



The Food Network for Ethical Trade (FNET)

RAW MATERIALS & SERVICES WORKING GROUP: LOGISTICS TUESDAY 9TH MAY 2023



Competition Law Statement

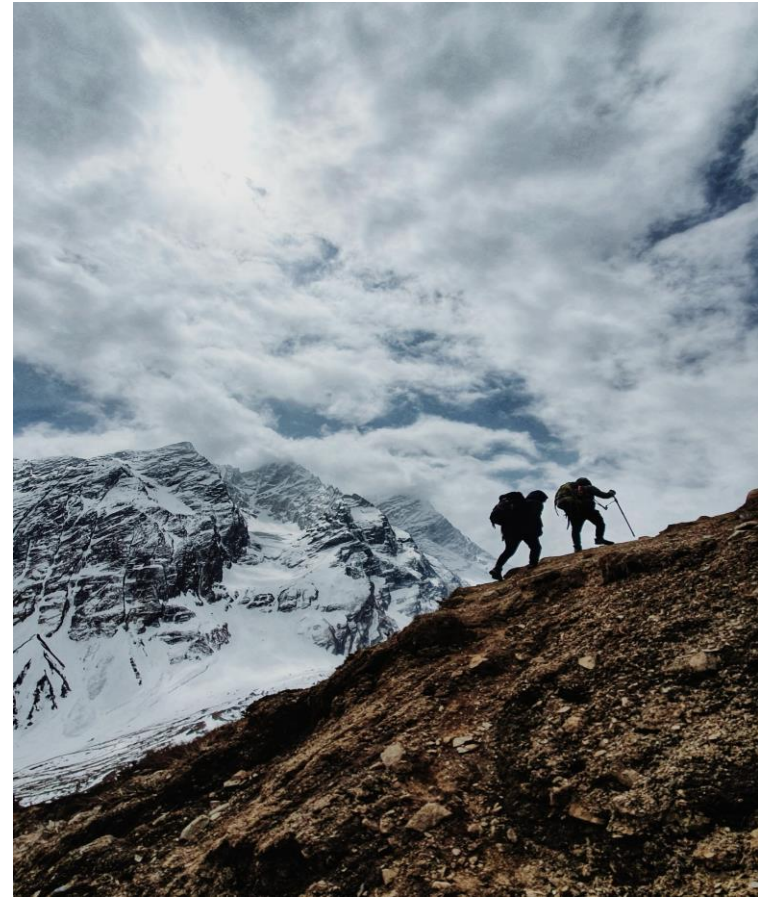
“Today we are meeting to discuss the Food Network for Ethical Trade.

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 she believes that discussions are in breach of competition law”

A recording of the meeting can be found at

Participation



Agenda

Approximate timing	Item
13.00 – 13.05	Arrive and introduction
13.05 – 13.30	Deep dive into China - Louise McCafferty, Head of CSR, Joseph Robertson (RH chair)
13.30 – 13.55	Update on member's work on waste management (RH chair)
13.55-14.00	Short break
14.00 – 14.20	Logistics (AY chair) Introduction to human rights issues in logistics – Sean Sayer, Policy & Strategy Advisor, International Transport Workers' Federation
14.20 – 14.30	Insights from Asda - Eleonor Bennett, Responsible Sourcing and Human Rights Manager (GNFR), Asda
14.30 – 15.00	Discussion

Deep dive



Human Right & Ethical Trade

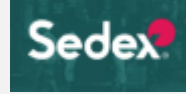
CHINA



Joseph Robertson

FNET 09/05/23 Louise McCafferty, Head of CSR

Joseph Robertson – what we do



Mixing

Forming

Coating

"Ready to Cook" (RTC) Ready Meal Manufacture

65000 sq ft factory

Operating 4 on 4 off shift pattern – 300 staff

c40 Direct suppliers / c 200 indirect links



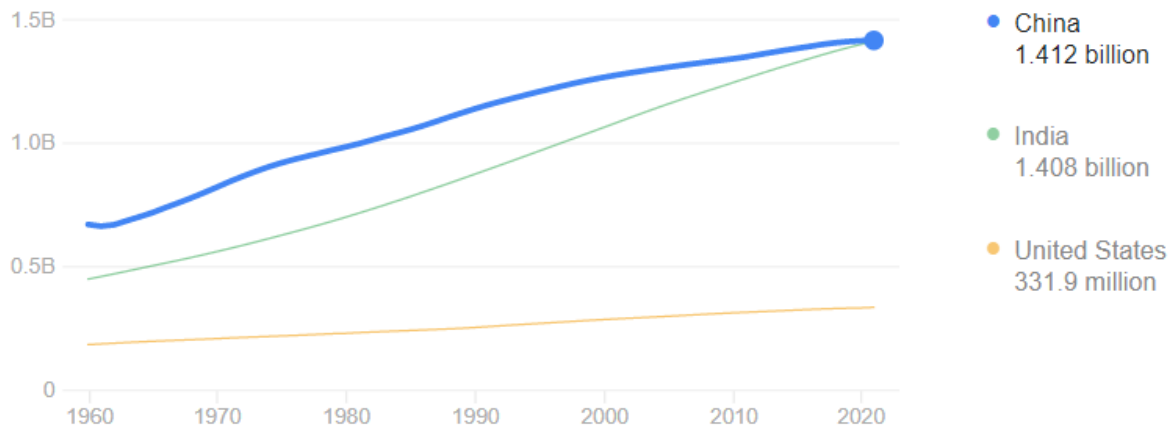
Joseph Robertson

CHINA Overview

China is the world's largest manufacturing economy and exporter of goods. It is also the world's fastest-growing consumer market and second-largest importer of goods. China is also the world's largest consumer of numerous commodities, and accounts for about half of global consumption of metals.



1.412 billion (2021)



JR Supply Chain

- Tier 3: Vessel – North East Atlantic (FAO 27)
- Tier 2: Chinese Processing Plant
- Tier 1: Supplier/Agent

China Overview

- Language
- Work Culture - shaped by Confucian values
 - Hierarchical
 - Overtime normalised
 - Importance of business relationships
- Political/Economic system - CCP (China Communist Party)
 - 5 year Plan
 - Prioritising planning over the market
 - National self sufficiency over global economic integration
 - Rapid modernisation over the last few decades - improved living standards / increased economic opportunities
- Health
 - 95% citizens in 2012 had access to a modest level of healthcare coverage
 - Covid Regulations - strict and long lasting, lifted now

Gender – Education & Health

- Equal right for men and women - Constitution 1954
- 100+ laws to provide fundamental guarantees to safeguard and promote women's development
- Primary school enrolment - almost 100% (boys and girls)
- Secondary education - 95.9% of women (less in rural areas)
- Female graduates - 49.6% of all graduate
- Maternal mortality ratio - 23 / 100,000 births in 2020 (down from 89 in 1990)
- Life expectancy - exceeds global average but lower than neighbours (77.8 v S.Korea 85.2)

Gender – Politics, Laws and Workplace


- Anti-domestic Violence Law 2016 - prevent and prohibit domestic violence
 - Change in law but also needs change to social norms - which take longer to embed
- National programme for Women's Development 2001-2010 + 2011-2020
- Women in politics - since 1949 only 6 female members on the 25 person Politburo, no women have sat on Ctte or held presidency
- 1 Child Policy 1980-2016 led to Gender based sex selections (GBSS)
 - large gender population gap (87 girls to every 100 boys born)
 - Female infanticide + discrimination/violence against women and violation of women and girls rights
- Women = 40% of employed population (or 69% of working age women)
 - 17% senior managers, officials, legislators (compared to 29% Germany / 13% Japan)
 - Pension age for women is 5 years earlier than men
 - 55% of all start ups in 2017 were set up by women

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)

Xinxiang and the Uyghur

- Risk Assessment
 - Review location of plants for likelihood of Uyghurs being used as migrant staff
- Statement 
- Supplier comms
 - Request suppliers to confirm use of migrant labour
 - Request suppliers confirm no forced labour
 - All confirmed positive - no Uyghurs in workforce

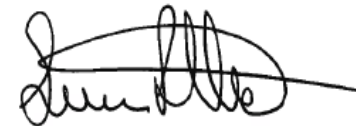
JOSEPH ROBERTSON STATEMENT ON XINJIANG



At Joseph Robertson we are committed to ethical and sustainable sourcing for all our operations. Although we do not source from this area, we are deeply concerned about the reports of forced labour in the Xinjiang Uyghur Autonomous Region (XUAR)

Joseph Robertson maintains strict ethical criteria, following the EYI Base Code which includes prohibition of any type of prison, forced, bonded or indentured labour, including detailed provisions for freedom of movement and prohibition on discrimination based on ethnic background or religion within our supply chain.

We carry out due diligence along the whole of our supply chain to ensure they adhere to our expectations. We continue to have oversight of our supply chain in China who have confirmed there is no use of forced labour within their organisations.



Simon Robertson

Director (Supply Chain).

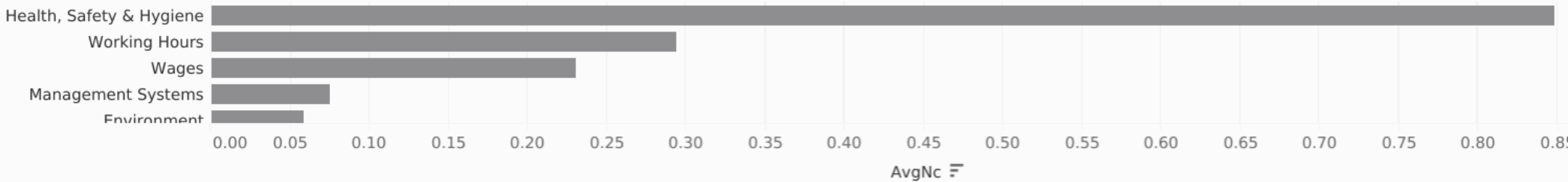
Specific NCs on SMETA in China

Overview

SEDEX STATS
26714 Sites
50468 Audits
Average Number of NCs 5.42

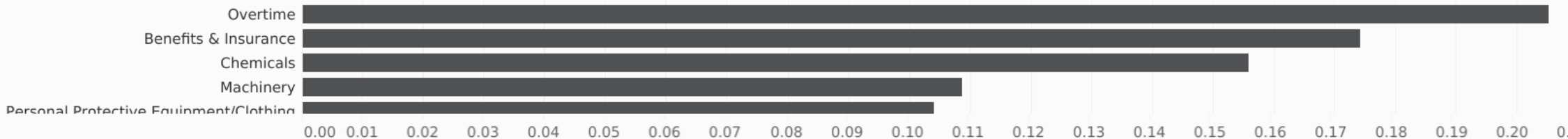
Non-Compliances for each issue category

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



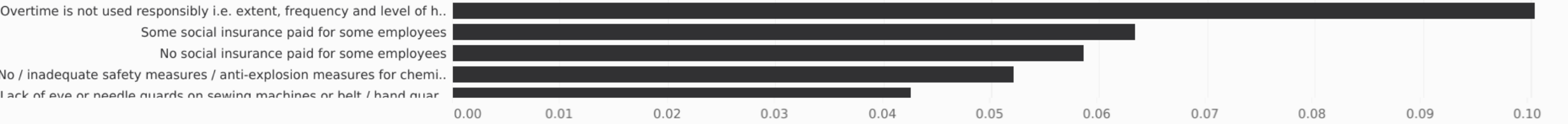
Non-Compliances for each issue sub category

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

How can we collectively reduce the risk of human rights issues in China ?



Joseph Robertson

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Waste management and human rights



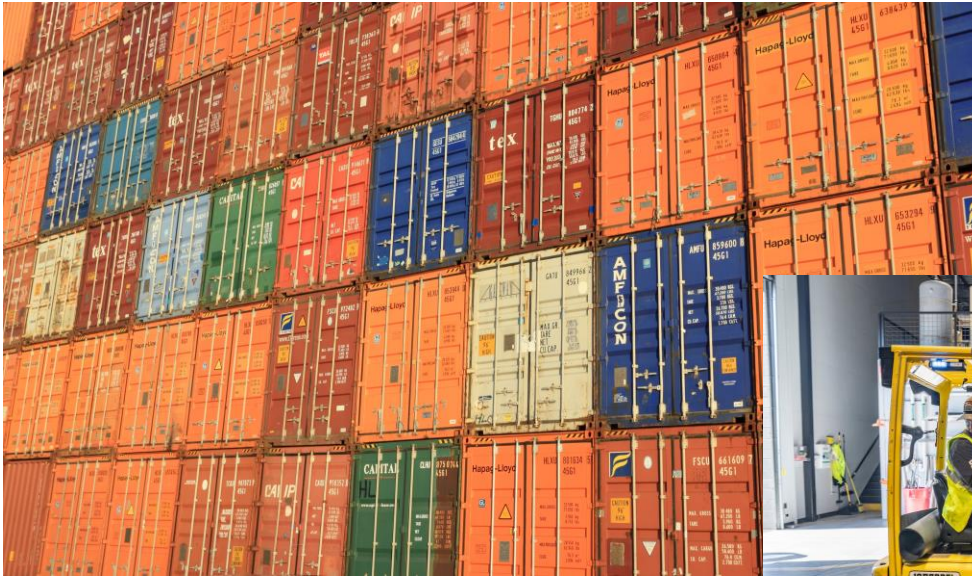
Discussion

- What work is currently being done?
- What are some member concerns?
- How can we collaborate to support each other and next steps?

Quick break



Logistics

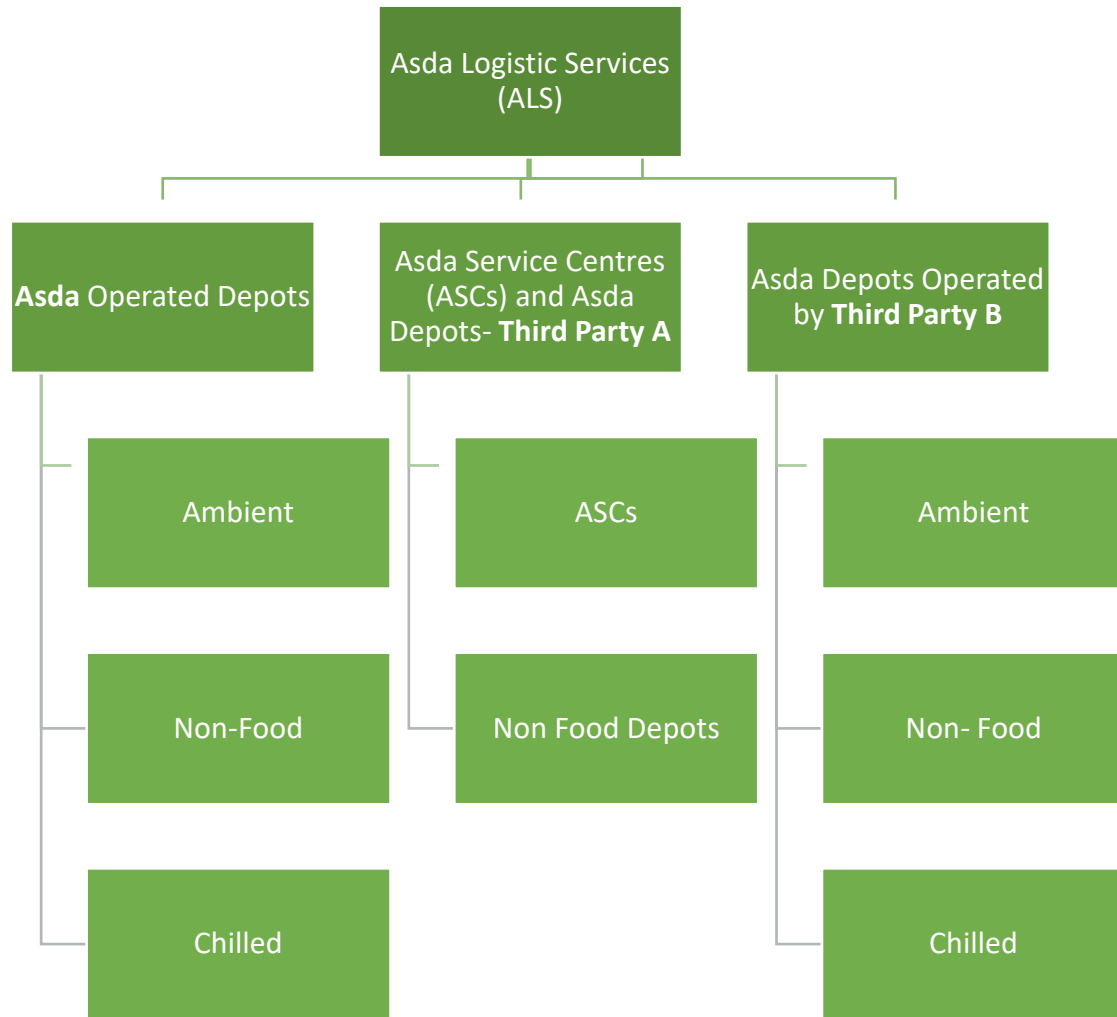


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Asda Logistics Services- Case Study

Asda Logistics Services Structure



What?

- Salient risk identification exercise
- Understand the key human rights risks within our own logistics network

Why?

- Industry knowledge
- Temporary labour
- Third parties
- Migrant labour
- Seasonality
- Health and safety
- Benchmarking

How?

- Establish relationships and collaborate
- Increase transparency
- Site visits

What have we learnt... so far?

Temporary labour is common

Sourced via our neutral vendor and local agencies

Robust health and safety measures are in place

Worker wellbeing is important

Modern Slavery training is conducted but there are areas for improvement

Prison labour is sometimes used within logistics

Anonymous whistleblowing process available but improvements needed to ensure accessibility

Actions taken

- Developed robust procedures with our neutral vendor to minimise risk when using agency labour
- Recommended Modern Slavery posters are on display in depots to drive awareness
- Learnings have helped inform our internal policies, including our Vulnerable Worker policy which contains a Prison Labour section

Next Steps

- Review our own Asda run logistics sites
 - Internal Your Voice survey
- Share best practice between Asda and our third parties
- Review opportunities for worker voice within our network
- Collaborate with third parties and organisations

Discussion

Understanding member concerns and risks

Can we identify some specific areas to work on collaboratively?

What are the next steps?



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