Food & Beverage

BENCHMARK FINDINGS
2023
WHAT IS KNOWTHECHAIN?

KnowTheChain is a resource for companies and investors to understand and address forced labor risks within their global supply chains.

We benchmark 60 of the largest global companies across three high-risk sectors:
• Information and Communications Technology
• Food & Beverage
• Apparel & Footwear

We use benchmarking as a tool to identify and share best practices, and as a way to harness the competitive nature of markets to create a “race to the top” that encourages companies to adopt standards and practices that protect workers’ well-being.
INCREASED RISKS:

Climate Crisis: exacerbates precarious and unsafe working conditions, increases forced displacements and vulnerability

Geopolitical risks: Conflicts and political instability augment the vulnerability of workers to forced labour, e.g. Ukraine, Venezuela, Syria

Cost-of-living crisis: increases poverty and food insecurity, increases input costs which can be passed down to workers.

KEY THEMES:

Penalties e.g. threats of poor evaluation or possible contract termination to induce forced overtime

Entrapment e.g. debt bondage, restrictions on mobility

Deceit or withholding of essential information to induce workers to provide labour
Food & beverage benchmark: 2023 ranking

1. Woolworths Group Limited
2. Travis PLC
3. The J.M. Smucker Company
4. Cheetah Group
5. Unilever plc
6. J.Sainsbury plc
7. The Hershey Company
8. Nestlé S.A.
9. Wilmar International Limited
10. Walmart Inc.
11. Sensory Beverage & Food Limited
12. Amazon.com Inc.
13. The Coca-Cola Company
14. Costco Wholesale Corporation
15. Kerry Group plc
16. Mondelēz International Inc.
17. Associated British Foods plc
18. Danone S.A.
19. General Mills, Inc.
20. Kellogg Company
22. Anheuser-Busch InBev SA
23. Moet Hennessy-Dior Corporation
24. Archer-Daniels-Midland Company
25. Atocha S.A.
26. Chocolatefaktur Litt & Sprung AG
27. The Scoular Co.
28. Barry Callebaut AG
29. The KRAFT Heinz Company
30. Abdul Rehman N.V.
31. Coca-Cola European Partners Plc
32. KKR & Co. LP
33. Hormel Foods Corporation
34. Sevim & Holdings Co Ltd
35. Coca-Cola HBC AG
36. Marji Holdings Co., Ltd.
37. Empire Co., Ltd.
38. Caldeyrol S.A.
39. Consiglio Bros, Inc.
40. Campbell Soup Company
41. Grupo Bimbo, S.A.B. de C.V.
42. McCormick & Co. Inc.
43. Ajinomoto Co., Inc.
44. Mapra Inc.
45. Loblaw Companies Limited
46. JBS S.A.
47. Tyson Foods Inc.
49. Arla Foods, Arla Foods Ingredients
50. SAG Madero Public Co. Ltd
51. Fomento Economico Mexicano, S.A.B. de C.V.
52. Seabrook Inc.
53. Kirin Brewery Co., Ltd.
54. China Mengniu Dairy Co Ltd
55. Yakult Honsha Co., Ltd.
56. Inner Mongolia Yili Industrial Group Co., Ltd
57. WH Group Limited
58. Forschungshilfe Fleischwirtschaft und Food Co Ltd
59. Vietnam Dairy Products JSC
60. Want Want China Holdings Limited
KEY FINDINGS

7 themes, broadly aligned with the UNGPs

AVERAGE THEME SCORES

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<th>Score</th>
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Stagnation: Almost a third of companies (29%) assessed in 2020 and 2023 disclosed no improvements at all. Meat companies JBS (4/100) and Tyson (3/100) and Coca-Cola bottler FEMSA (3/100) show no improvement over six years of benchmarking.

Significant improvements: Hershey, Smucker, while the strongest improvements included Suntory (8/100 to 32/100) Woolworths Group (52/100 to 56/100).

Risk Assessment: Just over a fifth of companies (22%) disclosed improvements related to human rights risk assessments

Recruitment: New policies prohibiting worker-paid fees, and increases in the repayment of recruitment-related fees to suppliers’ workers
Recruitment Fees: Policy, Prevention, and Remediation

Responsible Recruitment: Recruitment agency due diligence; working with relevant stakeholders to support responsible recruitment in global supply chains

- 27% disclosed broader efforts to support responsible recruitment in their supply chains
- 12% of companies disclosed tracing labour agencies used by suppliers
- 38% of companies identified migrant workers as “high risk” but only 7% disclosed data on migrant workers in their supply chains
## GOOD PRACTICE – RESPONSIBLE RECRUITMENT

<table>
<thead>
<tr>
<th>Company</th>
<th>Practice</th>
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<tbody>
<tr>
<td>Woolworths</td>
<td>• <strong>Fee prevention and remediation:</strong> tracing of labour providers used by both suppliers and growers in the Australian horticultural supply chain (and discloses # identified), types of documents reviewed in labour provider due diligence, data on fee remediation</td>
</tr>
<tr>
<td>Tesco</td>
<td>• <strong>Fee prevention and remediation:</strong> Issara verifying implementation of Employer Pays Policy in Thailand and Malaysia</td>
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<td></td>
<td>• Workers in Thailand and Malaysia reimbursed US$442,672 in recruitment fees</td>
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<tr>
<td>Unilever</td>
<td>• <strong>Responsible Recruitment across supply chain contexts:</strong> capacity building initiative in Oman, Qatar, UAE and Saudi Arabia; initiatives focused on zero fees in the palm oil sector; training for labour agencies in the Turkish hazelnut sector</td>
</tr>
<tr>
<td>Costco</td>
<td>• <strong>Responsible Recruitment:</strong> reported partnering with CIERTO, independent third-party non-profit providing transparent, no worker-fee recruitment for farm workers in its US agricultural supply chains</td>
</tr>
</tbody>
</table>
KEY FINDINGS: HRDD

Traceability & Supply Chain Transparency

18/100 AVERAGE SCORE

• 82% of companies are yet to disclose a first-tier supplier list
• Less than a quarter (23%) disclosed information such as names of suppliers below first tier
• 7% of companies disclosed full lists of sourcing countries of at least three high-risk commodities (raw material level)

Stakeholder Engagement

• Low levels of union engagement – 8% disclosed engagements with unions which aimed to improve freedom of association in their supply chains
• Assessing and understanding risks – 12% of companies clearly described how stakeholders including workers, unions, and civil society organisations were engaged as part of understanding risks.
KEY FINDINGS: HRDD

**Human Rights Risk Assessment**
- Area of improvement since 2020: but still a third of the sector yet to disclose
- Strongest disclosure included detail on process and stakeholders engaged, as well as detail on the forced labour risks identified across supply chain tiers

**RISKS ASSESSED VERSUS RISKS DISCLOSED**

- Companies disclosing a human rights risk assessment: 63%
- Companies disclosing forced labour risks identified: 45%
- Companies disclosing details on forced labour risks identified across supply chain tiers: 17%

- Companies sourcing a high-risk commodity
- Companies identifying forced labour risks associated with that commodity
**GOOD PRACTICE – HRDD**

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<td>Woolworths</td>
<td>• Risk Assessment: Locations - identified extreme risks of forced labour in Malaysia and in relation to migrant workers in China and Vietnam, increased risk in Thailand and Vietnam, high forced labour risks in Bangladesh and India. Also disclosed higher risk commodities: Australian horticulture, and at raw material level in seafood, and dry commodities including rice, cocoa, dried fruit and nuts</td>
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<td>Sainsbury’s</td>
<td>• First-tier supplier list: full list of suppliers including names, addresses, product type, number of workers, gender breakdown, union/worker committee present</td>
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<td>Suntory</td>
<td>• Discloses that 26% of workers in its first-tier supply chain are women; 4% are migrant workers</td>
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<tr>
<td>Coles</td>
<td>• Assessment into accommodation in Australian horticulture, including indicators of forced labour: interviews with 21 seasonal workers and three union representatives</td>
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KEY FINDINGS: REMEDY

Access to Remedy
• Most companies disclosed at least one grievance mechanism open to supply chain workers
• However only 11% disclosed data showing the mechanisms had been used by workers or their representatives

Evidence of Remedy
• Remedy outcomes for supply chain workers: including broader labour rights violations (not only forced labour)
• 8% of companies disclosed detail on remedy outcomes for suppliers’ workers

ACCESS TO REMEDY VERSUS REMEDY OUTCOMES

| Disclosed a grievance mechanism for suppliers' workers and/or their representatives | 72% |
| Disclosed remedy outcomes for supply chain workers | 8% |
# GOOD PRACTICE – REMEDY

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| Coles     | • Two separate grievance mechanisms which were clearly signposted for their intended users: supply chain workers, and other affected stakeholders.  
           | • Disclosed data showing the mechanism had been used including information on the nature of grievances reported                                                                                           |
| Wilmar    | • Repayment to 15,078 current and 19,565 former workers in its supply chains                                                                                                                                 |
| Woolworths| • Two cases where "indirect workers at one supplier site either being paid below the minimum wage or having wages deducted for disciplinary measures." It discloses that its responsible sourcing team monitored remediation including repayments to impacted workers, updated worker contracts, and team training on deductions. |
Panel

ANJA SEILER
ESG Engagement Specialist,
Ethos Foundation for Sustainable Development

JOE MARTINEZ
Co-Founder and CEO, CIERTO Global

RACHEL COWBURN WALDEN
Global Head of Sustainability (Human Rights),
Unilever
KNOWTHECHAIN RESOURCES

- Benchmark findings report
- Investor Brief
- Japan Brief (in Japanese)
- Full dataset
- Scorecards per company

Find out more at: https://knowthechain.org/