

Where's the beef? An evaluation of meat company modern slavery statements over two years

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**Ema Moolchand, Shelley Marshall,
Hannah Coffey, Sheridan McErvale**

**RMIT BUSINESS AND
HUMAN RIGHTS CENTRE**



**Business and
Human Rights Centre**

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EXECUTIVE SUMMARY

Meat processing plants and abattoirs were hotspots from the beginning of the COVID-19 pandemic, acting as incubators for major outbreaks in Australian cities.¹ These outbreaks brought attention to poor labour conditions in meat processing plants, with inadequate ventilation, insufficient spacing between workers, high casualisation and large numbers of workers on temporary visas. But even before the COVID-19 pandemic brought these conditions to the attention of the Australian public, the Fair Work Ombudsman² and several government inquiries had highlighted alarming conditions of work, with incidents of intimidation, workers accommodated in crowded lodgings and accommodation costs deducted from wages, all in breach of Australian labour laws and international standards.³ These conditions were associated with the doctoring of records, daily hire, cash payments, labour hire arrangements and phoenix companies. Such high level inquiries were reported in the media nationally with headlines like 'Workplace exploitation continues in poultry industry, even as compliance improves',⁴ and 'Chinese meatworkers bear the scars of mistreatment in Australia's visa factories'.⁵

In light of these reports, it would reasonably be expected that meat processing companies, and those entities that have business relationships with them, would be well aware of these egregious labour breach risks, and would be making every effort to address them.

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¹ Shelley Marshall and Ema Moolchand, 'Where's the meat? Employers and governments should have seen this supply crisis coming, and done something', The Conversation, 24 January 2022, 47,300 readers, <<https://theconversation.com/wheres-the-meat-employers-and-governments-should-have-seen-this-supply-crisis-coming-and-done-something-175144>>; Shelley Marshall and Carla Unger, 'Treating workers like meat: what we've learnt from COVID-19 outbreaks in abattoirs', The Conversation, October 14 2020, 5369 readers, <<https://theconversation.com/treating-workers-like-meat-what-weve-learnt-from-covid-19-outbreaks-in-abattoirs-145444>>.

² Fair Work Ombudsman, 'A report on the Fair Work Ombudsman's Inquiry into the labour procurement arrangements of the Baiada Group in New South Wales' Commonwealth of Australia (2015).

³ Productivity Commission, 'Work Arrangements in the Australian Meat Processing Industry: Labour Market Research Report. A. G. P. Commission', Commonwealth of Australia (1998); Senate Standing Committee on Education and Employment, 'A national disgrace: The exploitation of temporary work visa holders', Commonwealth of Australia (2016).

⁴ AMIEU, 'Workplace exploitation continues in poultry industry, even as compliance improves' (2016) <<https://newcastle.amieu.asn.au/workplace-exploitation-baiada-poultry/>>; Jason Om, 'Foreign workers exploited at Baiada chicken processing plants: Fair Work Ombudsman finds' (2015) ABC News <<https://www.abc.net.au/news/2015-06-17/foreign-workers-exploited-at-baiada-plant-investigation-reveals/6554570>>.

⁵ Richard Baker, 'Chinese meatworkers bear the scars of mistreatment in Australia's visa factories' (2021) The Sydney Morning Herald <<https://www.smh.com.au/national/chinese-meatworkers-bear-the-scars-of-mistreatment-in-australia-s-visa-factories-20210826-p58m51.html>>.

⁶ Modern Slavery Act (Cth) 2018, section 2.

ABOUT THIS EVALUATION

The 'Where's the Beef' report examines the first and second rounds of reporting of Australian companies under the AMSA associated with the meat sector: a high-risk sector for modern slavery. By asking "where's the beef" we are searching for substance in the reports. We assess the reports of companies that produce or source meat products: large meat processing companies, supermarkets, and fast-food chains. The Act mandates large companies with an annual revenue of \$100 million or more to examine and report on modern slavery risks in their operations and supply chains.

A research team from the RMIT Business and Human Rights Centre reviewed modern slavery statements of 14 companies using a standardised set of indicators. Our goal was to evaluate the quality of their disclosures under the Act. We examined the extent to which companies have adopted effective measures to identify, mitigate and address risks of modern slavery and labour exploitation, and the extent to which there are gaps in the quality of their disclosures. We also assessed companies' efforts to minimise the potential harms of the COVID-19 pandemic on meat workers.

Our study reveals that most companies are not adequately addressing the root causes of modern slavery and labour law breaches. In particular, we found that most companies have not made substantial efforts to address the contributing factors to modern slavery during the second reporting cycle, despite their initial promises to do so in the first cycle. Only a small group of companies have shown commendable efforts in addressing the underlying factors that lead to extreme exploitation. The report provides case studies of 'better practice approaches' with the aim of inspiring companies to enhance their standards and adopt appropriate due diligence measures for safeguarding workers' rights. We also include a series of recommendations based on our evaluation to guide companies that are sincerely committed to eradicating modern slavery from their operations and supply chains.



SUMMARY OF KEY FINDINGS

- Our study reveals a considerable disparity in the quality of modern slavery disclosures among companies. Some companies submitted a generic one-page statement that appeared to be aimed at meeting the bare minimum reporting requirements. They did not provide any substantial insight into their operations or address all the mandatory criteria under the Act. While all companies stated their commitment to eradicating modern slavery from their operations and supply chains in their statements, many have not taken substantive actions to fulfill their commitments.
- Of the 14 companies that we selected from the government's online register, only 8 submitted a modern slavery statement for both reporting periods. Therefore, we were only able to perform a comparative evaluation of the performance of these 8 companies during the second reporting period, despite analysing a total of 22 statements. Our findings revealed a disparity in the performance of these companies between the two reporting periods. Half of the companies demonstrated improved performance in FY2019-2020, while the other half showed enhancements in FY2020-2021 (refer to Figure 3).
- All of the assessed companies achieved exceptionally low scores, with an average score of just 34% during the first reporting period. Shockingly, the scores plummeted further in the second reporting period, reaching a low of 28%. Only two companies, Coles and Woolworths, scored above 45% across both reporting periods. The scores of the remaining companies during both periods were less than 50% (see Figures 1 and 2). Compared to other sectors that were evaluated using the same metrics, it was observed that companies involved in meat supply chains had the poorest response to modern slavery during the second reporting period. In fact, universities and companies in the garment and seafood sectors fared significantly better than those in meat supply chains.
- Companies struggled in almost all reporting areas, but the most common ones included leadership involvement, policy development, supplier engagement, risk assessment, monitoring, remediation, measuring effectiveness, and consultation. During both reporting periods, we found that only two companies had formal remedial processes or corrective action plans in place. These companies also provided sufficient descriptions of how they addressed modern slavery risks or incidents raised through grievance mechanisms.
- Our analysis shows that many companies are shifting the responsibility for modern slavery down the supply chain to smaller suppliers who may lack the resources or power to respond effectively. During the first reporting period, 83% of companies identified high-risk products and services linked to modern slavery in their supply chains, while in the second reporting period, this figure dropped to 50%. However, despite identifying high-risk areas, root causes such as excessive downward pressure on pricing, sudden changes of workload, low wages, and lack of worker union representation were rarely addressed. Only one company imposed a cap on subcontracting and committed to paying a living wage to workers in its supply chain during both reporting periods.
- There was a concerning lack of engagement by companies with supply chain workers and their representative trade unions. Only two companies, across both reporting periods, demonstrated evidence of consultation with trade unions and civil society organizations in developing or reviewing their policies. The remaining companies neither explicitly committed to upholding freedom of association for workers within their supply chains nor were able to provide evidence of trade union presence. This lack of engagement and commitment from most companies indicates that efforts to identify and address modern slavery risks are likely to be feigned.



SUMMARY OF RECOMMENDATIONS

Rec 1: Establish an ongoing and systematic consultation process with all owned and controlled entities, and provide meaningful information about this collaboration in the statement.

Rec 2: Proactively evaluate potential risks to human rights and associated harm by examining how the company's own operations may be contributing to such risks rather than solely focusing on supply chain risks based on the origin of certain products from high-risk business geographies.

Rec 3: Provide concrete case studies and detailed findings to demonstrate how modern slavery risks in a specific sector were mitigated as opposed to making general statements or categorising broad factors like contracted labour or migrant workforce as an overall high-risk category.

Rec 4: Balance the use of collaborative platforms like SEDEX with the company's own assessments of modern slavery risks in its operations and supply chains.

Rec 5: Incorporate ethical purchasing practices that prioritise decent working conditions and avoid downward pressure onto suppliers and workers.

Rec 6: Adopt a worker-centric approach by supporting freedom of association and significant interaction with workers and their representative organisations to enhance workers' rights.

Rec 7: Integrate worker voice into the presentation of the company's findings in order to illustrate their views and reduce the scope for bias.

Rec 8: Establish a robust grievance mechanism that is genuinely co-designed, implemented and monitored with all users including supply chain workers. This mechanism should account for critical factors such as language barriers, fear of retaliation, limited access to technology, and inadequate privacy protection to ensure its accessibility and effectiveness.

Rec 9: Seek feedback from impacted workers to share learnings on the nature of harms and prevent future incidents of labour exploitation in the wider industry.

Rec 10: Adopt a sector-wide and social system perspective by collaborating with other stakeholders (civil society organisations, academia and trade unions) to exchange learnings, develop a shared understanding of human rights and take collective action against modern slavery risks.

Rec 11: Integrate modern slavery response initiatives within a comprehensive framework that encompasses human rights and labour rights. This can be achieved by aligning the company's actions with fundamental standards of the International Labour Organization and the UN Guiding Principles on Business and Human Rights.

A more detailed set of recommendations can be found on pages 41-42 of this report.



Figure 1: Company scores from highest to lowest (FY 2019-2020)

Figure 1 displays the scores of 12 companies for the first reporting year (2019-2020), ranked in descending order from the highest to the lowest score. The average score of these companies was found to be 34%, indicating a subpar performance regarding modern slavery disclosures.

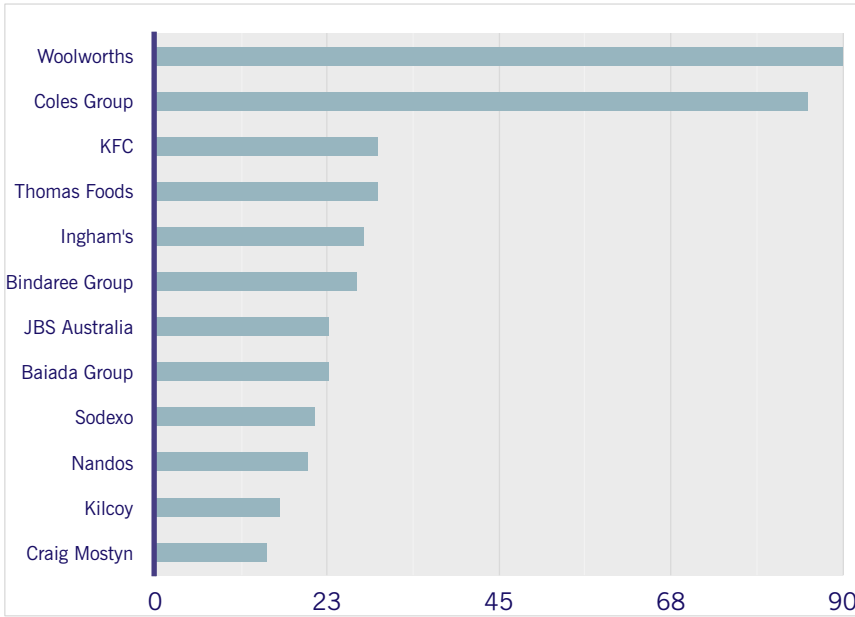


Figure 2: Company scores from highest to lowest (FY 2020-2021)

Comparatively, Figure 2 reveals a lower average score of 28% for the second reporting year (2020-2021) across 10 companies, indicating a persistently poor performance regarding modern slavery disclosures.

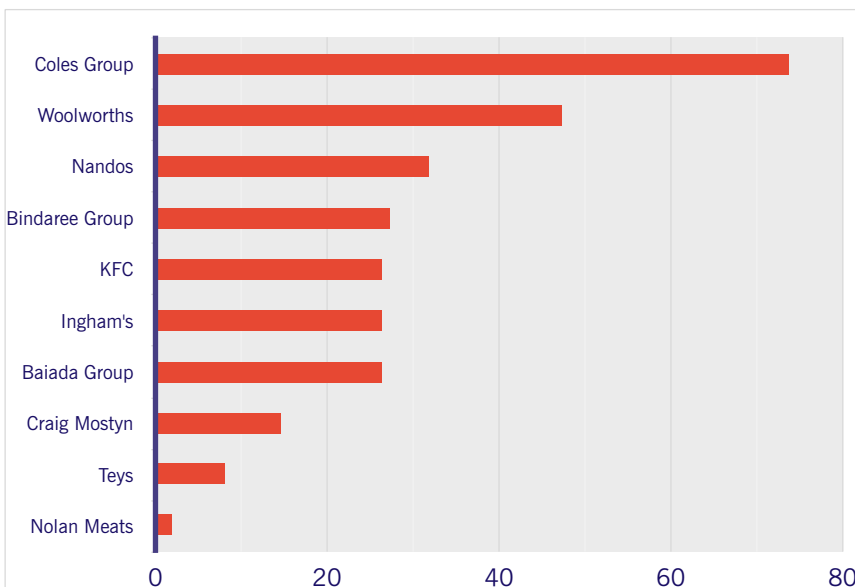
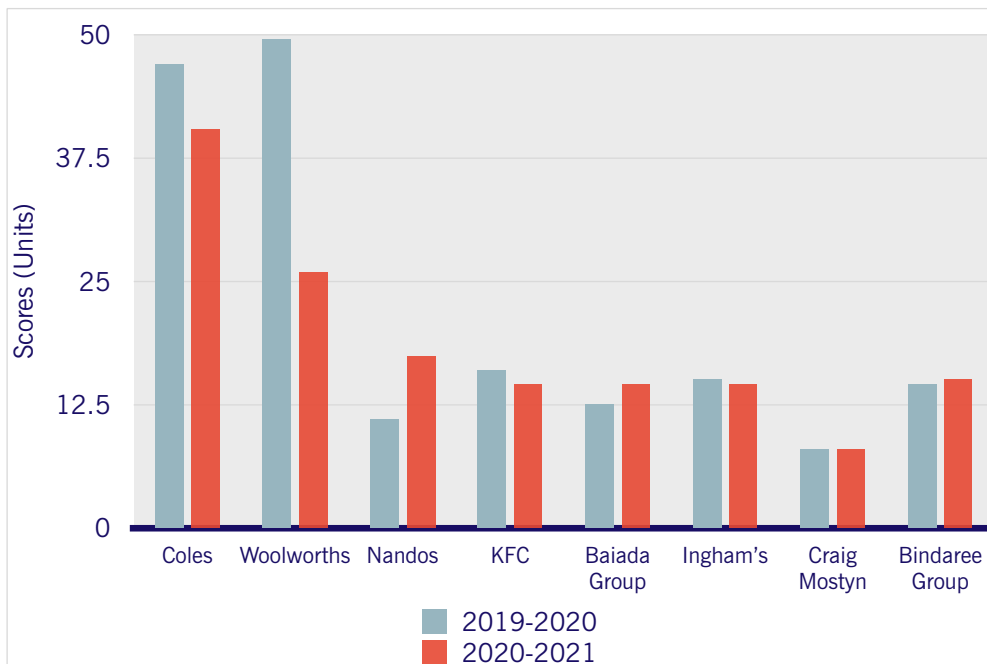


Figure 3: Comparative company scores for both reporting periods.

Figure 3 shows the results of the 8 companies (out of 14) that submitted a modern slavery statement for both reporting periods. Each company's total score was calculated out of 55 points based on each indicator and is expressed in units in the provided diagram. There was a split in the companies' performance between the two reporting periods. Half of the companies performing better in FY20 than FY21 while the other half showed a slight improvement in FY21.





INTRODUCTION

The introduction of the federal Modern Slavery Act in 2019 has been a significant catalyst for Australian businesses to report on their efforts to prevent modern slavery and protect employees in their operations and supply chains. The legislation prompted discussions in a market that had not previously taken human rights risks seriously. Despite the fact that there are now over 7000 statements published on the government's online modern slavery register, it remains unclear how the legislation has directly impacted the lives and wellbeing of workers. One reason for this is that modern slavery appears to prosper due to the complexity and opacity of corporate global supply chains. The Global Slavery Index estimates indicate that in 2021, modern slavery has increased by nearly 10 million people since 2017, with a total of 49.6 million people globally subject to some form of modern slavery.⁷ It is estimated that about 15,000 of these people live in conditions of modern slavery in Australia, with a prevalence of 0.6 victims per thousand people in the country.⁸

This report reviews the statements published by large companies sourcing from the meat processing sector in the first and second reporting cycles of the Modern Slavery Act, with the aim of evaluating whether they have engaged with modern slavery risk management and reporting

in an effective and transparent way. Our aim in this report is to determine whether the companies complied and provided meaningful information against the seven mandatory criteria under the Act. We compared their statements for both reporting periods to determine whether they appear to be taking effective actions on the risks they identified during the first reporting period. We include a case study on the meat industry to explore and illustrate how the large companies are responding to modern slavery risks in this sector.

Over the past decade, various reports from the Fair Work Ombudsman (FWO), media, and trade unions have identified the meat industry as a high-risk sector.⁹ The FWO's Baiada Report in 2016, for instance, highlighted that the sector is largely composed of migrant workers who face frequent and serious concerns related to underpayment of wages, excessively long working hours, and unreasonably high rents for 'slum-like' living conditions.¹⁰ Furthermore, some large meat companies often misclassify employees as independent contractors for businesses to avoid paying employee entitlements. Previous investigations into the industry have also revealed harsh working conditions, where the nature of the work itself is inherently challenging.¹¹

⁷ Walk Free Foundation, 2022. *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* [Global Estimates of Modern Slavery 2022 | Walk Free](https://www.walkfree.org/global-estimates-of-modern-slavery-2022/)

⁸ Global Slavery Index, 2016. Australia. <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

⁹ Richard Baker, 'Pacific island meat workers on \$9 per hour after wage deductions' (2021) *The Sydney Morning Herald*; Bell Chambers Barrett, 'Pacific Labour Mobility Accommodation Review' (2020); Fair Work Ombudsman, 'A report on the Fair Work Ombudsman's Inquiry into the labour procurement arrangements of the Baiada Group in New South Wales' (2015).

¹⁰ *Ibid.*

¹¹ AMIEU's submission, 'Victorian Worker's Compensation System - Independent Review' (2020).

The process of slaughtering and processing meat for our food supply is dangerous work. The physical demands of cutting up heavy carcasses with sharp tools, combined with slippery floors coated with animal fluids such as blood, fat, and faeces, create ongoing risks for workers. In addition, the unpredictable and often violent reactions of animals before slaughter pose a constant danger. Heavy carcasses moving along automated lines can strike workers and cause serious injury.¹² Against this backdrop, this report is the first to specifically examine disclosures related to modern slavery in the Australian meat processing sector.

Overall, our study reveals a poor quality of reporting. We found that most companies were taking a symbolic, as opposed to a substantive approach to dealing with modern slavery issues. We found a lack of quality and quantity of disclosures of management practices to eliminate the risks associated with modern slavery in their supply chains. Many company statements merely comprise of superficial pledges that lack tangible

evidence of producing practical outcomes aimed at improving working conditions for workers. We tracked the 'words' promised in their first statements and verified their 'actions' in the next years' statements. During both reporting periods, only a small fraction of companies were able to demonstrate taking a concerted approach to their reporting obligations and implementing rigorous measures to address the root causes of the issue. To promote the protection and advancement of workers' rights, we have identified companies that have demonstrated a genuine sense of responsibility by implementing effective good practice approaches. These examples are strategically highlighted throughout relevant sections of the report in order to inspire other companies that may be falling behind to improve their performance and establish meaningful due diligence measures.

Various stakeholders are urging stronger measures to be implemented following the Federal government review into the first three years of the Modern Slavery Act. With many entities approaching the end of their third reporting period, it is crucial for companies to revisit their approach to managing modern slavery risks in their operations and supply chains. The data we compile herein provides an important baseline quality benchmark against which future performance improvements can be assessed and compared.

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¹² Ibid.



METHODOLOGY

The principal objective of our research was to assess the modern slavery statements submitted by major companies that source from meat supply chains and set a standard to evaluate their engagement with modern slavery in Australia. To determine if any progress had been made, we conducted a thorough analysis of their statements during the first two reporting periods of the Modern Slavery Act, which concluded on 31 December 2020 and 31 December 2021.

In total, 14 major companies, including meat processing companies, supermarkets, and fast-food chains were randomly selected from the government's online modern slavery register for each reporting period. From the randomly selected companies, we found that only 8 out of the 14 had submitted statements for both periods. As a result, we analysed only 22 company statements in total, and a comparison of the quality of disclosures was only feasible for the 8 companies that had submitted statements during both reporting periods. We were unable to find the statements for FY20 or FY21 for the remaining 6 companies on the register. This was a similar problem to that encountered during our analysis of modern slavery statements of Australian universities.¹³ We contacted the Australian Border Force to seek clarification regarding the unavailability of certain statements

on the register. According to their response, a statement's non-public availability can be attributed to two reasons: either the relevant organization has not submitted a statement, or the submitted statement is currently under review.

A small team of researchers, Ema Moolchand, Hannah Coffey and Sheridan McErvalle from the RMIT BHRIGHT Centre, coded and scored each statement using a standardised framework, containing a set of 55 core indicators.¹⁴ These indicators had been earlier developed by a multi-disciplinary team comprising researchers from partner universities and organisations (Professor Justine Nolan, Director, Australian Human Rights Institute, UNSW Sydney; Dr Mark Zirnsak, Senior Social Justice Advocate, Uniting Church in Australia; Keren Adams, Legal Director, Human Rights Law Centre; Peter Keegan, Director of Advocacy, Baptist World Aid Australia; Associate Professor Martijn Boersma, Director, Human Trafficking and Modern Slavery Program, University of Notre Dame Australia; Associate Professor Vikram Bhakoo, Department of Marketing and Management, University of Melbourne; and Heather Moore, Anti-Slavery Specialist and Researcher), including Associate Professor Shelley Marshall, Director of the RMIT Business and Human Rights Centre, as part of a larger project that assessed company statements from four sectors with known risks of modern slavery, namely horticulture, garments, rubber gloves, and seafood.¹⁵

¹³ Carla Chan Unger, Ema Moolchand and Shelley Marshall, 'Evaluating the Quality of Modern Slavery Reporting in the Australian University Sector' (2022) RMIT Business and Human Rights Centre.

¹⁴ We are grateful to Renee Burns and Luciana Nicholson for editing this report, Sarah Yeo for designing it and Toby Rubenstein for data analysis.

¹⁵ Amy Sinclair et al., 'Paper Promises? Evaluating the early impact of Australia's Modern Slavery Act' (2022).



The indicators were created with a strong alignment to the reporting requirements mandated by the federal MSA and the Australian Government's Guidance for Reporting Entities. These guidelines are themselves informed by the United Nations Guiding Principles on Business and Human Rights, and the Government's Modern Slavery Covid-19 Guidance.¹⁶ In the development of the indicators, guidance was sought from corporate human rights disclosure methodologies employed by FTSE 100 UK Modern Slavery Act, KnowtheChain, and the Corporate Human Rights Benchmark.¹⁷ To better evaluate the meat processing sector, a few indicators from the broader project were tailored. Last year, the RMIT BHRIGHT Centre used the same framework to assess the modern slavery statements of Australian universities, primarily focusing on the cleaning industry. For the purposes of the present evaluation, we have adapted a few indicators from both projects to more accurately address the meat processing sector.



In addition to the statements, other relevant documents, such as procurement policies, supplier codes of conduct, and modern slavery policies, were collected from the companies' websites for analysis, where publicly available.

Using the scoring guide as a reference, each statement for the two reporting periods was evaluated by two researchers who assigned a score of 0, 0.5, or 1 to company responses based on each indicator. Subsequently, a third researcher reviewed all statements using the same process. In addition to the statements, other relevant documents, such as procurement policies, supplier codes of conduct, and modern slavery policies, were collected from the companies' websites for analysis, where publicly available.

Following the analysis, any inconsistencies or divergences between the scores assigned by the team were reconciled by a fourth (supervising) researcher. This process was essential to ensure that the analysis of the statements was accurate and consistent with the scoring instrument. Upon completion of the scoring process, a total score was computed for each company statement for both reporting periods, and subsequently ranked in order from highest to lowest.

¹⁶ Australian Government Department of Home Affairs, 'Commonwealth Modern Slavery Act: Guidance for Reporting; Australian Border Force, Modern Slavery Act Information Sheet: Coronavirus.' (2020).

¹⁷ Business & Human Rights Resource Centre, 'FTSE 100 & the UK Modern Slavery Act: From Disclosure to Action' (2018); KnowTheChain; Corporate Human Rights Benchmark.

FINDINGS

In this section, we report on how the companies' responses were evaluated against the 55 indicators. The indicators have been organised to align with the seven mandatory reporting criteria in Section 16 of the Modern Slavery Act:

Criteria 1 and 2:

Identify the reporting entity and describe its structure, operations and supply chains.

Criterion 3:

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.

Criterion 4:

Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.

Criterion 5:

Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.

Criterion 6:

Describe the process of consultation with any entities the reporting entity owns or controls.

Criterion 7:

Any other relevant information (identify the impacts of Covid-19 on modern slavery risks).



CRITERIA 1 & 2: IDENTIFY THE ENTITY AND DESCRIBE ITS STRUCTURE, OPERATIONS AND SUPPLY CHAINS

During both reporting periods, most companies described their domestic and international operations activities adequately. However, certain entities only submitted rudimentary information about their structures or operations. This is concerning. Nolan Meats, for example, submitted a brief one-page modern slavery statement. It did not provide any information about its overall structure such as if it owns or controls other entities.¹⁸ The modern slavery statement also lacked disclosure regarding the specifics of its operations and supplier locations, as the statement affirms that the company sources products from local or within Australia "wherever possible". Important information about the company such as its ABN or address were included in the letterhead only. This lack of detail on their structures and operations implies that some companies are submitting statements only to fulfill their reporting obligations on a surface level.

In other instances, companies that disclosed information about their overall structure or ownership of other entities, failed to divulge the identity or any other details of such entities. Craig Mostyn, for instance, stated that its modern slavery statement pertains to 'Craig Mostyn Holdings Pty Ltd and its related entities-together called 'Craig Mostyn',' but no additional information about the 'related entities' was given.¹⁹ It is our view that that the exclusion of such fundamental particulars not only infringes on the requirement of Section 1 (b) of the Modern Slavery Act, which mandates companies to report on their structure and operations but also hinders the identification of particular operations that fall within or outside the scope of a company's reporting obligations.



We looked at how well companies understand their supply chains and whether they disclosed the identity and locations of their suppliers. Overall, the results showed that companies' responses improved during the subsequent reporting period. For example, in the first reporting period, only 50% of the companies provided information about the location of their suppliers with a country breakdown. However, in the second reporting period, over half (80%) of the companies provided this information, although it was still quite limited. During both periods, only one company, Woolworths, provided additional information by specifying the types of goods purchased from medium, high, and extreme risk countries (see Box 1).

¹⁸ Nolan Meats Pty Ltd, Modern Slavery Statement (2020-2021), p 1 . We did not find any statement submitted for the first reporting period (2019-2020) on the modern slavery register.

¹⁹ Craig Mostyn Group, Modern Slavery Statement (2019-2020), p 2.

Box 1. Better practice example – Disclosing supplier location

In its 2020 calendar year, Woolworths reported that it conducted two forced labour risk assessments for non-vendor branded trade suppliers in food and non-food categories. The food assessment examined risks associated with both products and ingredients. The non-food assessment was focused on the product level. By merging commodity risk scores with their supplier segmentation data, Woolworths evaluated the forced labour risks based on the commodity/country connections within their supply chains.

The company reported it had ‘identified top inherent risks by country and commodity which has informed its priority areas for further due diligence at multiple supply chain tiers.’²⁰ For each of its overseas suppliers, Woolworths clearly identified the country of origin, risk level and goods category.

In its first modern slavery statement, Woolworths committed to prioritizing suppliers for further scrutiny in the subsequent reporting period by utilizing the findings of its F2019-20 forced labour risk assessment. The company further pledged to integrate leverage data to gain a comprehensive understanding of the dollar amount sourced and total number of suppliers by country, thus enabling them to correlate product risks with their supply chain. Our review confirms that Woolworths fulfilled its promise by augmenting the results of the F2019-20 forced labour risk assessment with specific supply chain data through their Responsible Sourcing (RS) program. The table to the right provides an illustrative depiction of its detailed risk mapping as an example of good practice.

First reporting period: 2019-2020

Risk level	Country	Goods
High	China	Footwear, furniture, toys & games
Medium	Bangladesh	Footwear, garment
Extreme	India	Garments, textiles
Extreme	Malaysia	Hardgoods
High	Thailand	Garments, rice, seafood
Extreme	Vietnam	Furniture, seafood

In the table above, we summarise the information openly disclosed by the company in its modern slavery statement as an example of good practice.

Second reporting period: 2019-2020

Risk level	Country	Goods	Number of direct suppliers	Supplier audit non-conformances
High	China	Footwear, furniture, toys & games	534	Lack of internal RS policies and excessive overtime
Medium	Bangladesh	Footwear, garment	20	Lack of machine safety guards and personal protective equipment
Extreme	India	Garments, textiles	22	Fire safety mechanisms not maintained
Extreme	Malaysia	Hardgoods	27	Excessive overtime and workers not provided one day rest
High	Thailand	Garments, rice, seafood	12	Excessive overtime and lack of internal RS policies and procedures
Extreme	Vietnam	Furniture, seafood	12	Employment contracts do not comply with local laws and/or international standards. Also, limited internal RS governance

²⁰ Woolworths Group, Modern Slavery Statement (2019-2020), p. 16.

Indicator	Company responses	
	Reporting period: 2019-2020	Reporting period: 2020-2021
The entity identifies itself in the statement and describes its structure	<p>All companies identified themselves, and where applicable, disclosed the names of other entities they own or control, although it was not always clear if the lists of controlled entities were exhaustive or if some have been excluded.</p> <p>11 companies (92 per cent) reported information on their structures and/or brand names associated with the entity.</p>	<p>7 (70 per cent) companies identified themselves, and where applicable, disclosed the names of other entities they own or control.</p> <p>2 companies provided only basic information on their structures in which their reporting entities remained unlisted or unidentified and were simply referred to as 'related entities' or 'subsidiaries.'</p> <p>Only 1 company only identified itself by providing its business name without any accompanying information pertaining to its structure.</p>
The entity describes its own operations and the nature and types of activities it undertakes, and provides the locations of its operations	<p>All companies explained the nature and types of activities they engage in, either as meat or poultry processing companies, retail entities or fast-casual dining restaurants, although the level of detail varied between statements.</p> <p>8 companies (67 per cent) are based entirely in Australia and do not appear to have controlled entities operating overseas. Among the companies that have international presence of some type, there is a concerning dearth of information provided about the functions of those operations.</p>	<p>9 (90 per cent) companies provided an explanation of the nature and types of activities they engage in, although there were differences in the level of details provided.</p> <p>Only 1 company did not provide any information about its activities or locations of operations.</p>
The entity explains its workforce composition	<p>While all companies disclosed the total number of their employees, just 2 (17 per cent) gave a meaningful breakdown of employment by contract type. Consequently, it was often not clear what proportion of staff were employed on a casual basis, nor was it clear if total staff numbers included personnel working at overseas controlled entities.</p> <p>Only 1 company provided information about the indirect workforce procured through suppliers.</p>	<p>Similar findings as the previous reporting period, except for 1 company that failed to provide any information regarding its workforce composition.</p>
The entity discloses the countries or regions where suppliers are and links to any disclosures by entity about identity of suppliers, such as a public supplier list	<p>6 (50 per cent) companies disclosed information about supplier location with a breakdown by country, while only 1 described the risk level of sourcing countries.</p> <p>2 companies provided information on the number of countries in which their suppliers are located, but they did not specify the names of those countries. This is of limited value when identifying modern slavery risks. None of the companies provided a public supplier list.</p>	<p>8 (80 per cent) companies provided details on the location of their suppliers by country.</p> <p>1 company did not disclose any information about its suppliers while the only 1 company that described risk level of sourcing countries in its first reporting period provided further detailed information on country risk mapping in this reporting period.</p>



CRITERION 3: IDENTIFY MODERN SLAVERY RISKS IN OPERATIONS AND SUPPLY CHAINS

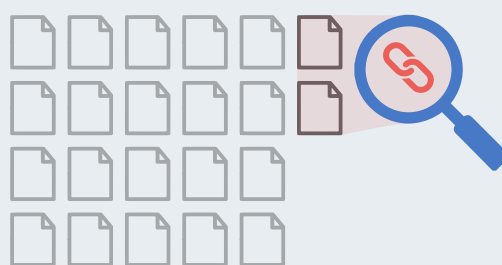
Overall, during the first reporting period companies identified supply chain categories that carry risks of modern slavery well, with around 83 per cent of statements disclosing specific categories of high-risk products and services. However, during the second reporting period, the number of companies providing such disclosures plummeted. Only 50 per cent of the statements contained specific categories of high-risk products and services. As an example of a comparatively good disclosure, Woolworths explains in its FY 2019-2020 statement that of a total of approximately 20,000 direct suppliers, it identified higher risks among suppliers of fresh produce and non-vendor branded products, including any non-trade suppliers that manufacture products exclusively for Woolworths Group.²¹ For each of these high-risk categories, Woolworths conducted a comprehensive due diligence and reported the number of suppliers identified in its next reporting period.

In general, however, companies provided stronger disclosures regarding the potential for their supply chains to cause or contribute to modern slavery practices compared to their own operations. As a justification for not providing a deeper level of analysis, many companies made broad statements to the effect of '[our] operations and each reporting entity are considered to have a low risk of modern slavery practices...[as] the vast majority of [our] employees at [our] own operations are directly employed. In this regard, the risk of modern slavery is considered low...[Our] recruitment process has strong governance... [Our] employment practices comply with all local laws in Australia'.²² Many companies mistakenly believe that modern slavery is only a problem in the supply chain rather than occurring within their own internal operations.

Across both reporting periods, only half of the companies assessed their internal operations and provided detail on products and services that were most likely to be high risk. One company which did this well was Woolworths. It also devoted significant attention to examine the potential risks to migrant workers who are especially vulnerable to exploitation such as wage theft, underpayment and forced labour (see Box 2).

Across all 22 statements analysed, only 2 companies revealed instances of modern slavery. During the second reporting period Woolworths disclosed two cases of forced labour that were detected in Malaysia.²³ One case involved the withholding of passports. This was resolved by allowing workers unrestricted access to their safety deposit boxes. The other case involved foreign migrant workers paying recruitment fees in their home countries and being required to pay a deposit to their employer before traveling outside of Malaysia.²⁴

Across all 22 statements analysed, only 2 companies revealed instances of modern slavery.



²¹ Ibid, p 14.

²² Inghams Group Limited, Modern Slavery Statement (2020-2021), p 8.

²³ Woolworths Group, Modern Slavery Statement (2020-2021), p. 12.

²⁴ Ibid, p 14.



Woolworths conducted a thorough investigation and implemented several measures to address the issue, including reimbursing fees and providing policies and information in languages that workers can understand.

Baiada is the other company that disclosed incidents of modern slavery. In its FY 21 statement, the company described an incident involving a third-party demanding money from a migrant worker, which was reported to the Fair Work Ombudsman, as well as an incident involving a worker using false identification, which was referred to the police and the Australian Border Force.²⁵ However, the company did not provide details on where or when these incidents occurred. Additionally, the company mentioned that it stopped procuring materials from Vietnam due to the risk of forced labour identified via SEDEX, but it is unclear if an actual instance of this was found in its own supply chains.²⁶

Considering the vast number of suppliers providing goods and services to these large companies, we expected more non-conformances to be found across the meat supply chains. Given the high-risk nature of the meat industry and recent news about exploitation of migrant meatworkers through visa fraud during the first and second reporting period, it was surprising that none of the companies' statements identified or addressed potential incidents related to exploitation of meat workers. Additionally, there were no disclosures about other incidents related to exploitation of meat workers in Australia, which has been an ongoing issue.²⁷ Since only two companies identified an incident, it can be assumed that the existing risk assessment processes and grievance mechanisms are not fit-for-purpose.

Given the high-risk nature of the meat industry and recent news about exploitation of migrant meatworkers through visa fraud during the reporting period, it was surprising that none of the companies' statements identified or addressed potential incidents related to exploitation of meat workers.



²⁵ Baiada Pty Ltd, Modern Slavery Statement (2020-2021), p 8.

²⁶ Ibid.

²⁷ Richard Baker and Wing Kuang, 'Lies, bribes and prostitutes: The recruitment of the Australian meat industry's foreign workforce (The Sydney Morning Herald, 2021); Richard Baker and Wing Kunag, 'These people are properties': The plight of Warrnambool's Chinese meat workers (The Sydney Morning Herald, 2021).

Box 2. Better practice example – Identifying modern slavery risks within internal operations.

In its FY 21 modern slavery statement, Woolworths has identified activities within its own operations that present potential links to modern slavery risks. According to Woolworths, '[our] operations and supply chains are complex and exposed to dynamic human rights risks',²⁸ and explains how contracted labour in the following categories have been identified as high-risk within its operations:

1. Picking and packing of pallets at distribution centres.
2. Picking and packing activities of online orders at customer fulfillment centres.
3. Provision of information technology services across the Group.
4. Trolley collection, cleaning, security, and delivery of food and everyday needs goods to customers.

Woolworths explained that these categories are inherently higher risk due to factors such as a high proportion of migrant and unskilled workers, subcontracting models, and tight industry margins. In 2021, the company conducted a Group-wide risk assessment and due diligence on its labour hire and operations services providers who provide regular workers to its operation sites. A thorough investigation into its security services, for example, resulted into one security supplier's contract not renewed, and stricter subcontracting controls were implemented. Woolworths aims to reduce levels of subcontracting across all suppliers over time and has introduced measures such as unannounced audit rights to strengthen contractual requirements.²⁹



²⁸ Woolworths Group, Modern Slavery Statement (2020-2021), p 8.

²⁹ *Ibid*, p 10-11.



Indicator	Company responses	
	Reporting period: 2019-2020	Reporting period: 2020-2021
The entity describes the potential for it to cause or contribute to modern slavery in its own operations and provides detail on products and services affected.	<p>Half of the companies (50 per cent) did not consider modern slavery risks within their own operations, and around 33 per cent considered risks in their core activities to be low and did not go any further in their descriptions.</p> <p>Only 2 companies (16 per cent) looked more closely at their internal operations and gave details of products and services that were most likely to be affected, such as goods sourced in high-risk countries and the recruitment of migrant workers.</p>	<p>6 (60 per cent) of the companies did not consider risks within their operations. Similarly, to the first reporting period, the same two companies which looked closely to high-risk products and services at their internal operations gave further detailed description in this reporting period as well.</p> <p>While 1 company recognised risks of exploitation of migrant workers such as underpayment of wages in the poultry sector, it did not link it to its internal activities nor went further in the descriptions.</p>
The entity describes the potential for it to be directly linked with modern slavery via its supply chains and provides detail on products and services affected	<p>Most companies (83 per cent) described the potential to be linked to modern slavery via their supply chains and identified specific high-risk categories of products and services. However, the root causes behind these risks, such as downward pricing pressures, low wages, lack of union coverage of workers were rarely mentioned in the statements.</p>	<p>Only half of the companies (50 per cent) identified high risk categories of products and services in their supply chains.</p> <p>The remaining half either did not describe the potential to be linked to modern slavery at all in their supply chains or claimed that their suppliers are large companies with 'robust governance systems carry low risk'.</p>
The entity describes where in its business these risks are present	<p>While most companies (66 per cent) acknowledged and identified potential risk categories in their supply chains, only a small number provided information on how far down the supply chain these risks existed.</p> <p>The statements primarily concentrated on Tier 1 suppliers, with little attention paid to risks originating from Tier 2 or lower.</p>	<p>7 companies (70 per cent) identified and described potential risk categories in their supply chains.</p> <p>However, like the previous reporting period, they did not indicate the degree to which these risks existed in the supply chain and gave scant attention to risks originating from Tier 2 or lower.</p> <p>3 companies did not provide any information concerning the presence of these risks in their business.</p>



Indicator	Company responses	
	Reporting period: 2019-2020	Reporting period: 2020-2021
The entity describes any specific allegations or actual incidents of modern slavery that it has encountered and provides detail on products and services affected	11 companies (91 per cent) did not describe any incident or allegations of modern slavery. Only 1 company refers to potential use of forced labour in its garment supply chain in Xinjiang, China.	8 companies (80 per cent) did not provide any information regarding incidents or allegations of modern slavery. 2 companies, however, did address this issue. One of these companies reported detecting cases of forced labour and debt bondage in their overseas supply chains. The other company made mention of modern slavery incidents that involved third parties requesting money from migrant workers and using false identification. However, the details provided were vague. Whilst the company also stated that it stopped procuring materials from Vietnam due to detected labour risks via SEDEX, it was unclear whether the company found any such incidents in its own supply chain.
The entity explains how it responded to these allegations or incidents when they arose	The company (above) states that it started tracing its garment supply chain in Xinjiang and does not have any direct suppliers who produce goods in that region. It further states that it is conducting due diligence on cotton sourced as a raw material. Beyond this no specific instances or allegations of modern slavery are mentioned in the statement.	Both companies (above) conducted thorough investigations and implemented various measures, including reimbursing fees, providing accessible policies and information for workers, ceasing to procure materials from high-risk regions, and referring incidents to the police



CRITERION 4: DESCRIBE ACTIONS TO ASSESS AND ADDRESS MODERN SLAVERY RISKS.

The fourth criterion of the Modern Slavery Act pertains to the measures undertaken and disclosed by reporting entities in evaluating and mitigating the risks associated with modern slavery, which includes their remediation and due diligence procedures. This section has been split into two parts, namely: a) leadership, policies, and training, and b) risk identification and remediation.

Leadership, policies and training

Based on our evaluation, it appears that most companies are not sufficiently demonstrating effective actions to identify and respond to modern slavery risks. Although companies are receiving higher scores through providing modern slavery training to staff and revising contract templates to include a modern slavery clause, these actions have a limited impact on improving conditions for workers.

There are notable gaps in more meaningful actions such as involving people in executive leadership positions in procurement purchasing, consulting with trade unions and civil society organizations in the development, implementation, and review of relevant company policies and procedures, and engaging with suppliers through training and capacity building. Root causes of modern slavery, such as low wages, multiple subcontracting layers, and lack of freedom of association, were also not adequately addressed.

Our evaluation also found that few companies are reviewing their own purchasing practices to regulate subcontracting, ensure prompt payment, and avoid sudden changes in workload. Instead, they are requiring suppliers to comply with a contract clause or supplier code of conduct without acknowledging their own responsibility and power to effect change within their supply chains. Companies that received higher scores demonstrated genuine efforts to involve top leadership and procurement in purchasing practices, adopted relevant policies in alignment with internationally recognized human rights standards, engaged with potentially impacted workers and their representatives, implemented measures to ensure responsible purchasing practices, and provided capacity building support to suppliers and staff (see Box 3).



Box 4. Better practice example – Involving top leadership and provision of training.

Over the past few years, Woolworths established a Modern Slavery Steering Committee to manage the company-wide response to modern slavery reporting obligations.

Woolworths has a Human Rights Program that includes a framework for modern slavery that is used by each of the 7 Business Units (BU) of the company. This framework encourages ongoing consultation with BUs on human rights due diligence.³⁰ There is a centralised Human Rights Steering Committee that meets monthly, and it is attended by Senior Leaders of each BU. The Committee oversees the implementation of the responsible sourcing program and embedding requirements to meet the Modern Slavery Act. The committee has three cross-sectional agile squads that meet fortnightly in the areas of responsible resourcing, procurement, and operations. The Managing Director of each BU is ultimately responsible for managing human rights risks and is directly accountable to the CEO and Board. They endorse the final Modern Slavery Statement to the Board Sustainability Committee.

Between 2019 and 2021, Woolworths collaborated with unions and civil society organizations to make its efforts to combat modern slavery more practical and relevant. During this time, Woolworths sought partnerships with the following organizations to develop strategic initiatives that were important to its Human Rights Program:

1. ACT on Living Wages – In 2021, Woolworths facilitated the RPP survey for 111 BIG W team members and suppliers to identify areas for improvement, such as planning and forecasting, product development, and sampling. The company also implemented a labour costing protocol and an exit strategy policy in F22.³¹

2. Cleaning Accountability Framework (CAF)

- In 2021, Woolworths invested \$100,000 to assist CAF in building a retail-specific framework. Although COVID-19 restrictions caused a pause in F20, a multi-retailer working group has been established to adapt the CAF model for a retail environment.³²

3. United Workers' Union – Due to COVID-19 restrictions, in-person worker education programs remained paused in 2021. Woolworths Group organized pre-harvest information sessions for growers and labor providers as an alternative. These sessions, focused on high-risk regions of Sunraysia and the Goulburn Valley, featured presentations by UWU, regulators, and retailers.³³

In 2021, Woolworths also provided in-person training to 126 senior leaders from 14 teams, led by internal subject matter experts. The training was interactive and targeted senior leaders from procurement and construction teams.³⁴ Most importantly, it launched a toolkit called 'Addressing Modern Slavery in our Supply Chains and Operations' to better equip Business Units to identify and act on modern slavery risks.³⁵ The toolkit contains templates, checklists, key dates, indicators of modern slavery, escalation procedures, and additional resources to support teams in embedding due diligence in their area.

Woolworths also introduced a Right to Work Policy in 2021, which clearly communicates its commitment to promoting a culturally diverse workplace where team members' working rights are respected.³⁶ To operationalize the policy, Woolworths provided compulsory and tailored training to its managers, team members, and culture and people partners.

³⁰ Woolworths Group, Modern Slavery Statement (2020-2021), p 6.

³¹ Ibid, p 26.

³² Ibid.

³³ Ibid.

³⁴ Ibid, p 20.

³⁵ Ibid.

³⁶ Ibid, p 9.



Indicator	Company responses	
The entity discloses the leadership responsible for human rights strategy, including modern slavery, including any board committees, departments or officers responsible for policy development, implementation and enforcement related to human rights and/or modern slavery.	LEADERSHIP	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
	<p>7 companies (58 per cent) have some form of modern slavery specific working group within their organisations.</p> <p>However, only 3 working groups could demonstrate cross-departmental collaboration on modern slavery issues, reporting to the Executive Level.</p> <p>Although all modern slavery statements have been approved by the Board of Directors without more meaningful involvement of high-level leadership in the development of strategy and oversight of implementation, the influence of modern slavery working groups is likely to be limited.</p>	<p>Only 4 companies (40 percent), established a dedicated modern slavery working group within their organisations.</p>



Indicator	Company responses	
	POLICIES	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity discloses its relevant internal policies and how they relate to modern slavery.	<p>Only 2 companies (17 per cent) had revised their procurement policies and procedures to embed anti-slavery principles, and just 7 companies (58 per cent) had developed or 1 company was in the process of developing a modern slavery specific policy.</p> <p>The remaining 2 companies either did not reference policies at all or briefly mentioned other vague irrelevant policies, such as ‘compliance policies’, ‘performance and behaviour standards’ but did not give any explanation as to how such policies related to modern slavery.</p> <p>Very few companies disclosed internal procurement policies and procedures to ensure responsible purchasing practices (e.g., adequate procurement pricing, prompt payment and good planning, avoiding short-term contracts, excessive downward pressure on pricing, and sudden changes of workload).</p> <p>Only 1 company placed any sort of limit on subcontracting, and it is the only company which committed to paying workers in their supply chain a living wage.</p> <p>Only 2 companies disclosed evidence of consultation with trade unions or civil society organisations in developing or reviewing their policies. They also made an explicit commitment to freedom of association for workers within their supply chains and were able to provide evidence of trade union presence.</p>	<p>The same 2 companies that did give a detailed description of their procurement policies provided further details in the second reporting period.</p> <p>7 companies listed general policies but did not describe how these policies relate to modern slavery.</p> <p>1 company did not list any policies at all.</p>
The entity has policies that set out its expectations of suppliers and business partners in addressing modern slavery and provides details	<p>Only 2 companies (17 per cent) stated a commitment to prioritising suppliers in their selection process that demonstrate respect for human rights and compliance with relevant legislative requirements.</p> <p>Most companies have inserted modern slavery clauses into their standard supplier contracts, and 9 companies (75 per cent) have either a Supplier Code of Conduct or modern slavery policy, or an ethical/responsible sourcing policy applicable to suppliers.</p> <p>1 company plans to develop a similar policy that lay out their expectations of suppliers and business partners with respect to modern slavery. These top-down approaches lack meaningful collaboration and capacity building. Rather than working with suppliers to address the root causes of modern slavery, these approaches shift the responsibility of modern slavery onto suppliers deeper in the supply chain, while failing to provide them with appropriate support.</p>	<p>Only 3 companies (30 per cent) state a clear commitment to selecting suppliers that demonstrate awareness with labour laws and the Modern Slavery Act.</p> <p>7 companies (70 per cent) have either a Supplier Code of Conduct or a similar policy that is applicable to their suppliers.</p> <p>Although 1 company expressed plans to develop a Supplier Code of Conduct in FY20, no information was provided in its FY21 statement regarding whether the plan had been implemented.</p> <p>However, 1 company has added a modern slavery policy to its Business Partner Code in comparison to the previous year, FY20, which did not have such a policy.</p>

Indicator	Company responses	
	POLICIES	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity expects/ requires its direct suppliers to cascade the entity's modern slavery standard down their own supply chain	<p>Only 1 company explicitly stated that it expected or required their direct suppliers to cascade modern slavery standards further down their supply chains.</p> <p>None of the companies were proactively working with suppliers to help ensure these policy requirements were implemented.</p> <p>To effectively combat modern slavery, reporting entities can take genuine steps by collaborating proactively with their immediate suppliers to ensure that modern slavery standards are met throughout the supply chain. They can provide tangible evidence of their efforts, such as imparting training, improving wages by altering the pricing index, and so on.</p>	<p>The results were poorly comparable to those of the previous reporting period.</p> <p>The 1 company that had pledged its commitment in FY20 remained faithful to its promise in FY21.</p> <p>In contrast, other statements contained vague statements like 'all suppliers are expected to comply with the Modern Slavery Act.'</p>
The entity discloses how its relevant policies are communicated to suppliers and business partners	<p>Most companies (75 per cent) did not explain how their policies were communicated to suppliers or business partners.</p> <p>Only 1 company engaged suppliers through education or training sessions.</p> <p>Another company had its ethical sourcing policy embedded into its terms and conditions in the contracts- so it had was left to interpretation that this was communicated to suppliers through contracts.</p> <p>1 company did not provide any information on this matter.</p>	<p>4 companies (40 percent) made a general reference to their policy regarding communication with suppliers but did not disclose the specific methods employed for such communication. The information provided in this regard remained unclear and vague.</p> <p>The 1 company that engaged its suppliers through education or training sessions in FY20 continued to do so in FY21.</p> <p>On the other hand, 3 companies did not furnish any information at all. whilst 1 company stated that it had implemented its supplier code for just 20% of its suppliers.</p>
The entity references international human rights standards, core ILO standards, the OECD Guidelines on Multinational Enterprises and/ or the UN Guiding Principles on Business and Human Rights in its relevant policies and aligns policies with such standards.	<p>There are several internationally recognised standards for preventing and addressing the risk of adverse impacts on human rights linked to business activity.</p> <p>Half of the companies referenced international human rights standards in their modern slavery statements, and only 3 (35 per cent) explained how human rights frameworks have been incorporated into companies' policies.</p>	<p>Only 1 company referenced international human rights standards in its modern slavery statement, and elaborated on how these frameworks have been integrated into its policies.</p>



Indicator	Company responses	
	POLICIES	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
<p>The entity prohibits the imposition of any financial penalties on workers in its own operations, suppliers, and recruitment agencies</p>	<p>An indicator of modern slavery like practices encompasses the imposition of financial penalties on workers creating a situation where the person cannot refuse or leave work. These may include the unlawful withholding of wages, the imposition of recruitment fees or other expenses, which may contribute to a situation where a person cannot refuse or leave work.</p> <p>Only 2 companies (16 per cent) explicitly prohibit financial penalties on workers in its supply chains and imposed on direct employees.</p>	<p>Only 1 company explicitly prohibited the imposition of financial penalties on workers.</p>
<p>The entity describes its process to ensure compliance with the above prohibition</p>	<p>This indicator seeks to determine to what extent, beyond making general prohibitory statements, a reporting entity adopts measures to ensure that workers are not subject to financial penalties.</p> <p>Only 1 company disclosed a process for ensuring compliance with financial prohibition, which included the possibility of suspending supplies. However, the language ('may have supply suspended') used was imprecise and somewhat lenient, and the exact process was not clearly articulated.</p>	<p>Similar findings as FY2019-2020.</p>



Indicator	Company responses	
	TRAINING	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity provides training to its staff and management on modern slavery risks, policies, standards and processes	<p>8 companies (67 per cent) provided some form of training to staff or management on modern slavery risks, although the details surrounding the training modules were often hazy and it was not clear who had received the training, what the content of the training was, nor how regularly training would be made available.</p> <p>The remaining 4 companies (33 per cent) either did not mention training at all or indicated that training was a planned action for future years.</p>	<p>6 companies (60 per cent) imparted training to their staff and/or management concerning the risks associated with modern slavery. However, the specifics of these training programs were frequently unclear, including details such as who received the training, the content covered, and the frequency of availability.</p> <p>The remaining 4 companies (40 per cent) made no mention of providing any training on modern slavery.</p> <p>One of these companies, Bindaree, stated in its FY20 report that training was a planned action for the future, while in its FY21 statement, it referenced whistleblowing training. However, it was unclear whether this training included modern slavery awareness for procurement and other staff.</p>
The entity discloses how it engages with suppliers on modern slavery risks including prioritising higher risk suppliers	<p>Given that higher risks of modern slavery are often located in supply chains, it is important that reporting entities seek to address such risks by facilitating training and education about modern slavery with suppliers that they sourced from.</p> <p>Only 4 companies (33 per cent) reported conducting any form of training and education sessions with suppliers. The compliance was monitored via questionnaires, statements or through yearly audits.</p>	<p>Only 3 companies (30 per cent) conducted online webinars, training, or educational forums to engage with their suppliers, while also monitoring compliance through questionnaires, statements, or annual audits.</p>



Risk identification and remediation

Our research found that companies tend to focus on sector-wide modern slavery risks, rather than risks specific to their own operations identified through their own assessments. This trend can be attributed to the overreliance of these companies on SEDEX, a platform that enables responsible sourcing data sharing among its members. We observed that these companies often used identical phrasing when describing the SEDEX risk assessment process, which suggests that they had adapted or copied and pasted from the same source. While SEDEX is an important tool for gathering information on industry-wide trends and engaging with shared suppliers, relying solely on collaborative responses can be detrimental to companies. It can disincentivize them from developing tailored responses that address their unique operational and supply chain issues. It is important to note that companies cannot assume that the risks are the same unless they source from precisely the same suppliers. Hence, they should report on the performance indicators used and the data behind those metrics. Such information should also include how the indicators inform business decisions and how metrics are translated into conclusions about modern slavery risks specific to the company's supply chain.

Beyond the initial risk assessment stage, companies demonstrate a significant lack of ongoing monitoring activities. Shockingly, only two companies (17% in FY 2020 and 20% in FY 2021) provided information about their monitoring frameworks. Most companies relied on supplier self-assessment questionnaires or desk-based audits, which are now widely acknowledged to be highly insufficient in identifying exploitative practices and poor working conditions.

Only a few companies reported having formal remedial processes, procedures, or corrective action plans, and even fewer described how they had responded to risks or incidents raised through grievance mechanisms.

It is worth noting that, apart from these two companies, there was an almost complete absence of on-site auditing and engagement with supply chain workers who possess critical knowledge of local workplace issues and have the ability to notify regulators of incidents and potential modern slavery risks.

It is important that workers are able and feel empowered to raise complaints and concerns safely through an entity's grievance mechanisms (refer to Box 4 for an example of best practice). However, in general, companies' responses regarding remediation were lacking. Despite it being a mandatory requirement under the Modern Slavery Act, over 80% of companies only nominally addressed remediation. Companies often made ambiguous responses such as stating that they would explore suitable remedial actions in consultation with their high-risk suppliers, without revealing any proactive action to address the issue of modern slavery in their operations or supply chains if it were discovered. Only a few companies reported having formal remedial processes, procedures, or corrective action plans, and even fewer described how they had responded to risks or incidents raised through grievance mechanisms. Based on our findings, it is clear that, overall, large companies do not perceive themselves as responsible for the harm to workers that they cause or contribute to.



Box 4. Better practice example – working together with trade unions to remedy harms to workers

In 2021, Coles worked collaboratively with trade unions to identify and address risks in horticultural supply chains. As described by the company, ‘Coles received an allegation via a local trade union that workers at a farm supplying product to Coles had been underpaid. Coles’ investigation confirmed that the supplier’s labour hire provider had underpaid workers, and that there were insufficient processes in place to ensure workers had the legal right to work in Australia.

Coles worked with the supplier, the labour hire provider and the union to address the underpayment, resulting in a \$40,000 back-payment to seven workers. Coles also worked with the supplier to ensure improved practices were implemented to monitor compliance of their labour hire providers and to ensure adequate record-keeping of workers on their sites.³⁷

Indicator	Company responses	
	RISK IDENTIFICATION AND ASSESSMENT	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity describes how risk assessments of its supply chain and prospective suppliers are carried out and includes information on what indicators, resources, tools were used in carrying out its risk assessment	<p>Around half of companies (50 per cent) failed to disclose information about risk assessments of their supply chain were carried out.</p> <p>2 companies (17 per cent) described the SEDEX sector-wide risk assessment approach and process but did not describe to what extent potential risks have been assessed within the company’s own individual supply chains using disaggregated data.</p> <p>None other companies, except the same 2 companies (above) disclosed how they carried out risk assessments in their own supply chains and provided information on what resources and tools were used in carrying out their risk assessment activities, although information on indicators used was noticeably absent.</p>	<p>Whilst 2 companies (20 per cent) did not disclose any information regarding the implementation of risk assessments in their supply chain, only 2 companies (20 per cent) provided a description of the sector-wide risk assessment approach and process used by SEDEX, but failed to clarify the extent to which potential risks were evaluated in their own individual supply chains using disaggregated data.</p> <p>Only 2 companies (20 per cent) revealed the methodology they employed to carry out risk assessments in their supply chains and furnished details about the resources and tools employed in the process, albeit without indicating the specific indicators used.</p> <p>Finally, 1 company attempted to describe SEDEX and the questionnaires sent to suppliers, but all the results from the Self-Assessment Questionnaires (SAQs) mentioned in the report pertained to a previous reporting period.</p>

³⁷ Coles Group, Modern Slavery Statement (2020-2021), p 15.

Indicator	Company responses	
	RISK IDENTIFICATION AND ASSESSMENT	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity monitors suppliers on modern slavery	<p>7 companies (58 percent) did not have any existing monitoring mechanism in place. Only 2 companies demonstrated evidence of on-site auditing while 4 companies (33 companies) made a brief mention of monitoring but failed to provide any specific details about how these processes inform the company's actions to assess and address modern slavery in their supply chains.</p>	<p>Like the findings from FY20, where 7 companies (70 percent) did not have any monitoring system currently in place to identify and address modern slavery in their supply chains whilst only two companies demonstrated evidence of on-site auditing. 3 companies briefly mentioned monitoring, but failed to provide any specific details about how these processes inform their actions to assess and address modern slavery. Out of the 3 companies, 2 companies, namely Thomas Food and Nando's, announced the implementation of monitoring in the future. Only the statement of Nando's could be verified during the analysis conducted in February 2022 as Thomas Food did not submit any FY21 report. Although Nando's did not provide any details about the promised monitoring, it mentioned that it plans to audit different groups of suppliers.</p>
The entity discloses results of those monitoring processes	<p>Only 2 companies (17 per cent) disclosed the details of their monitoring activities.</p>	<p>The only 2 companies that provided a description of their monitoring activities in FY20 were also the same ones that described their results for FY21.</p>



Indicator	Company responses	
	RISK IDENTIFICATION AND ASSESSMENT	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity discloses it has undertaken a risk assessment process, which includes modern slavery risks, in its own business and describes how the risk assessment process of its operations was carried out, including what indicators, resources, tools were used.	<p>9 companies (75 per cent) did not carry out a risk assessment of their own operations. Common justifications given were that the company instead focused its energy on carrying out risk assessment of its suppliers, that it had an enterprise bargaining agreement or staff policies or 'risk management framework' in place that negated the need for an internal assessment.</p> <p>2 companies acknowledged conducting an internal assessment but did not reveal any details about the process or the specific indicators employed.</p> <p>On the other hand, 1 company described the risk assessment process, including the resources and tools utilized, but did not mention any indicators.</p>	Alarming, only 1 company disclosed its risk assessment process with the relevant tools and indicators.
The entity discloses priority areas for action in its operations and supply chains based on risks identified in assessments.	<p>7 companies (58 per cent) did not identify any priority areas for action in their operations or supply chains.</p> <p>Only 2 companies (17 per cent) identified priority areas for action in both their operations and supply chains and explained how the identification was informed by the due diligence processes.</p> <p>Among the remaining companies, 3 (25 per cent) identified risks only in their supply chains and not in their operations.</p> <p>Meanwhile, 5 companies (42 per cent) highlighted priority areas for action but failed to provide any details about how the risk assessments carried out by the company informed such identification.</p>	<p>Only half made any disclosures regarding the identification of priority areas for action in their operations or supply chains.</p> <p>Among them, 2 companies (20 per cent) provided a description of how the identification was informed by due diligence processes, while 3 companies (30 per cent) did not provide any indication on the matter.</p>



Indicator	Company responses	
	REMEDIATION	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity demonstrates how it is prepared to respond if it finds modern slavery occurring in its operations or supply chains, including by developing an agreed procedure or corrective action plan to responding to modern slavery cases.	<p>None of the companies provided a detailed explanation of how they were prepared to respond in case of incidents of modern slavery in their operations or supply chains, which is quite concerning.</p> <p>5 companies (41 per cent) did not provide any explanation about what action they will take whilst 4 companies (33 per cent) only mentioned remediation briefly in their statements, and very few provided any information about having formal remedial processes, procedures, or corrective action plans in place.</p>	<p>Only 2 companies (20 per cent) provided a detailed explanation of how they were prepared to respond if they found incidents of modern slavery in their operations or supply chains.</p>
The entity makes available a grievance mechanism(s), hotline, online complaints form, complaints app or whistleblower process to all workers (its own, third party or shared) to raise human rights related complaints/concerns.	<p>Grievance mechanisms are the predominant form through which people can safely raise concerns about an entity's human rights impact for the purpose of remediation. The Government's Guidance for Reporting Entities emphasises the importance of grievance mechanisms being confidential to protect workers' privacy. It is also important they are accessible in workers' languages and available to workers outside their working hours.</p> <p>10 companies (83 per cent) have a grievance mechanism available to all workers in their supply chains.</p> <p>2 companies (17 per cent) referenced the mechanisms but did not provide sufficient details or clarity regarding their availability and effectiveness.</p>	<p>The results for this round were similar to those of FY20. 9 companies (90 per cent) have a grievance mechanism available to all workers, including those in their supply chains. However, limited details about its efficacy were provided.</p>
The entity expects its suppliers to make available a mechanism for workers to raise grievances/concerns, including about human rights issues, and communicates this expectation to its suppliers.	<p>Only 2 companies (17 per cent) stated that they held an expectation that their suppliers make available a mechanism for workers to raise grievances and complaints.</p>	<p>In their statements, none of the companies have stated an expectation that their suppliers will make available a mechanism through which workers can raise grievances.</p>
The entity discloses information on the use of its grievance mechanism(s), or reports that these are disclosed publicly, and describes how and to what extent it has responded to modern slavery risks raised via its own grievance mechanism or raised by external stakeholders.	<p>Only 1 company has made public disclosures about the use of its grievance mechanisms and described an incident where workers raised a concern about underpayment (see Box 4).</p>	<p>A slight improvement, with 4 companies (40 per cent) providing information on the use of their grievance mechanisms. However, no incidents of modern slavery were described.</p>

CRITERION 5: ASSESS THE EFFECTIVENESS OF THE ENTITY'S ACTIONS

The fifth mandatory requirement under the Modern Slavery Act requires reporting entities to elucidate their methodology for evaluating the efficacy of their actions taken towards addressing modern slavery. The Guidance for Reporting Entities,³⁸ as prescribed by the Australian Government under the ambit of the Act, underscores the fact that entities cannot make any substantial progress in mitigating modern slavery if they lack a means to ascertain the impact of their interventions. The Guidance emphasises the importance of developing key performance indicators (KPIs) that, through qualitative and quantitative measurements, are capable of gauging the success of their efforts.

The reporting area on tracking the effectiveness of modern slavery actions was poor during both reporting periods. A significant portion of companies did not disclose any KPIs or metrics to monitor their actions. Among the companies that did disclose KPIs, it was unclear if those indicators were specifically used to measure the effectiveness of efforts to assess modern slavery risks. For example, Bindaree Group disclosed vague KPIs in its FY20 modern slavery statement, such as response rate of

suppliers to questionnaires and percentage of team who completed training, but did not provide any explanation or figures on the proportion of suppliers who submitted the questionnaires or completed training.³⁹ In its FY21 statement, whilst Bindaree expanded its supplier questionnaire to include questions on COVID-19 impact, and reported a 24% response rate from Tier 1 suppliers and 80% non-response rate from key livestock suppliers,⁴⁰ the statement did not clarify the proportion of total suppliers or the number of benchmark suppliers used to evaluate performance. Without this information, it is difficult to assess the company's performance in this area.

Upon closer examination, it was discovered that only two companies had provided numerical data on the number of modern slavery incident reports they had received or investigated, as well as examples of remedial action taken, in both their FY 20 and FY 21 statements. It is worth noting that these two companies are the same ones that had done so in both periods. Though it might be expected that entities would perform poorly in the initial reporting period, given that combating modern slavery was new to them. However, it was disappointing to find that the score in this area remained the same (very low) in the subsequent reporting period, and implementation efforts did not seem to have matured.

Box 5. Better practice example – Measuring effectiveness

Woolworths has incorporated several performance indicators into its modern slavery strategy across both reporting periods. In the FY19-20 reporting period, the company explained how its responsible sourcing standards address the ILO Forced Labour indicators, which includes percentages of workers who were forced to pay recruitment fees, provide document deposits (such as passports) to their employers, and perform forced overtime.⁴¹ Woolworths' Responsible Sourcing team examines each audit report and identifies non-compliances

with their standards, including indications of forced labour. These indicators are classified as either critical or zero tolerance (ZT) findings and are promptly escalated for additional supplier engagement and investigation. To enhance its monitoring of risks, Woolworths introduced two new timely indicators to its risk assessment process during the subsequent FY10-21 reporting period, such as data on domestic migrant worker labour and hygiene and sanitation (including COVID-19 risks).⁴² Additionally, Woolworths disclosed the number and details of actual instances reported through its grievance mechanisms across both reporting periods.

³⁸ Australian Government Department of Home Affairs, 'Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities' (2019).

³⁹ Bindaree Group, Modern Slavery Statement (2019-2020), p 12.

⁴⁰ Bindaree Group, Modern Slavery Statement (2020-2021), p 9.

⁴¹ Woolworths Group, Modern Slavery Statement (2019-2020), p 19.

⁴² Woolworths Group, Modern Slavery Statement (2020-2021), p 8.



Indicator	Company responses	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity discloses key performance indicators, or other metrics, used to measure the effectiveness of efforts to assess modern slavery risks in operations and supply chains	<p>3 companies (25 per cent) failed to furnish any key performance indicators (KPIs), while one company acknowledged that the formulation of such metrics is an anticipated course of action.</p> <p>The majority of the companies surveyed (75 per cent) did disclose their KPIs. Yet amongst them, 3 companies (equivalent to 25 percent) failed to provide distinct benchmarks.</p>	<p>Half of the companies provided their KPIs, while the other half did not disclose any.</p>
The entity discloses the results of actions implemented to address actual or potential risks of modern slavery, and explains how it checks that actions have been implemented and/or remedy has been provided	<p>Out of all the companies, only 2 companies (17 per cent) described the actions they took in response to identified modern slavery cases and provided numerical data on the number of cases they received or investigated.</p> <p>The other companies simply referred to the actions they implemented, without explaining how they measured the effectiveness of those actions.</p>	<p>The results are similar to FY20: The same 2 companies were the only ones which described actions and provided data on modern slavery cases, others referred to implemented actions without explaining effectiveness measurement.</p>



CRITERION 6: DESCRIBE THE CONSULTATION PROCESS WITH CONTROLLED OR OWNED ENTITIES

The sixth mandatory reporting criterion mandates companies to provide a detailed account of their internal consultation process when producing their modern slavery statements. This process is critical in demonstrating that the company is engaged in meaningful and ongoing dialogue with each of its controlled entities. However, during both reporting periods, 58 percent of companies with controlled entities failed to provide any level of detail regarding their internal consultation process. Companies often stated that they consulted with representatives from controlled entities without specifying any further information about the process.

It is crucial to note that a few companies explicitly excluded a portion of their controlled entities from the reporting process under Criterion 1, stating that those entities had revenue of less than \$100 million per year. This misinterpretation of the Modern Slavery Act means that some companies are not complying with their legal obligations to consult and report across their entire operations and supply chains.

It is unclear to what extent this practice is prevalent across the industry, and it may be more widespread than what our review is capable of detecting.

Whilst the internal consultation process plays a vital role in producing meaningful modern slavery statements, the majority of companies with controlled entities did not provide a detailed account of their consultation process, and some companies misinterpreted the reporting criterion and excluded certain controlled entities from the reporting process. This raises concerns about the extent to which companies are complying with their legal obligations and highlights the need for greater transparency and accountability in the reporting process.

It is crucial to note that a few companies explicitly excluded a portion of their controlled entities... This misinterpretation of the Modern Slavery Act means that some companies are not complying with their legal obligations.



Box 6. Better practice example – Consultation process with controlled entities

Woolworths endeavoured to explain the internal consultation process with its controlled entities to produce the company's modern slavery statement: 'Where Woolworths Group held a "controlling interest" in an entity during F20 we met with the appropriate organisational representative to frame our expectations, raise awareness and understand their approach in mitigating modern slavery risks. Where Woolworths Group did not hold a "controlling interest" in an entity for F20, but they were nonetheless an entity in which we held a minority equitable interest, we communicated our expectations and offered our assistance where they required further guidance. We provided all entities with documentation outlining our expectations, directed towards the appropriate governmental resources and offered all partners the opportunity to contact our human rights team.'

An example of this is Woolworths Meatco., a joint venture (JV) partnership with Hilton Foods Asia Pacific Limited, a UK incorporated company. During the reporting period, Hilton Foods held all responsibility for the operations of the two Hilton Foods manufacturing sites covered by the JV. As part of the process in preparing this Statement, we conducted a desktop review of labour management systems at their manufacturing sites and reviewed Hilton's statement for the purposes of Modern Slavery Act 2015 (UK).⁴³

Most importantly, Woolworths has a Human Rights Program that includes a modern slavery framework implemented by each controlled entity. Its governance approach involves ongoing consultation with business units on human rights due diligence, which is reported annually. This includes a monthly meeting of a central Human Rights Steering Committee attended by senior leaders of each business unit, as well as three cross-functional Agile 'Squads' that meet fortnightly to focus on responsible sourcing, procurement, and operations.⁴⁴

Indicator	Company responses	
	Reporting Period: 2019-2020	Reporting Period: 2020-2021
The entity describes its process of consultation with entities it owns or controls	<p>4 companies (33 per cent) did not report having controlled entities. 7 (out of 12) that had controlled entities did not provide a description of their consultation process. Out of these 7 companies, 6 companies only mentioned that they 'engaged/consulted with' their entities without providing any further detail.</p> <p>Only 1 company offered some explanation of their consultation process, typically involving representation on modern slavery working groups and/or providing supplier information to feed into risk assessments.</p>	Similar findings as FY19-20.

⁴³ Woolworths Group, Modern Slavery Statement (2019-2020), p 7.

⁴⁴ Woolworths Group, Modern Slavery Statement (2020-2021), p 6.



CRITERION 7: ANY OTHER INFORMATION (IMPACTS OF COVID-19)

The seventh mandatory reporting criterion affords companies the flexibility to report additional information deemed pertinent but not covered by the first six mandatory criteria. As a result of the discretionary nature of this seventh criterion, the evaluation refrained from assessing disclosures of companies in this area, except for those related to Covid-19. The evaluation was focused on reviewing Covid-19 related disclosures to understand how companies responded to the pandemic in the first phase and what adjustments they made in the subsequent reporting period. This evaluation was conducted due to the significant impact of the pandemic on both global and domestic supply chains, and the increased vulnerability of workers in high-risk industries. The goal was to gain insights into companies' emergency response preparedness and what changes they made in the second reporting period based on the lessons learnt.

The initial reporting period highlighted a concerning trend, with a sizeable proportion of companies (75 per cent) omitting any mention of Covid-19 in their statements. It is noteworthy that these statements were submitted in December 2021, almost a full year after the pandemic had wreaked havoc. Furthermore, while one company referred to Covid-19, it did not explicitly link the pandemic with modern slavery risks in its supply chains. During the second reporting period, a marginal improvement was noted, with only three companies failing to mention Covid-19. However, despite most companies making a general reference, only two companies identified the heightened risk of modern slavery due to the pandemic. This is concerning as most companies failed to identify the pandemic's impact on workers and provide evidence of necessary mitigation measures.

Two companies, Woolworths and Coles, bucked the trend and performed better than their peers. These companies provided adequate explanations on how Covid-19 had affected modern slavery risks, and outlined the challenges faced while assessing these risks due to the pandemic. Moreover, they demonstrated agility in adapting their plans to the changing risk landscape and provided evidence of actions taken to ensure progress. The approaches taken by these companies offer valuable lessons to them on how to effectively address modern slavery risks during crises.

2 companies, Woolworths and Coles, bucked the trend and performed better than their peers.



Box 7. Better practice example – responding to the impacts of Covid-19

Throughout the FY 21 reporting period, Nando's experienced first-hand the far-reaching impacts of the COVID-19 pandemic. The company recognised early on that the pandemic could exacerbate the already poor labour conditions of workers in its global operations and supply chains, particularly in Australia. The challenges Nandos' faced included factory shutdowns of some of its suppliers, order cancellations, workforce reductions and significant alterations in its supply chain structures.

In its second modern slavery statement, Nandos described in detail how it responded to COVID-19 in its operations and supply chains. The company implemented several measures to continue addressing its modern slavery risks, including:⁴⁵

- Implementation of proactive measures to maintain supplier relationships, such as increasing the frequency and diversity of communication such as e-mail bulletins, updates and key contacts as well as conducting weekly check-ins with suppliers to manage risks;- Honouring existing supplier contracts, and negotiating payment term extensions collectively to handle ongoing cash-flow for all involved parties;
- Conducting audits and reviews (including 'self-audits') of its suppliers to ensure compliance with various government restrictions and to ensure their workers were provided with protective equipment and had the necessary COVID-19 safety plans in place;
- Liaising closely with suppliers heavily impacted by the government restrictions or high risk infections, particularly those in factory settings, Where feasible and mutually agreed upon, Nando's temporarily engaged alternative suppliers to maintain the supply of products and services thereby allowing affected suppliers to manage restrictions, demand and workforce;
- Continuing to educate its own employees about modern slavery risks to put them in the best position to identify such risks if they arise;
- Ensuring its own employees were protected from illness by providing protective equipment (like face masks), access to leave and pay arrangements in addition to the Government grants offered directly to its employees;
- Rolling out e-learning training on COVID-19 impacts and restrictions to ensure employees were well-informed.



⁴⁵ Nandos Australia, Modern Slavery Statement (2020-2021), p 8-9.



Indicator	Company responses	
	Reporting period: 2019-2020	Reporting period: 2020-2021
The entity describes how COVID-19 has affected its modern slavery risks, including by creating new risks	<p>Despite the guidance from the Australian Border Force that urges reporting entities to evaluate how the Covid-19 pandemic may exacerbate the susceptibility of workers in their operations and supply chains, 75 per cent of the assessed companies failed to acknowledge the pandemic in their statements.</p> <p>1 company made a general reference to Covid-19, but did not explicitly discuss the potential increase in modern slavery risks related to the pandemic. Only 2 companies provided comprehensive descriptions of the amplified risks of modern slavery associated with the pandemic.</p>	<p>There has been a marginal enhancement observed in the level of acknowledgement of the Covid-19 pandemic in the statements. Only 3 companies (30 per cent) did not mention the pandemic anywhere in their statements. 1 company made a brief mention of Covid-19 in general terms but did not elaborate on the possible increase in modern slavery risks associated with the pandemic. Only the same 2 companies that provided a detailed description of the heightened risks of modern slavery linked to the pandemic during the FY19 period made further disclosures in this reporting period.</p>
The entity explains how COVID-19 has affected its ability to assess and/or respond to modern slavery risks and explains any new, suspended or delayed actions, or states that it is unaffected	<p>5 companies (42 per cent) indicated in their statements that the Covid-19 pandemic had affected their capacity to evaluate or manage modern slavery risks, particularly in terms of conducting onsite audits or in-person monitoring. However, among these companies, only 1 company provided a detailed account of the measures they had implemented to address these challenges.</p>	<p>The findings were quite similar to FY19-20.</p> <p>5 companies (50 per cent) reported that the Covid-19 pandemic had hindered their capability to evaluate or address modern slavery risks, primarily concerning onsite auditing or in-person monitoring.</p> <p>However, only 3 companies provided an account of the strategies they had implemented to overcome the obstacles posed by the pandemic.</p>



CASE STUDY ON THE MEAT PROCESSING SECTOR

Meat processing is often perceived and represented as ‘stigmatised’ and ‘dirty work’. In order to make a living, meat workers have to come into close contact with a variety of ‘dirty’ materials, blood, gore, urine etc.⁴⁶ However, the challenge for these workers goes far beyond the stigma of doing a ‘physically, morally or emotionally’ degrading work as they are often subject to working conditions that constitute to ‘labour analogous to slavery’ as their lives are marked by numerous intersecting sources of stigmas like their race, gender or migrant status.⁴⁷

We provide this case study as an example of how companies are reporting on the meat processing sector.

These investigations reveal widespread and recurring concerns about unpaid wages, long work hours, poor occupational health and safety conditions.

Meat processing as a high-risk sector

The meat industry has been identified as a high-risk sector for modern slavery in Australia. With a heavy reliance on the use of temporary migrant and unskilled labour, there is evidence of routine immigration-related coercion and threats to workers in meat supply chains. The egregious exploitation of meat workers in Australia has been highlighted in various investigations and reports by the Fair Work Ombudsman (FWO), the AMIEU, academic researchers, and media for well over a decade. FWO investigations have revealed wage theft and workplace intimidation across the poultry sector, as well as the systemic exploitation occurring in contexts where migrant workers on short-term visas are supplied to meat companies via labour hire agencies.⁴⁸ These investigations reveal widespread and recurring concerns about unpaid wages, long work hours, poor occupational health and safety conditions.

Other instances of egregious exploitation includes cases where workers were forced to rent “slum-like” accommodation from their employers for which they were charged exorbitant levels of rent.⁴⁹

The way daily hire employment has been used in recent years has added to the industry’s rising level of insecurity. Workers claimed to have participated in dummy “training” courses where they were required to work in meat processing plants for about 60 hours per week for four to six weeks while receiving either very little or no compensation.⁵⁰ Additionally, workers frequently complained about being paid at incorrect rates, doing a lot of work “off the books”, and having their already meagre wages reduced to cover the cost of flights, ground transportation, and visa processing.⁵¹

⁴⁶ J Pointer, ‘Is Industrial Meat Processing “Dirty Work” (2022) *Academia Letters* 2.

⁴⁷ Geraldine Lee-Treweek, ‘Managing “dirty” migrant identities: Migrant labour and the neutralisation of dirty work through “moral” group identity’, *Dirty Work* (Springer, 2012) 203-222.

⁴⁸ Fair Work Ombudsman (n 2), ‘A report on the Fair Work Ombudsman’s Inquiry into the labour procurement arrangements of the Baiada Group in New South Wales’ Commonwealth of Australia (2015); Productivity Commission (n3), ‘Work Arrangements in the Australian Meat Processing Industry: Labour Market Research Report. A. G. P. Commission’, Commonwealth of Australia (1998); Senate Standing Committee on Education and Employment (n 3), ‘A national disgrace: The exploitation of temporary work visa holders’ Commonwealth of Australia (2016).

⁴⁹ *Ibid.*

⁵⁰ Bell Chambers Barrett, ‘Pacific Labour Mobility Accommodation Review’ (2020).

⁵¹ *Ibid.*

When it comes to poor living conditions or workplace abuse or harassment, many migrant workers are afraid of losing their jobs and the chance to work in Australia if they speak out. Three-quarters of Working Holiday Visa holders who report being exploited are fully aware that they are being underpaid, according to data from the largest survey of temporary migrant workers in Australia to date, but may choose to accept such conditions out of concern for their visa status.⁵² The AMIEU has also documented numerous instances where labour hire companies have threatened visa workers with losing their jobs if they approach the union for support, which is consistent with these findings.⁵³

During COVID-19, Australia's largest meat and poultry manufacturers faced a number of challenges including increased infection rates, staff shortages, and disrupted supply chains. Given the crowded working conditions in abattoirs and a lack of personal protective equipment, many meat workers became infected due to crowded working conditions in abattoirs.⁵⁴ Some meat manufacturing companies like Teys even told COVID-19 positive staff they were required to work as 'normal unless they were feeling unwell'.⁵⁵ In 2020, abattoirs were the major initial source of infections for the June infection wave in Melbourne that led to Victoria's 112-day lockdown.

How companies are responding

Disappointedly, we observed that during the first reporting period, 9 companies (75 per cent) did not explicitly recognise meat processing as a high-risk sector for modern slavery. In the second period, 5 companies (50 per cent) still failed to clearly identify it as such. These companies were more likely to categorise specific factors as high risk, such as contracted labour and exploitation of migrant labour, but

it was unclear whether those related to meat workers specifically. They displayed a pattern of indirectly acknowledging the high-risk nature of meat processing by attributing it to overseas sourcing, particularly from countries with high modern slavery risks.

A vast majority of the companies failed to provide adequate information about the local conditions of the sector, which would have offered a more comprehensive understanding of the modern slavery risks in the local context. For example, KFC, identified meat processing in China and Southeast Asia as 'at risk of being directly linked to or indirectly contributing to the risk of modern slavery', noting that SEDEX identified meat processing sites as medium risk.⁵⁶ No further details were given to indicate whether the company recognised that meat processing carries a high risk of modern slavery in Australia.



⁵² Ibid.

⁵³ Above (n 6).

⁵⁴ Ema Moolchand and Shelley Marshall (n 1), 'Where's the meat? Employers and governments should have seen this supply crisis coming, and done something', The Conversation (2022) <<https://theconversation.com/wheres-the-meatemployers-and-governments-should-have-seen-this-supply-crisis-coming-and-done-something-175144>>.

⁵⁵ Ibid.

⁵⁶ KFC Australia, Modern Slavery Statement (2019-2020), p 14.



Similarly, one of Australia’s largest poultry processing companies, Baiada, acknowledged that its most significant exposure to modern slavery risks came from goods supplied into the poultry business from overseas, particularly from Argentina and Asia (mostly China).⁵⁷ Despite numerous reports from the FWO, trade unions and media flagging egregious exploitation of meat workers in Australia, in its first modern slavery statement, Baiada, surprisingly, explicitly noted its construction sector, instead, as high risk and did not indicate explicitly anywhere in its report that it considers its poultry processing operations as a high risk sector.⁵⁸ It is important to note that the absence of a local modern slavery incident does not necessarily indicate that the sector is not classified as a high-risk sector.

Overall, many companies were vague in identifying meat processing as a high-risk sector, but explicitly flagged other sectors like horticulture, cleaning or security as high-risk.

During both reporting periods, only two companies (Coles and Woolworths) explicitly identified meat processing as a high-risk sector for modern slavery and expounded on the associated risk factors. Specifically, they highlighted the use of multiple tiers of subcontracting, underpayment of wages and demographic vulnerability of workers due to migration. Woolworths stands out again for its exemplary measures in this regard (see Box 9).

Whilst the majority of companies (92 percent in the first reporting period and 60% over the second period) have adopted some sort of risk mitigation measures, it was unclear for most companies whether those measures related to the meat industry specifically. Only two companies provided concrete examples of their collaboration with unions. One company (Baiada) stated it limited labour hire to only two nationally registered labour hire companies to prevent underpayment of wages, but states that ‘such controls are in place also for on-site processing contractors (which still comprise around 8% of the workforce), where the [company] directly pays the wages for these services to ensure correct amounts and deductions’ where it was unclear whether the ‘8%’ figure refers to the total workforce of the company or just the workforce engaged in on-site processing contractors.⁵⁹



Overall, most companies performed poorly, with 9 out of 10 receiving scores less than 50% during the second reporting period

⁵⁷ Baiada Pty Ltd, Modern Slavery Statement (2020-2021), p 9.
⁵⁸ Baiada Pty Ltd, Modern Slavery Statement (2019-2020), p 6.
⁵⁹ Baiada Pty Ltd, Modern Slavery Statement (2020-2021), p 10.



Box 9. Good practice example – Identifying and responding to risks in the meat processing sector

During both reporting periods, Woolworths identified meat processing as especially high risk of being directly linked to modern slavery and has made a concerted effort to improve working conditions for meat workers in its supply chains by implementing a number of sector-specific mitigation measures outlined below.

In FY21, Woolworths provided specific information about the sourcing of its Fresh meat (beef, lamb, and pork) from 26 suppliers across 49 abattoirs and boning room sites in Australia.⁶⁰ It reported that:

- 27 out of the 49 sites had submitted an existing social compliance audit.
- 3 sites with previous ZT findings related to underpayment of wages and fire safety had been remediated.
- 6 sites had critical findings, 10 had moderate issues, and 8 had minor issues.

Following remediation efforts, 2 sites remained critical and under active follow-up, 3 were moderate, and 22 had been downgraded to minor.

We checked Woolworths subsequent modern slavery statement for the third reporting period (FY22) and found that it continued its work with the Australian meat supply chain to embed its Responsible Sourcing Program requirements.

In F22, it conducted 33 audits, bringing its coverage to 43 of the 45 meat processors onboarded to the RS audit cycle. It found that the majority of non-conformances (62%) related to health and safety issues, such as inadequate emergency lighting, access to emergency exits, and gaps in documented procedures. Its team monitored these issues until resolved.⁶¹

It also identified one case related to verbal harassment that, based on further investigation, was determined to be an isolated incident, with training provided to relevant team members.

Woolworths also responded to media reports related to the meat processing industry in Australia, which identified sector-wide challenges, particularly those facing migrant workers. It commenced internal investigations, including third-party audits, to review the claims made, provide remedy to any impacted workers, and mitigate against future non-compliances by strengthening systems and processes. It used insights from these investigations to help inform its RS strategy for meat processing in F23, which includes accelerating industry-specific due diligence and partnering across industry and government to improve outcomes for migrant workers in the meat processing sector.⁶²

It was found that the majority of non-conformances (62%) related to health and safety issues, such as inadequate emergency lighting, access to emergency exits, and gaps in documented procedures.

⁶⁰ Woolworths Group, Modern Slavery Statement (2020-2021), p 17.

⁶¹ Woolworths Group, Modern Slavery Statement (2021-2022), p 18.

⁶² Ibid.





DISCUSSION OF FINDINGS

Our evaluation has uncovered a significant discrepancy in the quality of modern slavery statements submitted by the companies. The majority of these entities have failed to comply with the mandatory reporting requirements set forth in the Modern Slavery Act, with only two companies, Coles and Woolworths, scoring above 45% across both reporting periods. The scores of the remaining companies during both periods were less than 50%. Despite publicly committing to eradicating modern slavery in their operations and supply chains, many companies have not taken concrete actions that would make a tangible difference to the lives of meat workers.

Our analysis found that many of the reported actions were superficial and did not effectively address the root causes of modern slavery and serious forms of labour exploitation. As a result, the disclosure scores of companies were generally very low, with an average of only 34% during the first reporting period and a shocking drop to 28% in the second reporting period.

Although the level of legislative compliance varied across the sector, with Woolworths scoring the highest mark of 90% and Craig Mostyn scoring the lowest mark of 15% during the first period, the lowest-ranking company in the second period (Nolan Meats) scored a dismal 2%. Overall, most companies performed poorly, with over 10 out of 12 companies scoring less than 50% during the first reporting period and 9 out of 10 receiving scores less than 50% during the second reporting period (see Figure 4 and Figure 5). Our findings indicate a failure to make progress in recognizing and minimizing risks in the meat industry. During both reporting periods, numerous risks either remained unidentified or were only partially acknowledged.



Figure 4: How Australian companies scored in the evaluation for the first reporting period.

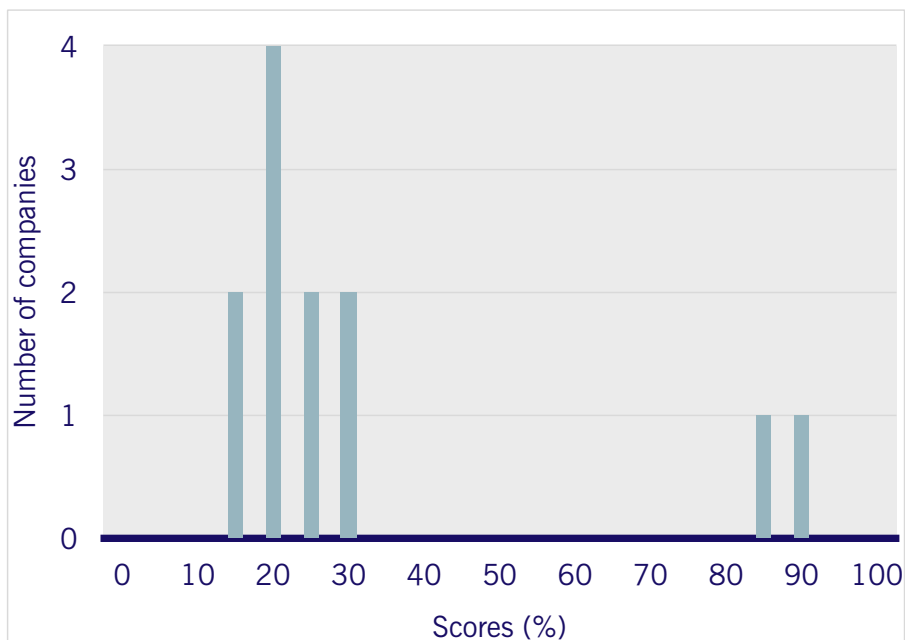
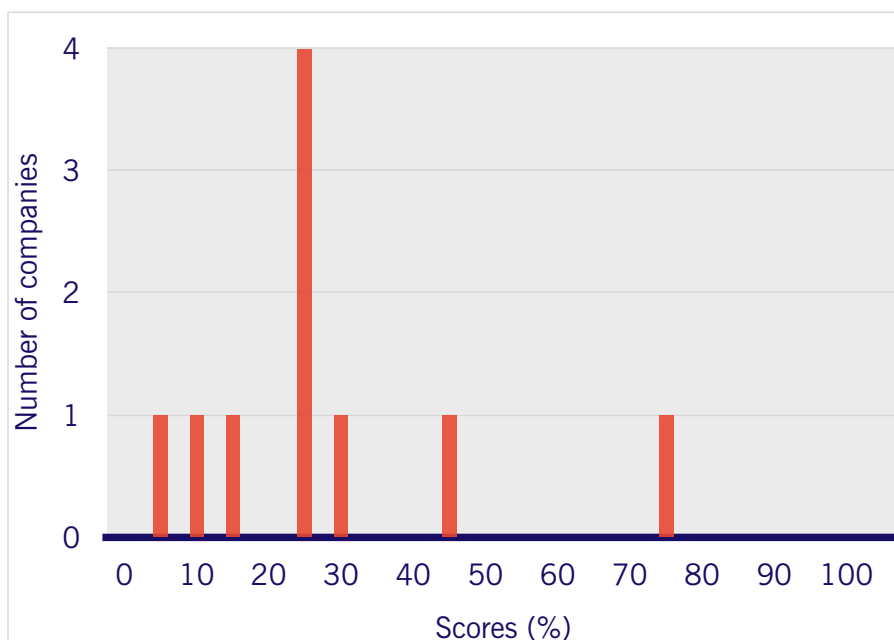


Figure 5: How Australian companies scored in the evaluation for the second reporting period.



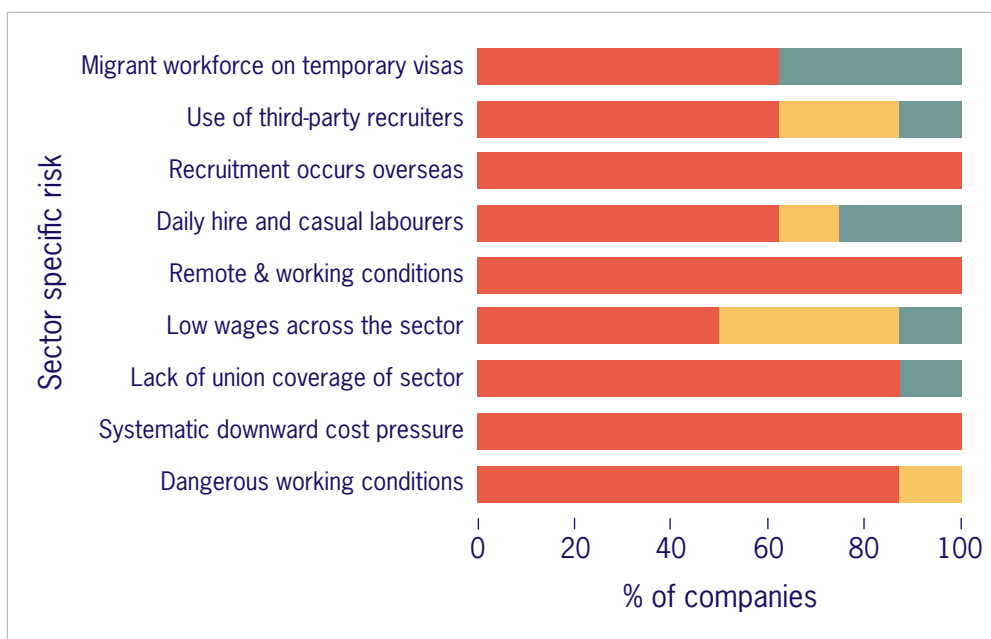
As one of the primary objectives of the study was to compare results and determine any advancements in identifying and mitigating risks in the meat processing sector. We attempted to outline the percentage of companies that recognized meat-sector-specific risks during

the two reporting periods (FY2019-2020 and FY2020-2021). Regrettably, our findings indicate that there has been minimal progress in identifying and mitigating risks in the meat processing sector (see Figures 6 and 7 below).

Figure 6: Percentage of companies identifying meat-sector specific risks (FY2019-2020)



Figure 7: Percentage of companies identifying meat-sector specific risks (FY2020-2021)



Our findings reveal that in both reporting periods, a significant proportion of companies did not identify migrant workforce on temporary visas as a risk factor, with 62.5% failing to do so. Additionally, only 25% of companies identified risks associated with the use of third-party recruiters in FY2019-2020, which decreased to 12.5% in the second reporting period. Similarly, none of the companies identified the risks associated with recruitment occurring overseas in the second reporting period, compared to 12.5% in the first period.

In terms of other risks, we found that the majority of companies did not acknowledge risks associated with daily hire and casual laborers, as well as the lack of union coverage in the meat processing sector. While some companies partially identified these risks, none fully acknowledged them. Shockingly, none of the companies identified the systemic downward cost pressure risk in the second reporting period, even though 12.5% identified it in the first period.

Whilst none of the companies identified the risks associated with precarious working conditions in both reporting periods, only 12.5% partially identified dangerous working conditions to which meat workers are exposed. The findings suggest that companies that source from meat supply chains need to genuinely improve their risk identification and mitigation strategies.

We acknowledge that our study has limitations, and additional research is needed to fully understand the risks facing the meat processing sector, however, these findings provide a valuable starting point for discussions around improving risk management practices in the meat processing sector. We hope that our data could inform future efforts to improve risk identification and mitigation strategies in the meat industry.

When measured against other sectors that were previously assessed utilizing the same metrics and indicators, companies sourcing from meat supply chains displayed weaker responses to modern slavery during the first reporting period than companies in the garment and seafood industries. These companies were roughly on the same level as companies in the horticulture sector, which is also known to have a high incidence of modern slavery risks. Regrettably, the percentage scores for companies sourcing from the meat processing sector fell even lower during the second reporting period (see Table 1).



Table 1. How the meat processing sector compares with other sectors

Reporting Period: 2019 -2020			
Sector	Highest score	Lowest score	Average sector score
Garments	75	17	49
Seafood	76	14	35
Meat sector	90	15	34
Horticulture	83	12	32
University	64	14	31
Gloves	74	10	30

Reporting Period: 2020 -2021			
Sector	Highest score	Lowest score	Average sector score
Garments	80	23	-
Seafood	85	20	-
Meat sector	74	2	28
Horticulture	85	19	-
Gloves	81	15	-



Our assessment serves as an impartial standard for companies to comprehend their responsibilities, evaluate their progress, and enhance their efforts in the coming years.

In general, companies performed adequately in certain reporting areas during both reporting periods, such as describing their structure, operations, and activities (Criteria 1 and 2), and acknowledging the potential for modern slavery within their supply chains (Criterion 3). However, there is significant room for improvement as many companies fail to include all controlled entities and overseas operations within their reporting, despite legal requirements. Companies also tended to focus on modern slavery risks in their supply chains but neglected to identify risks within their own operations. This oversight may contribute to the low number of disclosed incidents of modern slavery by even the highest-scoring companies, indicating the urgent need for companies to improve their disclosure quality.

In terms of reporting areas such as leadership involvement, policy development, supplier engagement, risk assessment, monitoring, remediation, measuring effectiveness, and consultation (Criteria 4, 5 and 6), companies fared poorly in their modern slavery statements. Our analysis suggests that most companies are not taking their worker wellbeing responsibilities seriously and instead push the responsibility of modern slavery down the supply chain through contractual clauses, placing suppliers in a weaker position to respond. Furthermore, our findings demonstrate that companies are not effectively identifying the impacts of Covid-19 on supply chain workers (Criterion 7) and are not implementing appropriate actions to protect these workers from potential risks that have been exacerbated by the pandemic.

Companies' lack of effort to engage more deeply with the underlying drivers that contribute to modern slavery was evidenced by the similarity in content and phrasing of several company statements, rather than individualized and detailed responses. We found that some companies merely copy and paste the same template of their FY2019-2020 modern slavery statement submitted during the first reporting period and use the same template for the second reporting period (FY2020-2021). The layout and number of pages remained the same, with only a few details edited. Our research indicates that a significant number of companies treat their obligations under the Modern Slavery Act as a box-ticking exercise and mechanism for reporting.

It is regrettable to discover that many companies have not improved the quality of their disclosures from the first reporting period to the second, despite expectations that they would do so. In fact, the data shows that they have performed even poorly. Our assessment serves as an impartial standard for companies to comprehend their responsibilities, evaluate their progress, and enhance their efforts in the coming years. On the following page, we present a set of suggestions that companies can refer to as a guide if they are committed to eliminating modern slavery and improving the working conditions and welfare of those employed in the meat industry.





RECOMMENDATION FOR COMPANIES

We provide the following set of recommendations based on the results of our evaluation. They are tailored particularly for companies that are committed to eradicating modern slavery and labour exploitation in their operations and supply chains, and those who seek additional guidance on how to effectively achieve this goal.

Recommendation 1:

Establish an ongoing and systematic consultation process with all owned and controlled entities, and provide meaningful information about this collaboration in the statement. This can include a description of how the entities were consulted, any gaps or challenges encountered, and any opportunities for further action identified during the consultation.

Recommendation 2:

Proactively evaluate potential risks to human rights and associated harm by examining how the company's own operations may be contributing to such risks rather than solely focusing on supply chain risks based on the origin of certain products from high-risk business geographies.

Recommendation 3:

Provide concrete case studies and detailed narratives to demonstrate how modern slavery risks in a specific sector were mitigated as opposed to making general statements or categorizing broad factors like indirect labour or migrant workforce as an overall high-risk category.

Recommendation 4:

Balance the use of collaborative platforms like SEDEX with the company's own assessments of modern slavery risks in its operations and supply chains. This can be achieved by developing tailored indicators that address the company's unique risks by reporting on key performance indicators, how they inform business decisions, and how metrics are translated into conclusions about modern slavery risks specific to the company's risk profile.

Recommendation 5:

Incorporate ethical purchasing practices that prioritise decent working conditions and avoid downward pressure onto suppliers and workers, in such a way as to:

- a. ensure timely payments and effective procurement planning.
- b. avoid short-term contracts, excessive emphasis on low prices, small orders, and tight delivery schedules.
- c. guarantee workers are paid a living wage.
- d. taking accountability for recruitment practices within the supply chain.
- e. refrain from delegating the responsibility for addressing modern slavery risks solely to suppliers through contractual agreements.



Recommendation 6:

Adopt a worker-centric approach by supporting freedom of association and significant interaction with workers and their representative organisations to enhance workers' rights.

Recommendation 7:

Integrate worker voice into the presentation of the company's findings in order to illustrate their views and reduce the scope for bias. This mechanism should include supply chain workers as well, so they are genuinely engaged every step of the way, from strategy and policy development, through to risk assessment, monitoring and remediation.

Recommendation 8:

Establish a robust grievance mechanism that is genuinely co-designed, implemented and monitored with all workers (including supply chain workers). This mechanism should account for critical factors such as language barriers, fear of retaliation, limited access to technology, and inadequate privacy protection to ensure its accessibility and effectiveness.

Recommendation 9:

Seek feedback from impacted workers to share learnings on nature of harms and prevent future incidents of labour exploitation in the wider industry.

Recommendation 10:

Adopt a sector-wide and social system perspective by collaborating with other stakeholders (civil society organisations, academia and trade unions) to exchange learnings, develop a shared understanding of human rights and take collective action against modern slavery risks.

Recommendation 11:

Integrate modern slavery response initiatives within a comprehensive framework that encompasses human rights and labour rights. This can be achieved by aligning the company's actions with fundamental standards of the International Labour Organization and the UN Guiding Principles on Business and Human Rights.





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