



Members Fortnight Call – Opening Statements

The Food Network for Ethical Trade – Every fortnight 10 – 11 hrs



Competition Law and Safe Space Statements

Participant Identity:

*Please display your **name** and the **business name***

Competition Law Statement

“We are meeting to discuss issues raised in the forum of the Food Network for Ethical Trade.

We take competition compliance seriously. Whilst discussions can cover matters of interest to our industry, we cannot discuss or exchange sensitive commercial information.

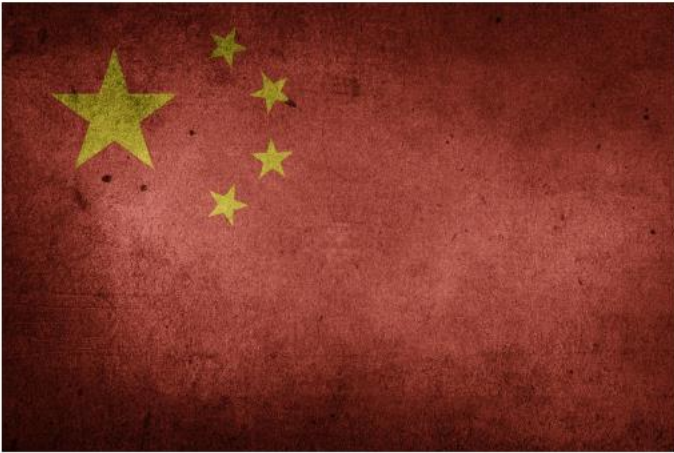
If at any time during this meeting, you think our discussions may be in breach of competition rules, please inform the Chair. The Chair may close the meeting at any time if the chair believes that discussions are in breach of competition law”

Safe Space Statement

The fortnightly members call is a safe space for members to discuss and exchange ideas on human rights risks and improvement actions and all are reminded to please always respect this principle.

Agenda 29th November 2023

Timing	Item
10.00 – 10.05	Introduction & competition law statement
10.05 - 10.20	<i>Follow-up on China: A deep dive observation from FNET member</i> - Kathy, World Wise Foods
10.20 - 10.30	<i>Summary from Raw Materials Working Group deep dive</i> - Louise McCafferty, Joseph Robertson
10.30 - 10.40	FNET – weekly news format
10.45 – 11.00	AOB & close



**China: A deep dive observation from
an FNET member**

September 2023

Please note: Most of the information in this summary are observations from FNET members and are not necessarily applicable in all contexts across China. Hopefully these insights provide a snapshot into some supply chains in China.

- Nearly 50 downloads
- Many members source from China
- The presentations are to follow up on the builds on the China document.
- Forced labour issue will not be discussed

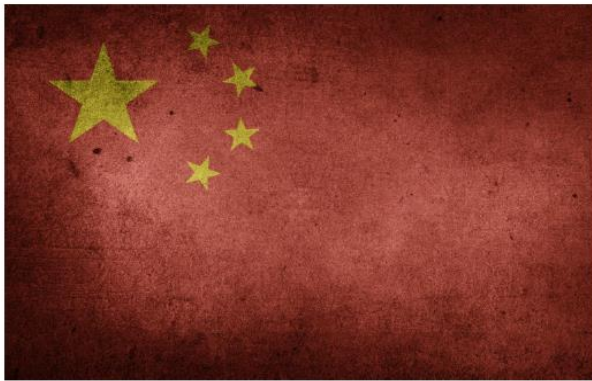


Follow-up on China – a deep-dive observation from FNET members

29 November 2023



Examples of risks



China: A deep dive observation from an FNET member

July 2023

Please note: Most of the information in this summary are observations from FNET members and are not necessarily applicable in all contexts across China. Hopefully these insights provide a snapshot into some supply chains in China.

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- Limited visibility of due diligence
- Use of foreign migrant workers
- Long working hours
- Inadequate social insurance
- Job securities caused by energy consumption control



Social insurance

- Mandatory scheme
- 5 kinds of insurance
 - Work injury, medical, pension, maternity and unemployment
- Tied to welfare benefits

'Hukou'

- Household register
- 'Hukou' is linked to the birthplace
- To access social services of the city, it is essential to have 'hukou' of the city
- Contribution to social insurance is required to apply for a new 'hukou' of the city



Implications

- Limited access to social services (for both the workers and their family)
- Challenges in integration into cities
- ‘Left-behind’ children

People & Culture / Trending in China

‘I don’t want money, I just want mum’: sobbing boy begs mother not to leave home, spotlights plight of ‘left-behind’ kids in China again

- Independent estimates put the number of left-behind children at around 70 million with one or both parents away, and 31 million with both gone
- A major factor in decisions to leave children behind is the hukou, China’s rigid household registration system, which makes relocating very difficult



Liya Su in Shanghai [+ FOLLOW](#)

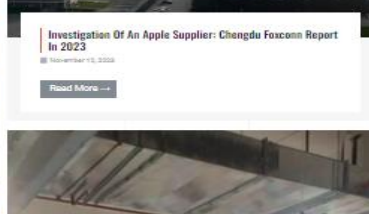
Published: 6:00pm, 16 Aug, 2022

[Why you can trust SCMP](#)

Role of audits

- Identify areas that require stronger monitoring
- Supports evaluation of sites' capability and mindset over the long term
- Keeps sites updated with evolving ethical standards

Beyond audits



"This is the most tiring job I have ever done, and I have not slept enough for the past few days. I wish that I can take one day off a week and work (only) till seven or eight o'clock at night."

"The results of the blood pressure are filled in and there is a tick for the ultrasounds, but for the other items, the doctor just signs and they do not write the results of the tests."

"Workers at Wing Fai also must work mandatory overtime during peak season and worked the most overtime hours with 126 hours in total a month"

Enhanced due diligence

Desk-based
research

Visits at sites
and farms

Risk mapping
of raw
materials

Deep dive



Legal & Labour disputes

- Increase in labour disputes - 2007 c 350k - now c 700k
- All China Federation of Trade Unions - sole legal representative for all Chinese workers
 - Top down nomination / election process
 - Collective Bargaining - sectoral and multi employer practice
- 2008 Labour Contract Law, the Mediation and Arbitration of Labour Disputes Law, and the Employment Promotion Law
 - Working Hours - 8 hours p/day - 40 hrs p/week
 - Overtime - restricted to 36hrs p/month
 - Extension - due to business needs after consultation with employee union or employees
but Chinese workers do not have the right to organize freely or to strike (1975-1982 only)

Specific NCs on SMETA in China

Overview

SEDEX STATS

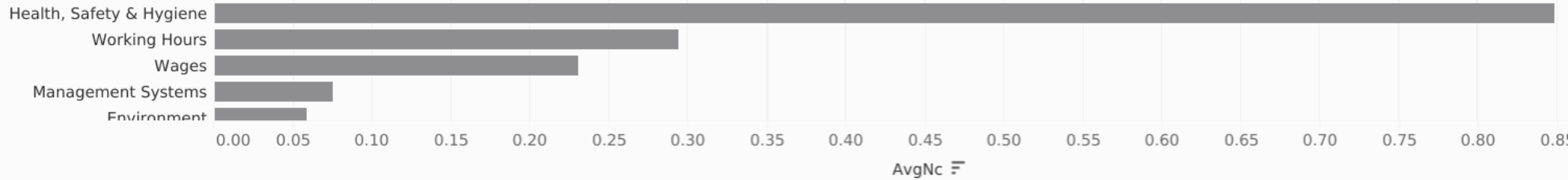
26714 Sites

50468 Audits

Average Number of NCs 5.42

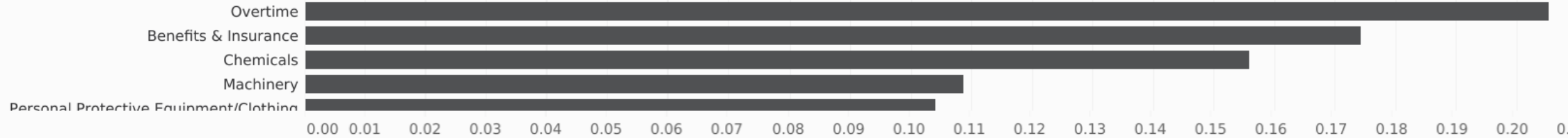
Non-Compliances for each issue category

of non-compliances per audit on average on all Sedex published audits



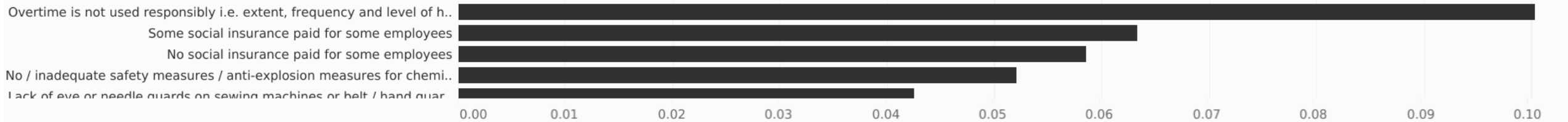
Non-Compliances for each issue sub category

of non-compliances per audit on average on all Sedex published audits



Non-Compliances for each issue title

of non-compliances per audit on average on all Sedex published audits



For comparison the UK average number of NCs is 5.39, Chile is 8.24, India 9.69 and Azerbaijan 13

How can we reduce occurrence of repeat NCs?

- Follow up with supplier once audit posted - ensure aware of our need for close out in timely fashion
- Follow up with supplier- once NC is overdue, to reiterate need to close out
- Derogation process - allows supplier longer than SMETA to close out with an action plan

- Can all NCs be closed out? What's the problem with **Social Insurance**
 - Insurance is voluntary
 - Plants can only offer & advise
 - Law states must have insurance
 - Many have insurance already at their home
 - Don't want to pay twice for the same insurance

FNET weekly news: All comments welcome

Structure

Content

Splitting the news email from the “operational email”

Quarterly horizon scanning

Download function



Weekly news email

5th October 2023

News headlines

Australia - Voice to Parliament: Early voting begins in historic Australian referendum

Bangladesh - Human Rights Watch finds exploitative conditions on shipbreaking yards, including severe safety violations

Bolivia - Bolivian president expelled from own party amid political feud. Conflict erupted after Luis Arce and ex-president Evo Morales both showed interest in the party's presidential nomination.

Upcoming FNET meetings



- **FNET & haulage companies introductory meeting** – Wednesday 29th November 2-3pm
- **Developing common due diligence tools working group** – 17th January 2024 10-4pm Melton Mowbray
- **Climate Change & Human Rights group workshop** – Thursday 18th January 1-3pm
- **Empowering Work working group** – Thursday 25th January 2-4pm
- **Responsible Recruitment working group** – Tuesday 30th January 2-3.30pm