinic for use by workers and community members.

Kenya Narok “Kishon” health clinic



- **Education:**
 - **This includes** (but is not limited to):
 - The establishment of multi-purpose educational resource centers with computers to be utilized for after school care/support or adult education;
 - Scholarships for employees’ children to study at a school/ university in the vicinity;
 - Building or improving of schools or educational facilities; and
 - Hiring of new, or training of existing educational professionals.
 - **Example:**
 - AH Foundation works with workers of suppliers like Azura in Morocco, who have identified need for better education and better school infrastructure in their communities. For more information, [watch this video](#).

- **Empowerment³:**
 - **This includes** (but is not limited to):
 - Vocational training/ courses (e.g., ‘start your own business’; skills like welding) for local small - and medium-sized businesses; and
 - Starting capital or a credit fund held by a microfinance organization for local entrepreneurs.
 - As basic needs are met, the AH Foundation sees more demand for support in the development of additional skills which can lead to work and higher income. This is a crucial step in facilitating initiatives aimed at making people more and more independent, have alternative income sources and can support their family’s needs into the future. New projects could respond to a broad concern in the agricultural sector about the declining attractiveness of the sector for young people to develop their careers there. A concern that plays in all countries and at all suppliers. While it is necessary to grow to continue to meet the increasing demand, the shortage of well-educated, enthusiastic young people will only increase.
 - **Example:**
 - At Suiderland Plase in South Africa, workers identified the need for child care and entrepreneurial skills and training as important ways in which the AH Foundation can empower local communities. Find out more on the [Suiderland Plase website](#).

For more examples of how AH Foundation works with the local communities of our suppliers, please see:

- [2015 AH Foundation progress report](#).
- [2007-2010 AH Foundation progress report](#).
- A [case study review](#) by the International Labour Organization (ILO) examines Albert Heijn’s relationship with SAFINA, a fresh mango supplier from Senegal, and states that “SAFINA reported that since partnering with AH, the enterprise has received a number of benefits, including annual revenue growth by at least 10%, an increase in capital and profitability, new jobs secured within the community— by 12-15 field workers each year, financial and job security for workers and families, improved product quality, and more efficient post-harvest processes, all of which SAFINA’s management team largely attributes to its engagement with the Dutch buyer.” Beyond the economic benefits of working in long term partnership with Albert Heijn, the AH Foundation has started implementing projects with SAFINA. The impact of these will be measured in the coming years (Source: [ILO Report Albert Heijn: Fresh Fruits and Vegetables Sourcing in the Netherlands](#))

The workforce decides:

Projects are selected via the suppliers’ Representing Body (RB). The final responsibility for the choice of the project lies with the RB. The projects need to fit into the four focus areas of the AH Foundation: housing, healthcare, education and empowerment. Our partner organization ICCO checks to make sure that the proposal from the RB adequately fits into one of the themes. If not, ICCO supports the RB in revising the proposal based upon the workers’ and communities’ needs.

³ The internationally recognized definition of empowerment is as follows “*The term **empowerment** refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. It is the process of becoming stronger and more confident, especially in controlling one’s life and claiming one’s rights. Empowerment as action refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of influence, and to recognize and use their resources.*” Together with ICCO, the AH foundation has identified that economic and personal (or community) elements embodied in this definition are the most relevant for the scope of the AH Foundation. This can include projects that include technical training or skills learning elements, or guidance or investment in income generation processes.

For an example of a contract, including all contracted requirements for projects, see Annex 2.

The Representing Body:

Each supplier sets up a representative body, which represents their employers and workers. A Representing Body (RB) is a generic term for an organisation that operates independent from the AH supplier in relation to the AH Foundation. Any other term such as “community council” or “Fairtrade Premium Committee” in case of Fairtrade supplier is also appropriate if it fulfils the same role.

Suppliers’ employees determine via their representative bodies where they need additional support. They know precisely where the needs within their communities lie. This way, every Euro goes towards fulfilling the communities’ needs, and thus also realizing the Albert Heijn Foundation’s goals.

For more information on the makeup and requirements of RBs, please see Annex 3.

Working together with ICCO and FairMatch Support:

From the very beginning the AH Foundation has worked in close cooperation with ICCO and FairMatch Support for support and guidance in doing a proper due diligence and taking the right actions

- **ICCO**nomics via ICCO

ICCO’s mission is to help create a world without poverty and injustice. Which makes it a link between social organisations, businesses and governments in 44 countries. This non-profit partner of the Albert Heijn Foundation assesses and guides all the Foundation’s projects, evaluates results and manages cashflow audits. Their independent involvement ensures our projects achieve the desired effects, now and in the long term. For more information on [ICCO](#)nomics, see [this publication](#).

- **FairMatch and the small farmer**

FairMatch Support is all about fair division of resources, genuine profit sharing and a sustainable view on production and trade. The organisation develops fair supply chains through sustainable production and business links. FairMatch Support has a prominent presence in places where the link in the chain is weakest. Within the Albert Heijn Foundation, FairMatch Support’s role is to ensure small farmers are properly involved in the fresh produce supply chain.

The role of local governments:

We work together with our suppliers and with local governments to ensure that the projects started via the AH Foundation transition to independent financing over the longer term, to ensure the sustainability of the project over time. We do this in part by actively engaging local governments, who are expected to take over responsibility for the project over time, both in terms of capacity as in financial matters. The end goal of the AH Foundation is to ensure that projects are fully operated via local parties.

In Naivasha, Kenya, at Mara Farming our extra fine bean supplier, a school for children was built via the AH Foundation. Before the local government agreed to take over the costs of the school, the school had to prove that the level of education offered met Kenya’s general educational standards. In this case, the AH Foundation continued to cover the financial needs of the school until the government had collected sufficient evidence, and took over the costs of running and upkeep of the school. The dedication ceremony of the school was led and attended by Monique Heijn, the widow of Mr. Albert Heijn.



The role of small farmers:

The AH Foundation ensures that small farmers supplying to our local suppliers can remain independent and keep their rights. AH Foundation works with small farmers to increase their yields, so that farmers can both sell to local markets and into our international supply chain. This ensures that food security for communities remains intact, while providing farmers with the opportunity to raise their incomes.

In 2006, Dutch organization CBI (the Centre for the Promotion of Imports from developing countries) via the Dutch Embassy and the Dutch Royal Institute for the Tropics in Mali worked with local Malian mango farmers to finance and build a packing station with a sorting and cooling capacity. This enabled the export of mangos from this area of Mali. Currently, during the Malian mango season (May/June) Albert Heijn sources mangos from 865 small farmers in Mali. The AH Foundation has listened to the needs of the local Representing Bodies and have started a project to put a fence around a local school, which is situated next to a busy highway. This fence allows local children to play safely outside. In the coming years, Albert Heijn will increase the import of mangos from Mali, and we expect to see additional AH Foundation projects to be launched on the basis of the wishes of the local representing body. For more information, click here to [watch a video](#).

Monitoring and Impacts:

The contracted partner is required to provide a progress report on an annual basis. Reports and progress are monitored/ analyzed by ICCO. Projects are finalized and closed after all targets and requirements are met, including formal audit as part of the official project management cycle. This is officially communicated to the contracted partner. The contracted partner undertakes an internal or external impact measurement at least every three to five years, depending on its planning, monitoring and evaluation cycle and learning needs. This will be budgeted for. Impact measurement is primarily meant to extract and incorporate lessons learned and thus improve future quality of project cycle management.

Results of these impact measurements provide valuable insights on how people's lives can change for the better as a consequence of the project interventions. As an example, the establishment of a toilet facility (result) in an area where there was none can ensure that a disease such as cholera can be wiped out (impact). Another example would be the learning of a skill (result) which now leads to the generation of income (impact).

In addition, ICCO is in the process of developing a systematic approach to impact monitoring, in which:

- Impact monitoring will be systematically embedded into existing work processes, by creating fixed project proposal and end-reporting formats, including a set number of KPIs that projects can choose from to contribute to, to be considered viable.
- In addition to the existing reporting requirements at the end of projects, a number of beneficiaries (workers, community members, etc) will be interviewed (using approved methods) every 3 years, to determine the longer-term impact and value of the project.

Lessons Learned:

Together with our partners ICCO and FairMatch Support, the AH Foundation collects lessons learned from past and current projects to ensure that future projects run smoothly and with benefit to local supply base and communities. On a high level, the three biggest lessons learned by the AH Foundation since its start in 2007 are:

- **Local commitment is crucial:** both the role of the Representing Bodies as the initiators of project asks, as well as the role of local communities and governments are crucial to the long-term success of projects started via AH Foundation support. Without commitment from key local stakeholders, projects will not be able to be beneficial to local communities in the long term.
- **Listen to local needs:** the role of the Representing Body is crucial in ensuring that the needs of local workers, farmers and their communities are heard. In addition, it is important that Representing Bodies are made solely responsible for the choice of project that is submitted and executed with support of the AH Foundation. This enables RBs to take decision making on the future of their communities into their own hands.
- **The simpler the project, the greater the chance of success:** over the years, the AH Foundation has learned that straight forward projects have the greatest chance of success. Projects that focus on basic needs such as housing, healthcare and education tend to be the most successful and have the biggest impact in the long term.

Communication:

Albert Heijn Foundation aims to publish a bi-annual progress report to showcase and provide updates on projects it has running with Albert Heijn suppliers in Africa and South America. The first report was published in 2015. The AH Foundation did not have the required communications specialists/budget available to publish a report in 2017 but aims to do so again in 2019. This is an important step for the transparency of the AH Foundation's work, and to help the AH Foundation, and Albert Heijn tell an important story about the way in which we go beyond certification to support producer communities in our supply chains.



The AH Foundation became an important part of the internal and external communications of Albert Heijn. In 2016, a special product logo was developed to indicate AH Foundation products on product packaging, and to better communicate with Albert Heijn consumers. In addition, stories about products and suppliers linked to the AH Foundation are included in Albert Heijn's monthly magazine *AllerHande*, in the weekly Bonus folders, on the [AH Foundation landing page](#), and online via social media. In 2015 journalists were invited to take part in a press-trip to a number of African suppliers.

How are Projects Financed:

AH and its African and South American suppliers together invest part of their joint turnover into the AH Foundation, without increasing retail prices for consumers. With these funds the AH Foundation can finance projects that directly benefit the families and communities of the suppliers.

The financial set up for 2019:

- The maximum budget per supplier is 5% of the purchase value ex-works
- In the first three years of working together with AH Foundation the split between AH and supplier is 80/20%
- In the fourth year, the Albert Heijn share goes down to 65%.
- There are several suppliers who prefer to work with a split of 50/50, right from the start of the AH Foundation cooperation, reflecting their desire to work on an equal partnership basis.
- A maximum of € 300K per year can be spent per supplier



- The maximum project budget of the AH Foundation is indexed annually with the growth of the total purchase value (ex-works) from Africa and South America
- The maximum budget share of AH is increasing (indexed for growth fresh produce in Africa and South America at 5%) in phases towards € 2.5 million in 2022
- South American suppliers are added within the maximum budget of € 2.5 million (€ 400K in 2022).

AH Foundation Exchange Programme

In 2012, and in order to further strengthen the intense partnership model with suppliers, an annual exchange program was launched in which a multidisciplinary (store organization, logistic, marketing, merchandising and sourcing) group of senior Albert Heijn managers can work on a business case relevant to the fruit, vegetable and/or flowers sourced from Africa or South America. Each case presents an integral challenge for the fresh supply chain, from farm to plate.

As a starting point, and to better understand the problem at hand, the AH team visits the relevant supplier in Africa or South America. This is followed by a visit by relevant employees from the African or South American supplier to the Netherlands. This allows both AH employees, as the employees of our supplier to enrich their knowledge about the supply chain, and work together to solve some of the biggest issues faced in our supply chains.

The exchange program runs 9 months, from the kick-off to the presentation of the business case to the category team. This is followed by presentations from the exchange team to colleagues, as well to the executive board members of the AH Foundation.

Annex 1: BSCI: some highlights

AH Foundation is looking for sustainable improvements of the supply chain. The suppliers participating in the AH Foundation are requested to comply with BSCI requirements or any other relevant system, promoting a sustainable production system. FFV suppliers and/or partners that receive funding from the AH Foundation develop a growth model regarding an increasingly sustainable production system. And finally, laborers are assured of good working conditions and producers of fair prices. In order to clarify BSCI issues, we include hereafter some general information on BSCI.

The BSCI is an initiative for monitoring⁴ codes of conduct and is regulated by the industry. Its purpose is to standardize the execution of audits by working solely with auditors who are SA 8000 approved and by making audit reports accessible to participating members. In its website, the BSCI says it can 'enable better implementation of the code than any other initiative'.

Requirements

The social standards included in BSCI's Code of Conduct are based on the international Conventions of the International Labor Organization (ILO), major United Nations (UN) Conventions and OECD guidelines for multinational enterprises.

- Legal Compliance
- Freedom of Association and the Right to Collective Bargaining (ILO Convention 87, 98, 135)
- Prohibition of Discrimination (ILO 100, 111)
- Compensation (ILO 26, 131)
- Working Hours (ILO 1, 14)
- Workplace Safety (ILO 155, 164)
- Prohibition of Child Labor (ILO 79, 138, 142, 182)
- Prohibition of Forced Labor (ILO 29, 105)
- Health and Safety Issues
- Environment

BSCI is now the broadest common retail platform in Europe for monitoring and improving working conditions in all supplier countries and for all consumer goods. In 2005 alone, 22 new retail and brand companies joined the initiative which now brings together 54 members from 9 countries (including Hema, Ahold, Coop). BSCI is supported by the European Commission and in 2005 joined the UN Global Compact which is the largest global initiative for business responsibility launched by the UN in 2000.

BSCI has developed a step-by-step approach taking into account the difficulties of the suppliers and providing them with tailor-made qualification measures, called The Corrective Action Plan, set by the auditor. It describes the implementation of measures to improve social performance in a production facility and is accompanied by qualification, if required. It stimulates dialogue with local business and non-business stakeholders in the sourcing countries and stimulates initiating projects with various stakeholders, for example in the framework of supplier training.

Annex 2: Contract conditions explanation / contract example

CONTRACT between ICCO Cooperation and

This document concerns the principal part of the contract. The following documents form an integral part of the contract. In signing this contract there is agreement upon:

- Annex 1: Bank details
- Annex 2: Approved budget

<i>Project number</i>		
<i>Project name</i>		
<i>Project period</i>		
<i>Contractual amount</i>		EUR

WHEREAS,

- ICCO entered into an agreement with Albert Heijn Foundation regarding project fund management;
- also signed an MoU with the Albert Heijn Foundation regarding their participation;

NOW THEREFORE, both parties have agreed to work in partnership for the realisation of the project and have entered into this Contract on the terms and conditions stated hereunder.

The parties:

ICCO
P.O. Box 8190
3503 RD UTRECHT
The Netherlands

And:

.....

have mutually agreed the following:

1. Operational agreements

<i>Type</i>	<i>Responsible</i>	<i>Agreement</i>
Organizational level	<i>AH Foundation</i> <i>Participant</i>	<i>The expected results, for instance building a new creche or supporting X number of children with additional lessons</i>
Financial level		<i>Project amount and division between AH Foundation participant and AH Foundation</i>

2. Reporting schedule

The Partner shall present all relevant reports to ICCO according to the schedule below:

Type of reporting	From	To	Date due	specifications
Narrative report				The reports show accountability on the operational agreements
Financial report				
Audit report				

3. Project Period, Contract amount and payment terms

3.1 The Contract takes effect on the date of signature by the Partner of the Contract and ends at the time ICCO approves the following documents: the final narrative and financial reports and audit reports. Approval shall not imply any discharge from liability if ICCO funds subsequently turn out to have been used for purposes other than those agreed upon in this Contract.

3.2 The total amount which ICCO makes available to the Partner shall not exceed, see the approved budget.

3.3 The total Contract amount will be released as follows:

Instalment	Amount	Condition
One	within 2 weeks of receipt of the countersigned agreement.

3.4 The Partner shall acknowledge receipt of each payment from ICCO as soon as possible but no later than 10 working days after receipt of the payment. Receipts must be acknowledged by sending a cover letter with a copy of the relevant original bank statement issued by the Partner's bank to ICCO, complemented with a reference to the project number.

3.5 The Partner will provide ICCO with the details of the bank account for transfer of funds. In case there is no dedicated bank account for the project which is justified to ICCO before the agreement, the Partner has to put or have in place an accounting system that can manage multiple project accounts separately.

3.6 In the event of a change in the bank account details, the Partner shall inform ICCO in a letter signed by two legal representatives of the Partner. The bank account has to be in the Partner's name.

3.7 Any interest or gains accrued on funds resulting from currency variations must be visible in the audited financial statements of the project. Any exchange rate or other currency variations are to be reported to ICCO and highlighted in a cover letter. In general, the Partner must cover the loss within its own resources. In excessive cases, ICCO will, in consultation with the Partner, provide instructions as to resolve the loss. In the case of exchange rate gains ICCO will deduct this from the final instalment so this gain is used for planned project activities. Interest gains shall also be used for the achievement of the results and objectives under this Contract.

4. Project Management

4.1 Partner's responsibilities

4.1.1 The Partner shall ensure compliance with the requirements as stated in their MoU with Albert Heijn Foundation.

4.1.2 The Partner shall implement the activities in accordance with the approved budget as per this Contract;

any change by the Partner in the manner of implementation of activities or in the budget must be submitted in writing to ICCO for approval in advance. ICCO will propose adjustments or approval in writing to the Partner.

- 4.1.3 The Partner will financially contribute to the budget of the project an own contribution of% resulting in an amount ofEUR
- 4.1.4 The Partner is responsible for ensuring sound management and keeping proper accounts.
- 4.1.5 The Partner shall assume sole liability towards third parties, including liability for damage or injury of any kind during the implementation of the Project Plan or as a consequence of the implementation of the Project Plan. ICCO bears no responsibility or liability whatsoever in respect to the third party about the implementation of this agreement.
- 4.1.6 The Partner shall be responsible in the implementation and day to day supervision and monitoring of all activities in the project.
- 4.1.7 The Partner is responsible to fully cooperate with any relevant project monitoring, evaluation and audit exercise.
- 4.1.8 Contributions from Partner and/or beneficiary of the project to the project, if any, should be separately recorded and reported.
- 4.1.9 The Partner is responsible for the social insurance schemes and other insurances, benefits and taxes relating to the capital goods procured by the organization and relating to the personnel employed by the Partner, in accordance with national law and practices.

4.2 ICCO's responsibilities

- 4.2.1 ICCO shall ensure compliance with the requirements as stated in their MoU with Albert Heijn Foundation.
- 4.2.2 ICCO will monitor all the project activities and reports of the Partner and can make additional visits if the need arises.
- 4.2.3 ICCO will coordinate and implement any contract amendments necessary as a result of changed agreements between ICCO and the donor.
- 4.2.4 ICCO is entitled to impose the sanctions set out in clause 7, 8 and 9 on the Partner if the Partner fails to carry out activities or fulfil obligations or achieve results, as set out in this Contract.

5. Audits

- 5.1 Documentation regarding the implementation by the Partner of the project must be kept for at least 7 years by the Partner. If needed, the Partner will submit the whole project archive to ICCO for project and ex post audit purposes.
- 5.2 In signing this contract the Partner agrees to cooperate fully on the project audit.
- 5.3 If deemed necessary, ICCO (or one of its donors) may initiate an additional investigation or audit, for any reason whatsoever. Such an additional investigation/audit will not start before the Partner has been informed in writing of its intentions and goals. Additional investigations or audits can be conducted by a third party or by ICCO's staff.

6. Suspension, adjustment, cancellation or refund of payments

ICCO is entitled to suspend, adjust, cancel or ask for refund of payments for all current contracts with the Partner and inform the Partner of this in writing:

- a. if, after being reminded to do so by ICCO, the Partner neglects to acknowledge receipt of payments according to Clause 3.4;
- b. if, after being reminded to do so by ICCO in writing, the Partner as signatory to the Contract, fails to fulfil the obligations under the Contract, notwithstanding third parties' involvement in the implementation;
- c. if the Partner has not submitted the necessary reports as agreed upon in clause 2;
- d. if deviating practices (unless justifiably explained and approved by ICCO), misuse of funds and/or interest on funds (including disproportional re-allocations within the agreed budget), mismanagement or administrative incapacity is being suspected or has been confirmed to take place within the Partner organization;
- e. if the governance structure of the Partner changes and/or certain changes occur in the representation of the Partner in such way that proper execution of the Contract is uncertain;

- f. if the Partner has under expenditures on the budget and there is a balance left on the project;
- g. if the Partner has unaccounted funds due to mismanagement, lack of reporting or fraud;
- h. if due to the Partner's performance ineligible costs have been identified during interim or final donor evaluation.

7. Contract modification and termination

ICCO reserves the right to modify and/or terminate unilaterally the Contract if:

- a. the Partner fails to fulfil its obligations under this agreement, or
- b. the Partner fails to fulfil them on time without cogent or compelling reason, such reason having been communicated to ICCO in writing within a reasonable time of it coming to the Partners' knowledge, or
- c. the Partner or subcontractor uses the resources for a purpose other than that for which ICCO made them available, or
- d. the Partner misuses project funds and/or interest on funds (including unapproved re-allocations in writing from ICCO within the agreed budget categories), or
- e. if a breach of contract, suspected fraud or other situations exist to such an extent that ICCO considers the Partner to be at fault or grossly negligent, ICCO shall be entitled to take legal or other action and to assert liability against the Partner, or to reclaim funds and/or resources.

8. Fraud and corruption

- 8.1 The Partner shall not offer nor accept, for itself or for a third party, any kind of gift, reward, compensation or advantage that can be interpreted as an illegal or corrupt practice.
- 8.2 The Partner is committed to take every necessary measure to prevent and remedy any fraudulent and/or corrupt practices inside the Partner's (or the Implementing Partner's) organization.

9. Contract deviations and amendments

Deviations from or amendments of these specific clauses of Contract are only possible with mutual written consent.

10. Liability

The Partner shall assume sole liability towards third parties, including liability for damage or injury of any kind during the implementation of the activities or as a consequence of the implementation of the Contract.

11. Confidentiality and data protection

Both parties will keep confidential any information classified as such by each of the parties in connection to the Contract. Confidential information will include all information marked as being confidential and any other information which might reasonably be assumed to be confidential.

12. Publication and intellectual property rights

12.1 The parties can only use each other's reports, studies, publications, logos, sound recordings, films and other material after mutual consent.

13. Codes of conduct

13.1 ICCO will act in accordance with the Code of Conduct for ACT Member Staff on Sexual Exploitation, Abuse of Power and Corruption, and the ICRC Code of Conduct.

13.2 In signing this Contract the Partner endorses and will act in accordance with the Code of Conduct for ACT Member Staff on Sexual Exploitation, Abuse of Power and Corruption, which can be found on ICCO's website (www.icco-international.org).

14. Procedure for complaints and appeals

14.1 If the Partner believes that ICCO is not acting in accordance with Terms and Conditions of this Contract it may, depending on the nature of the problem, submit a *complaint* or an *objection* to ICCO. The ICCO procedure for filing *complaints* can be found on ICCO's website (<http://www.icco-international.org/int/contact/>).

14.2 If the objection relates to a legally valid decision of ICCO with regard to the Partner, the Partner must direct a substantiated 'letter of objection' to the Chairman of ICCO's Executive Board; the Chairman will decide on the objection. A separate procedure has been developed for handling objections internally (<http://www.icco-international.org/int/contact/>).

15. Dispute resolution

If a dispute exists which cannot be resolved in mutual consultation, nor through the ICCO complaints or objection procedure, one or more of the Parties may submit the dispute to the International Chamber of Commerce (ICC) (<http://www.iccwbo.org/products-and-services/arbitration-and-adr/>). The ICC is vested globally; parties must agree together when submitting a dispute, in which branch of the ICC the arbitration by ICC will be held. As a rule, the branch most nearby will be chosen.

Dutch law shall exclusively apply to this contract.

Signature

This Contract is made in two original copies one for the Partner and one for ICCO and hereby duly signed by both parties.

On behalf of ICCO

On behalf of the Partner

Signature:

Signature:

Name:

Name:

Position held:

Position held:

Date:

Date:

Annex 3: Representing Bodies

A Representing Body (RB) has the following characteristics:

- The RB is a separate and independent legal body, established to receive and own funds of the AH Foundation. The RB has its own bank account. The RB is not limited to accessing AH Foundation funds only.
- The RB manages projects or monitors projects implemented by third parties
- The RB consists of both worker (including seasonal worker) and management representatives.
- The RB composition is representative of the composition of the work force which it represents (with regard to gender, religious or ethnic minorities, and roles within the company).
- RB representatives have been allocated sufficient time, space and the necessary facilities/ resources to do their job well
- An RB cannot consist of management representatives only

All AH Foundation projects are contracted with the minimum condition that a certain representative organizational form is established, that leads to a formal RB within one year. Project proposals to the AH Foundation can be presented by various submitters, but always with approval of the supplier's RB.

- Dedicated Supplier representative tasked with AH Foundation (project) development
- RB of the supplier, in alignment with Supplier.
- Community organizations, NGOs or other civil organizations from surrounding communities.
- Organizations of small producers, farmers, women, employees, etc.
- Supplier: if project concerns sustainability programs, which are not part of the core business of the supplier or in case of environmental or HIV/AIDS-related projects.

The submitter must have a separate bank account and two signatures in case of withdrawal of funds from account.

Within the project, the role of the Representing Body is to:

- develop and submit proposals and/or support other submitters in their proposal development
- managing the use of the funds from the AH Foundation and ensures that the AH Foundation funds are used as agreed in the contract with ICCO.
- ensures awareness and information with respect to the funds and projects for all stakeholders
- creates an atmosphere in which all communities can introduce project proposals and ideas
- prioritises projects according to criteria, needs and fair distribution.
- manages the projects or monitors projects implemented by others
- monitors and reports on projects and spending of funds.
- activities, meetings, trainings, etc. are recorded in minutes, notes or reports. ICCO should have access to the RB records

The role of management in the RB:

- Management representatives together with worker representatives are equally responsible for the functioning of the RB.
- Management of the company should appoint representatives on the RB. Workers should elect workers' representative(s)
- Management should advise the RB, but should not decide / enforce decisions.

RB training and capacity building:

- AH Foundation supports the establishment and capacity building of an RB based on proposals.
- Training and learning for the RB is based on well identified capacity needs and is in principle ongoing.
- The RB should develop a training plan based on an assessment of their training needs, based on the above-mentioned roles and responsibilities of the RB.



Difference with worker committees:

- The RB and the Workers' Organization (WO) have different roles: The RB administers and manages the AH Foundation funds, while the WO defends the rights and interests of the workers vis-à-vis management.