

Food & Beverage

BENCHMARK FINDINGS

2023

Panel



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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



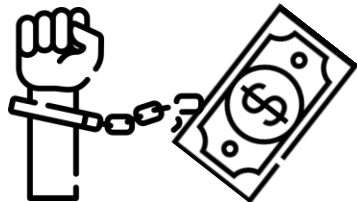
FORCED LABOUR IN THE FOOD SUPPLY CHAIN

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



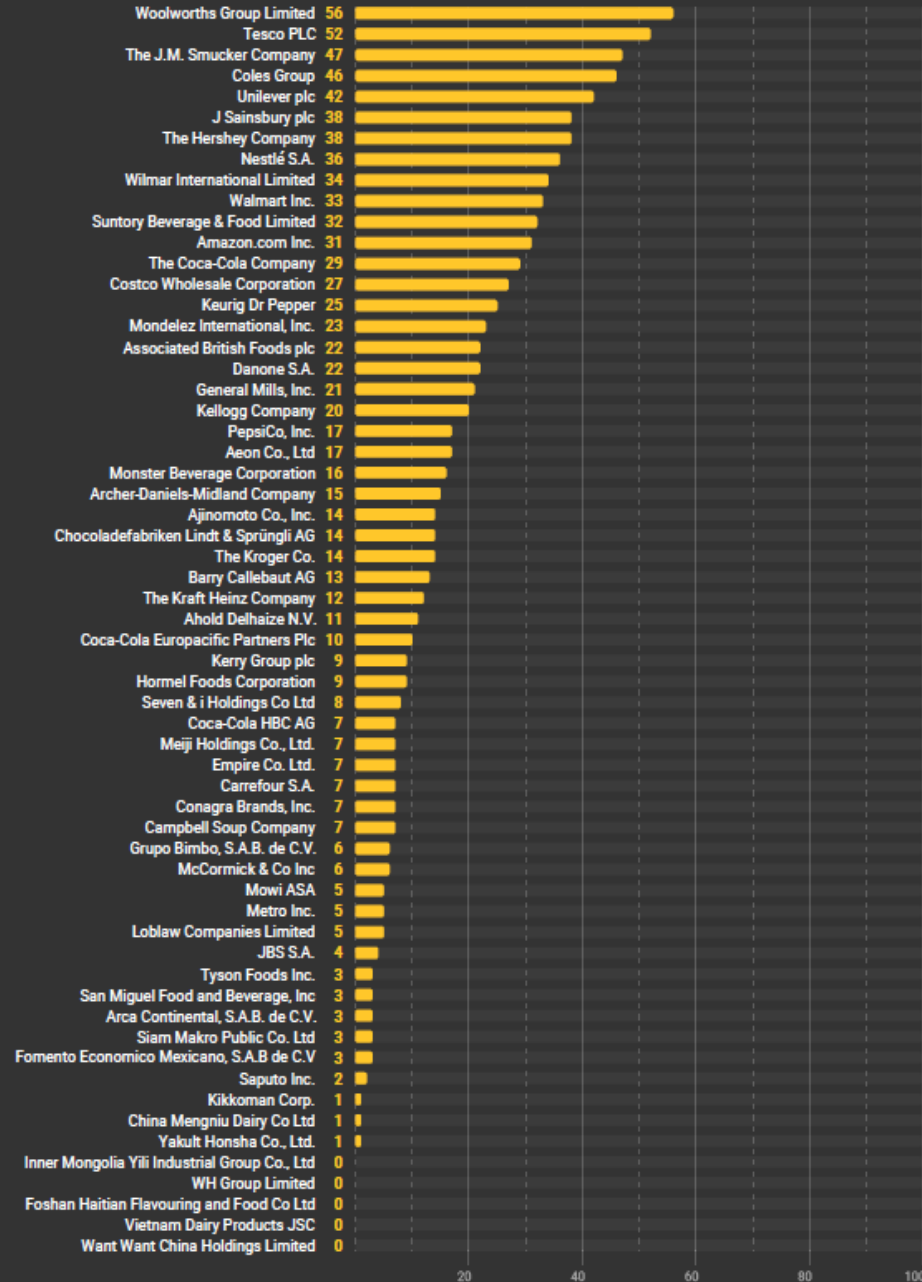
INCREASED RISKS:

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.

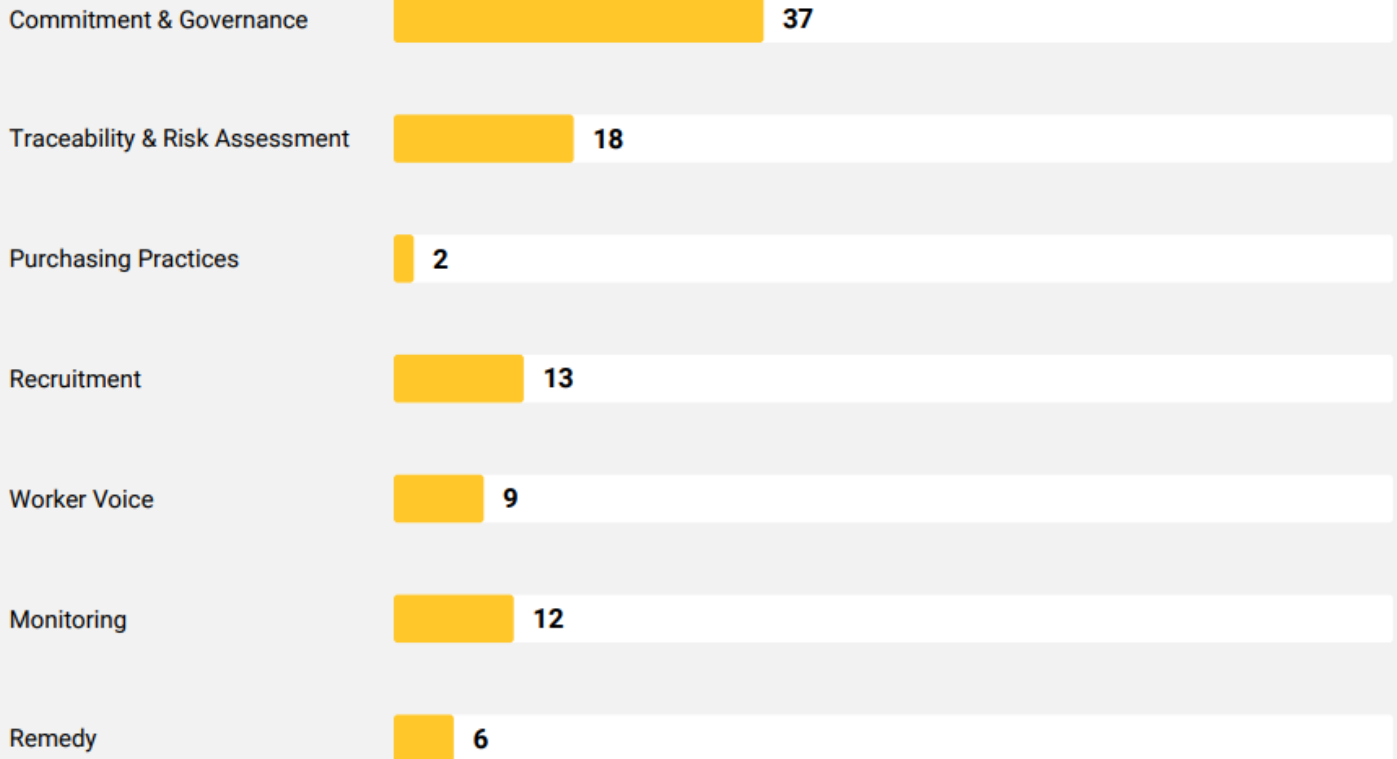
Food & beverage benchmark: 2023 ranking



KEY FINDINGS

7 themes, broadly aligned with the UNGPs

AVERAGE THEME SCORES



TRENDS: PROGRESS SINCE 2020

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

KEY FINDINGS: RESPONSIBLE RECRUITMENT

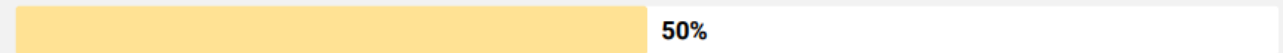
Recruitment Fees: Policy, Prevention, and Remediation

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

RECRUITMENT-RELATED FEES

Policy prohibiting recruitment fees in supply chains



Disclosed due diligence steps taken to prevent the charging of fees to supply chain workers



Remediation of fees to supply chain workers



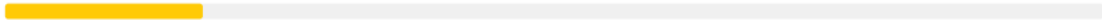
GOOD PRACTICE – RESPONSIBLE RECRUITMENT

Company	Practice
Woolworths	<ul style="list-style-type: none">• Fee prevention and remediation: tracing of labour providers used by both suppliers and growers in Australian horticultural supply chain (and discloses # identified), types of documents reviewed in labour provider due diligence, data on fee remediation
Tesco	<ul style="list-style-type: none">• Fee prevention and remediation: Issara verifying implementation of Employer Pays Policy in Thailand and Malaysia• Workers in Thailand and Malaysia reimbursed US\$442,672 in recruitment fees
Unilever	<ul style="list-style-type: none">• Responsible Recruitment across supply chain contexts: 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
Costco	<ul style="list-style-type: none">• Responsible Recruitment: reported partnering with CIERTO, independent third-party non-profit providing transparent, no worker-fee recruitment for farm workers in its US agricultural supply chains

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)

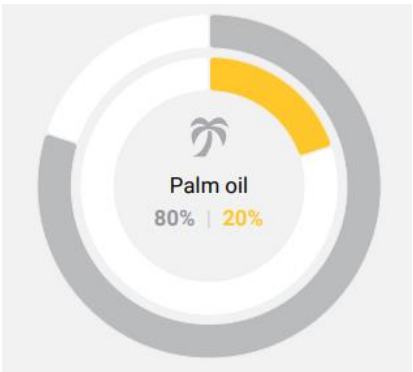
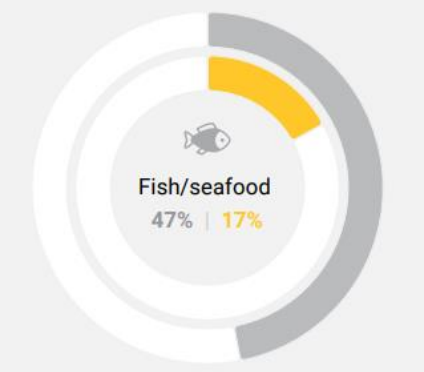
Stakeholder Engagement

- 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 sourcing a high-risk commodity
- Companies identifying forced labour risks associated with that commodity

GOOD PRACTICE – HRDD

Company	Practice
Woolworths	<ul style="list-style-type: none">• 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
Sainsbury's	<ul style="list-style-type: none">• First-tier supplier list: full list of suppliers including names, addresses, product type, number of workers, gender breakdown, union/worker committee present
Suntory	<ul style="list-style-type: none">• Discloses that 26% of workers in its first-tier supply chain are women; 4% are migrant workers
Coles	<ul style="list-style-type: none">• Assessment into accommodation in Australian horticulture, including indicators of forced labour: interviews with 21 seasonal workers and three union representatives

KEY FINDINGS: REMEDY

Access to Remedy

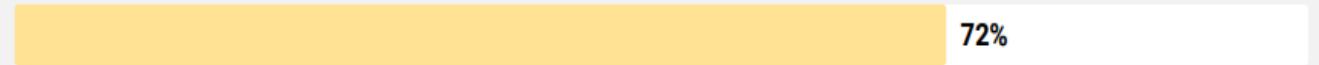
- Most companies disclosed at least one grievance mechanism open to supply chain workers
- However only 11% disclosed data showing the mechanisms had been used by workers or their representatives

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



Disclosed remedy outcomes for supply chain workers



GOOD PRACTICE – REMEDY

Company	Practice
Coles	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Repayment to 15,078 current and 19,565 former workers in its supply chains
Woolworths	<ul style="list-style-type: none">• 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.

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KNOWTHECHAIN RESOURCES

- Benchmark findings report
- Investor Brief
- Japan Brief (in Japanese)
- Full dataset
- Scorecards per company
- Find out more at:
<https://knowthechain.org/>

