



# Supply Chain Human Rights Webinar

Seventh Generation Interfaith

November 16, 2018

# Welcome!

- ▶ Participants are asked to be in listen only mode. Please mute your mic to avoid excessive background noise. Unmute to ask a question during Q&A section
- ▶ We will make recording and slides available and post on our website

Take a look at this image. . .





Now look at this image. . .



- ▶ Who did you see?
- ▶ Who didn't you hear?
- ▶ Where is the hope?

# Companions in this conversation

Mary Beth Gallagher



- ▶ Executive Director
- ▶ Tri-State Coalition for Responsible Investment

Pat Zerega



- ▶ Sr. Director Shareholder Advocacy
- ▶ Mercy Investment Services

# Our itinerary

- ▶ ICCR's human rights work plan
- ▶ SGI's 2019 Human Rights engagements
- ▶ Human rights impacts of meat sector
- ▶ Ethical recruitment best practices
- ▶ Q&A

# Goal: Strengthen policy, practice and disclosure of human rights risks across operations and supply chain based on UN Guiding Principles on Business and Human Rights (UNGPs).

Focus Areas	Objective
Supply Chain Labor Rights	Implement a human rights due diligence and remediation process per the UNGPs, especially ethical recruitment and living wage.
Sex Trafficking	Adopt policies and practices to end sex trafficking and child exploitation
Gun Safety	Implement gun safety measures and mitigation of harm associated with gun products.
Food Labor	Eliminate poor labor practices and worker abuses in the meat sector.
Racial Justice & Immigrant Rights	Eliminate racial inequities throughout the corporation and advocate for immigration reform





# 2019 SGI Engagements

Focus Area	Companies	
<b>Supply Chain</b>	Kohl's	Costco
	Macy's	Chevron
	TJX	Walt Disney
	Kraft-Heinz	Amazon
	McDonald's	Boeing
<b>Sex Trafficking</b>	Alphabet	Facebook
<b>Gun Safety</b>	American Outdoor Brands	
<b>Food Labor</b>	Tyson Foods	Seaboard
	National Beef / Marfrig	
<b>Racial Justice &amp; Immigrant Rights</b>	CoreCivic	J P Morgan Chase
	Geo Group	Wells Fargo



# Human Rights Impacts of the Meat Sector Case Study: Tyson Foods

SGI Member Webinar – November 16, 2018



# Tri-State Coalition for Responsible Investment

- ▶ **Who We Are:** Coalition of 40 Catholic Institutional Investors, founded in 1975, dedicated to aligning mission and values with investments
- ▶ **The “Mission of the Portfolio”**
  - Leveraging invested assets for catalytic social and environmental change
- ▶ **What We Do**
  - Education, provide opportunities for action, network, resources on responsible investment
  - Shareholder engagement – organize collective engagements – use our voice



# About Tyson Foods



- ▶ Leading U.S. producer of chicken, beef, and pork based in Springdale Arkansas
- ▶ History of labor abuses and water pollution, community opposition
- ▶ Company increasingly focused on sustainability
  - Hired Chief Sustainability Officer
  - Recent commitments on sustainable land stewardship practices and worker health and safety
  - Moving towards more plant-based protein
- ▶ Recent CEO changes





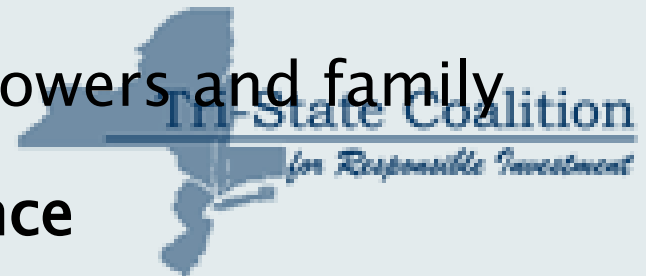
# History of Tri-CRI Engagement

- ▶ On behalf of American Baptist Home Mission Society
- ▶ 2015–18: Water Impacts of Business Operations
  - Ask: Adopt a Water Stewardship Policy
  - 2018: Majority support from *independent* shareholders
    - 15.8% overall support
- ▶ 2019: Human Rights Due Diligence
  - Ask: Process to identify, prevent and mitigate actual and potential human rights impacts
  - Human rights of all stakeholders
    - Meat processing workers,
    - Contract growers,
    - Community members



# Tyson's Human Rights Impacts

- ▶ **Labor Rights in Processing Plants**
  - Poultry processing workers face serious labor rights violations
  - High injury rates, exposure to toxins, wage and hour violations, harassment, and discrimination
- ▶ **Exploitation of migrant workers**
- ▶ **Water pollution**
  - Interferes with community water access
  - 99% of U.S. farm animals are raised in confined animal feeding operations (CAFOs), which release high levels of toxic pollutants from animal waste into the water and air.
- ▶ **Economic struggles for contract growers and family farmers**
- ▶ **Expansion and community resistance**



# Tyson on Human Rights

- ▶ Code of Conduct
  - *“We are committed to upholding the principles of human rights.”*
  - References UN Universal Declaration of Human Rights & ILO Standards
  - Prohibits forced and child labor
  - Compliance with “all applicable wage and hour laws”
  - Respect for freedom of association
- ▶ Workplace commitments
- ▶ Lacks evidence of implementation and poor practices continue

# Goals of Tri-CRI Engagement

- ▶ **Goal: Tyson conduct robust human rights due diligence**
  - Corporate responsibility to respect human rights under the UN Guiding Principles (UNGPs)
- ▶ **Encourage Tyson to:**
  - Conduct a human rights risk assessment
  - Identify the human rights impacts of business
  - Develop plans to mitigate and remedy adverse impacts
  - Track effectiveness and Increase disclosure on due diligence



# History of Partner Engagements

- ▶ Oxfam America
  - 2015: Oxfam “Lives on the Line” campaign
  - April 2017 Tyson, Oxfam, and UFCW made public commitment to improve working conditions in its plants
- ▶ Northwest Arkansas Workers Justice Center
  - Workers don’t feel Tyson has made meaningful changes
  - Continue to advocate for worker protections
- ▶ Mighty Earth
  - #CleanItUpTyson campaign  
Launched in September 2017



# Engaging Impacted Stakeholders

Stakeholder engagement is central to Tri-CRI's advocacy strategy with Tyson to understand the company's impacts.

Have or plan to engage with the following stakeholders:

- ▶ Worker centers
  - Interfaith Worker Justice Center
  - Northwest Arkansas Workers Justice Center
  
- ▶ Impacted community groups
  - Virginia Eastern Shore
  - Communities organizing in Tennessee and Oklahoma
  
- ▶ NGO partners
  - Mighty Earth
  - Oxfam America



# Ways to Get Involved

- ▶ Sign up on the ICCR database for Tyson Foods Human Rights Due Diligence 2019
- ▶ Support the human rights resolution through your proxy voting and consider filing next year
- ▶ Join ICCR Monthly calls on Food & Water & Human Rights
- ▶ Explore local connections with farm workers organizations, immigration groups or unions
- ▶ Engage another company like Tyson



# Resources

- ▶ Oxfam Lives on the Line Campaign:  
<https://www.oxfamamerica.org/livesontheline/>
- ▶ Mighty Earth #CleanItUpTyson Campaign:  
<http://www.cleanituptyson.com/>
- ▶ NW Arkansas Worker Justice Coalition:  
<http://www.nwawjc.org/>
- ▶ KnowTheChain scorecard for Tyson:  
<https://knowthechain.org/companies/132/>







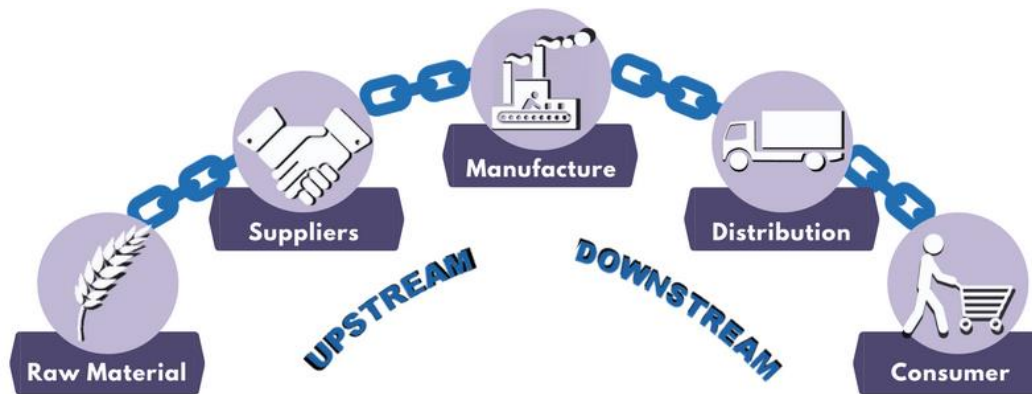
# Ethical Recruitment Best Practices

Pat Zeraga  
Mercy Investment Services



# Forced Labor Risks in Global Supply Chains

- ❖ 21 million people (a conservative estimate) are trapped in conditions of forced labor.
- ❖ Forced labor generate over \$150 billion in profits for other parties.



# Corporate Responsibility to Respect Human Rights

- ❖ Labor brokers are responsible for using unethical practices.
- ❖ Companies and suppliers must take concrete steps to eliminate forced labor.
- ❖ Companies may be complicit through their own recruitment processes.



# Why Does Forced Labor Happen?

- ❖ Companies choose to hire migrant workers for many reasons:
  - ✓ Accept lower wages than local workers
  - ✓ Perform work that local workforce will not
  - ✓ Have specialized skills local workers do not
  - ✓ Relocate and work in remote areas
  - ✓ Are single or travel on single-status work permits
  - ✓ Not protected by labor laws including those related to freedom of association, social security payments, or unemployment insurance



# 3-Pillar Approach to Ethical Recruitment

## ❖ No Fees

- ✓ Workers do not pay any fees for recruitment, job placement; if charged to gain employment, workers must be reimbursed.

## ❖ Written Contract

- ✓ Must be given a written contract in their own language, outlining rights and responsibilities.

## ❖ No Retention of Documents or Deposits

- ✓ Recruiter does not keep or withhold any documents (IDs or passports), money, or other collateral as condition of employment.





# Progress Towards Best Practice Implementation

Policy Development	Direct Recruitment (when possible)	Work with Suppliers	Auditing Tools	Compliance with Local Law	Recruitment Fees Reimbursement Pre-departure / On the Job		Beyond Compliance	Leadership
Forward-facing policy	Dedicated staff in sending and receiving countries	Buyer-supplier relationship building	Recruitment included in the scope of 3rd party audit	Worker's rights: wage, overtime, leave, holidays, health insurance, social security	Job application	Receiving country work permit	Company assists supplier with covering recruitment costs	Leadership Group for Responsible Recruitment
					Labor broker fee (sending country)	Receiving country labor broker (x contract term)		
3-pillars (basic model)	Recruitment w/registered brokers only	Supplier trainings on ethical recruitment	Recruitment agencies are included in the scope of the audit	No illegal deductions or any deductions from wages without worker's explicit consent	Registration to work abroad	Work permit renewal	Worker grievance mechanisms	Demonstrated industry leadership (EICC, AIAG, GCF, FLPG etc.)
					Certificate of good standing	New hire tests & training on arrival		
Mapping and risk prioritizing	Direct hiring after placement	Company assists supplier with covering recruitment costs		Freedom of association and collective bargaining	Pre-employment medical exam	Receiving country medical check	Accommodation, food allowance, transportation allowance	Collaboration with government (MOUs, taskforces)
					Pre-departure orientation (+/-room/board)	Food allowance		
Support from top management		Only registered labor brokers are used		Company investigates any allegations of worker abuse	Labor insurance	Transportation to work site	Transportation to/from home country covered by supplier	Collaboration with government (MOUs, taskforces)
					Sending country bank loan and interest	Accident insurance		
					Passport & visa	Housing	Accident insurance coverage (if not required by law)	
					Airfare & airport tax	Transportation to home country		

■ Government-imposed fees (may be extremely high)    
 ■ Personal expenses (rarely covered, although may impose significant burden on workers)    
 ■ Transportation covered (debatable) Accommodation (beyond compliance)    
 ■ Fee-free model (implemented most frequently)

# Emerging Leading Practices

- ❖ Policy
  - ✓ Covers the 3 pillars
- ❖ Work with Suppliers
  - ✓ Recruitment fee ban in supplier contracts
- ❖ Auditing Tools
  - ✓ Includes suppliers recruitment agency
  - ✓ Transparent and verified
- ❖ Industry Leadership
  - ✓ Engaged in industry initiatives
  - ✓ Develop sector-wide approach



# HP: Emerging Leading Practices

## ❖ Policy

- ✓ Forward facing policy; makes public its policies; provides documents for other companies to use.

## ❖ Direct Recruitment

- ✓ Suppliers must hire workers directly; takes over employment relationship when workers arrive in host country.

## ❖ Work with Suppliers

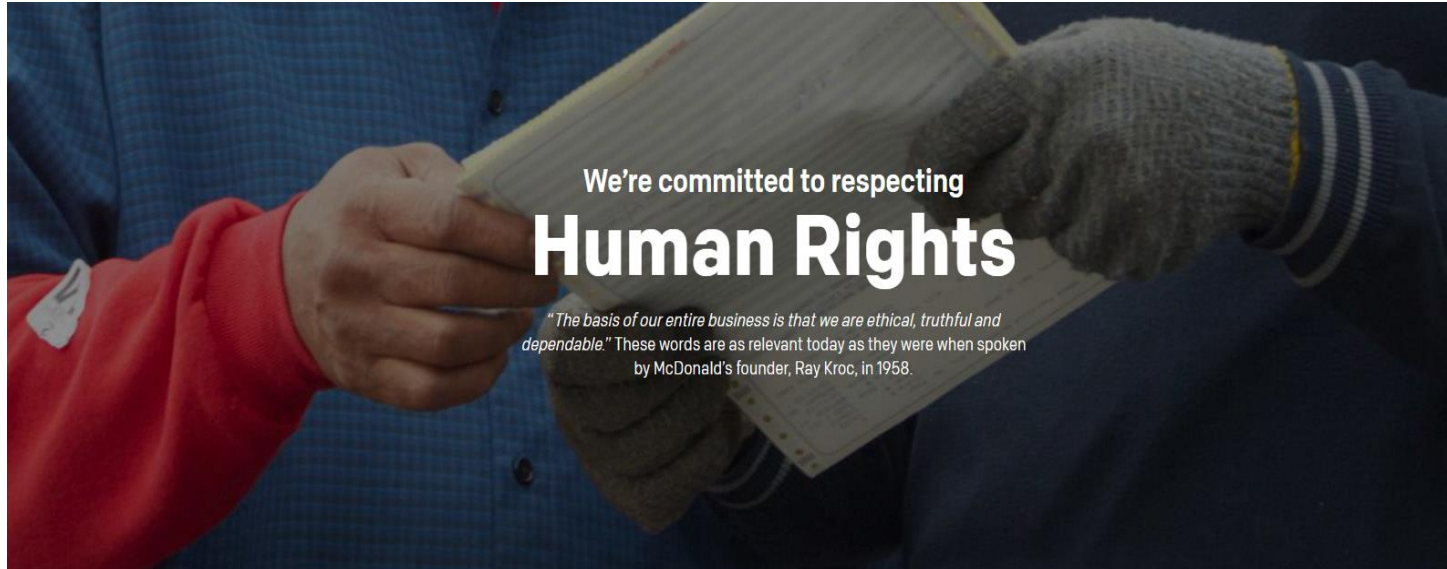
- ✓ Guidance document for suppliers
- ✓ Targets high-risk suppliers

## ❖ Leadership

- ✓ Uses sector approach to changing the recruitment system.



# McDonald's



[Link to McDonald's Human Rights website](#)

# McDonald's: Preventing Forced Labor



- ✓ Committed to ethical recruitment
- ✓ Prohibits direct or indirect fees
- ✓ Has policies/practices designed to ensure no one is indebted to the company or a recruiter
- ✓ Does not retain employees' original government-issued ID
- ✓ Provides all agreements in the language understood by the potential employee





# *Easy Activity:*

- ❖ Sign up to be on the Investor Human Rights Alliance at <https://investorsforhumanrights.org/>
- ❖ Download the Ethical Recruitment Best Practice Guide at <https://www.iccr.org/best-practice-guidance-ethical-recruitment-migrant-workers-0>
- ❖ Download the Corporate Human Rights Benchmark at <https://www.corporatebenchmark.org/>



# *Medium Activity:*

- ❖ Look at the urgent actions at the Alliance at <https://investorsforhumanrights.org/rapid-response> sign on to the global supply chain statement. Look at the Jewelry and human rights defenders actions for possible newsletter articles.
- ❖ Vote your proxy. Watch for the ICCR proxy guide in February and vote for human rights issues.



# *Early Engagement:*

- ❖ Lend your proxy. ICCR often puts out a call for proxies for a group to attend the meeting. You will need to work with your custodian to get the appropriate letter.
- ❖ Sign up on the ICCR data base to join a dialogue at Bed Bath and Beyond, Williams Sonoma, Sears or McDonalds on Ethical Recruitment follow up.



# *Active Engagement:*

- ❖ Co-file human rights based resolutions this year at Amazon or Southwest Airlines
- ❖ After reading the CHRB and Best Practice Guide develop your own work stream with a company



## Mary Beth Gallagher



- ▶ Executive Director
- ▶ Tri-State Coalition for Responsible Investment
- ▶ 973.509.8800
- ▶ [mbgallagher@tricri.org](mailto:mbgallagher@tricri.org)

## Pat Zerega



- ▶ Sr. Director Shareholder Advocacy
- ▶ Mercy Investment Services
- ▶ 412.414.3587
- ▶ [pzerega@mercyinvestments.org](mailto:pzerega@mercyinvestments.org)



# Thank you!

[SeventhGenerationInterfaith.org](http://SeventhGenerationInterfaith.org)