

BRIEFING

IFM Investors gains insights on labour conditions at ‘pickers and packers’ workers forum

July 2019

LISTED EQUITIES

IFM Investors’ focus on understanding the labour conditions and promoting the rights of workers continues to be an important area of our responsible investment philosophy and ESG engagement strategy.

On the evening of 30 May 2019 at a small community centre in Shepparton, Victoria, IFM Investors had the opportunity to attend a forum of agricultural workers. The group

comprised approximately 100 pickers and packers, both permanent and contract-based, who shared their work experiences and insights from farms and warehouses that are part of supermarket supply chains across Victoria.

Representatives from the Victorian Government Labour Hire Authority were also present, gaining insights to assist the development of regulatory policy and enforcement strategies.

The National Union of Workers (NUW) organised the forum to provide an opportunity for agricultural workers to voice their experiences and concerns around key labour rights issues, including:

- Pay and incentive structures;
- Working conditions; and
- Shift structures.



Workers outlined their strategies for learning more about their rights and protecting themselves against the unlawful activities that some labour hire firms continue to engage in.



»



Our participation in the Shepparton forum is part of an ongoing IFM Investors-led engagement on the issue of improving human rights management in the fresh food supply chain.

Some of the grievances aired included:

- Hourly pay rates ranging \$15 to \$19 for 13 to 14-hour days, sometimes longer during peak harvesting periods, with six to seven-day working weeks common;
- Differences in pay rates between groups on the same farm;
- Most workers had never received payslips with the ABN of their contractor; cash-in-hand payments are common; some workers received fake payslips;
- Contractors deducting “tax” from cash-in-hand salary payments;
- Break times too short to get to toilet; and
- Stopping the clock while machines are being fixed, leaving workers unpaid for downtime.



The workers outlined their strategies for learning more about their rights and protecting themselves against the unlawful activities that some labour hire firms continue to engage in. These strategies centre on building networks with other workers, unions and the local community. This discussion highlighted the isolation and power imbalances that appear to exist among this group of workers and, in our view, reflect the experiences of other agricultural workers in regional and remote areas of Australia.

For IFM Investors representatives present, the key theme that emerged from discussions, though not expressly stated, was workers' inability to have a genuine voice in their workplace, with no clear avenue to raise concerns with management.

Conversations IFM Investors representatives had with workers at the forum highlighted room for improvement with respect to the role of auditors or third party checks. Several workers reported they were directed in advance not to attend a certain shift as it would coincide with a visit from government representatives or one of the supermarkets. IFM Investors would encourage the increased use of ‘unannounced visits’.

Ongoing engagement for improved human rights management

Our participation in the Shepparton forum is part of an ongoing IFM Investors-led engagement on the issue of improving human rights management in the fresh food supply chain, specifically targeting major supermarket retail chains Woolworths and Coles. IFM Investors' Executive Director, Responsible Investment, Chris Newton, is driving this ongoing engagement for the firm. He had the opportunity to address the forum, outlining why human rights issues in the fresh food supply chain pose a potential risk for investors.

IFM Investors is calling for more transparency and improved human rights management in the fresh food supply chain, particularly relating to the use of labour hire. We continue to advocate for major supermarket companies, major growers, unions and community groups to work together to develop a pre-qualification process for contract labour hire firms supplying workers to the agricultural supply chain.

»

IFM Investors supports the actions that both Woolworths and Coles have taken to improve their processes to reach beyond suppliers to workers in the supply chain. For example, Woolworths' recent relaunch of their Supplier Speak Up program to encompass workers in the supply chain. However, discussions with workers at the

recent Shepparton forum illuminated that communication on these issues from supermarkets does not seem to penetrate to the farm itself, and if it does, it is not visible or accessible to the workers. This will be an ongoing area of interest for investors. (Read previous IFM Investors' briefings on this engagement activity [here](#) and [here](#).)

IFM Investors calling for improved transparency and human rights management

Through its engagement activity to improve human rights management in the fresh food supply chain, IFM Investors is advocating for:

- 1 A pre-qualification process for labour hire firms supplying workers to agricultural companies led by a multi-party collective comprising unions, community groups, growers and supermarkets;
- 2 More robust audit procedures that include more unannounced visits by authorised third party auditors;
- 3 Grievance mechanisms that are independently maintained and audited;
- 4 Increased workers' access to independent education programs to ensure an understanding of workplace laws and workers' rights;
- 5 A more consistent application of best practice codes such as the Cleaning Accountability Framework (CAF) to ensure consistent standards are applied across the supply chain; and
- 6 Investor and other key stakeholder collaborations aimed at improving behaviours across the supply chain and finding solutions to address labour issues more holistically.



We continue to advocate for major supermarket companies, major growers, unions and community groups to work together to develop a pre-qualification process for contract labour hire firms.



HEAD OFFICE

Level 29 | Casselden | 2 Lonsdale Street | Melbourne | VIC 3000
+61 3 8672 5361 | www.ifminvestors.com | Chris.Newton@ifminvestors.com



Chris Newton
Executive Director,
Responsible Investment

Disclaimers

Investors based in Australia: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it will form the basis of any contract or commitment. This Information is provided to you on the basis that you warrant that you are a "wholesale client" or a "sophisticated investor" or a "professional investor" (each as defined in the Corporations Act 2001 (Cth)) to whom a product disclosure statement is not required to be given under Chapter 6D or Part 7.9 of the Corporations Act 2001 (Cth). IFM Investors Pty Ltd, ABN 67 107 247 727, AFS Licence No. 284404, CRD No. 162754, SEC File No. 801-78649 ("IFM Investors") will have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of you using this Information even if you have been advised of the possibility of such damages. Certain statements in the Information may constitute "forward looking statements". These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. You are cautioned not to rely on such forward looking statements. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. This Information should not be distributed or provided to any other person without the written consent of IFM Investors.

Investors based in the United States: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it will form the basis of any contract or commitment. IFM Investors Pty Ltd, ABN 67 107 247 727, AFS Licence No. 284404, CRD No. 162754, SEC File No. 801-78649 ("IFM Investors") will have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of you using the Information even if it has been advised of the possibility of such damages. Certain statements in the Information may constitute "forward looking statements". Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of earnings, performance, and cash flows. These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. All forward-looking statements speak only as of the date of this presentation or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section. You are cautioned not to rely on such forward looking statements. The achievement of any or all goals of any investment that may be described in this Information is not guaranteed. This Information may contain material provided by third parties for general reference or interest. While such third party sources are believed to be reliable, IFM Investors does not assume any responsibility for the accuracy or completeness of such information. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. This Information should not be distributed or provided to any other person without the written consent of IFM Investors.

Investors based in the United Kingdom: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it will form the basis of any contract or commitment. This Information is provided to you on the basis that you warrant that you fall within one or more of the exemptions in the Financial Services and Markets Act 2000 ("FSMA") (Financial Promotion Order 2005) and as a consequence the restrictions on communication of "financial promotions" under FSMA and FCA rules do not apply to a communication made to you. IFM Investors Pty Ltd, ABN 67 107 247 727, AFS Licence No. 284404, CRD No. 162754, SEC File No. 801-78649 ("IFM Investors") will have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of you using the Information even if it has been advised of the possibility of such damages. Certain statements in the Information may constitute "forward looking statements". These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. You are cautioned not to rely on such forward looking statements. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. This Information should not be distributed or provided to any other person without the written consent of IFM Investors.

Investors based in Canada: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it will form the basis of any contract or commitment. IFM Investors Pty Ltd, ABN 67 107 247 727, AFS Licence No. 284404, CRD No. 162754, SEC File No. 801-78649 ("IFM Investors") will have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of you using the Information even if it has been advised of the possibility of such damages. . Certain statements in the Information may constitute "forward looking statements". Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of earnings, performance, and cash flows. These statements involve subjective judgement and analysis and reflect IFM Investors' expectations, opinions and assumptions and are subject to significant uncertainties, risks and contingencies outside the control of IFM. Should one or more of these risks, uncertainties or contingencies materialize, or should underlying expectations, opinions or assumptions prove

incorrect, actual results may vary materially from those described herein. You are cautioned not to rely on such forward looking statements. All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section. Subject to applicable law, IFM Investors has no obligation to update or revise any forward looking information to reflect actual events or new circumstances.

Investors based in Japan: This material is prepared by affiliates of IFM Investors (Japan) Pty Ltd (IFMJ) (Financial Business Operator: Kanto Local Finance Bureau Register Number 2839, a member of the Type II Financial Instruments Firms Association) is not a disclosure document as specified or required under the Financial Instruments and Exchange Act (FIEA) nor is it intended as a solicitation. This material is intended only for use by qualified institutional investors, among professional investors defined in FIEA article 2 item 31 and is not intended for anyone other than the above. This material has been prepared based on information and databases considered reliable by IFMJ but IFMJ does not explicitly or implicitly guarantee the accuracy, timeliness or integrity of their contents. Past investment results do not necessarily give an accurate guide to future investment results or guarantee the prevention of loss. Future prospects based on current opinions and expectations may be included in this material, but IFMJ does not guarantee expected results or prevention of loss against the invested amount and this material may change and result in revisions without prior notice. Our provision of this material should not be construed as our advice to you about any legal issues, taxation, investment or other matters.

Investors based in South Korea: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it will form the basis of any contract or commitment. The fund or products mentioned in this document and Information (the "Fund") has not been registered with the Financial Services Commission of Korea as a foreign collective investment vehicle pursuant to the Financial Investment Services and Capital Markets Act of Korea (the "FSCMA"), and none of the interests in the fund or products may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea, or to any resident of Korea except pursuant to applicable laws and regulations of Korea. IFM Investors Pty Ltd, ABN 67 107 247 727, AFS Licence No. 284404, CRD No. 162754, SEC File No. 801-78649 ("IFM Investors") will have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of you using the Information even if it has been advised of the possibility of such damages. Certain statements in the Information may constitute "forward looking statements". These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. You are cautioned not to rely on such forward looking statements. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. This Information should not be distributed or provided to any other person without the written consent of IFM Investors.

Investors based in Switzerland: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it shall form the basis of any contract or commitment. This Information is provided to you on the basis that you warrant that you are a Qualified Investor as defined in the CISA and its implementing ordinance ("Qualified Investor"). IFM Investors (Switzerland) GmbH shall have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of an attendee using Information even if it has been advised of the possibility of such damages. Certain statements in the Information may constitute "forward looking statements". These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. Attendees are cautioned not to rely on such forward looking statements. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. This Information is confidential and should not be distributed or provided to any other person without the written consent of IFM Investors.

Investors based in Hong Kong: The following disclaimer applies to this document and any information provided regarding the information contained in this document (the "Information"). By accepting this document and Information, you agree to be bound by the following terms and conditions. The Information is not a research report and is not intended as such. It has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The Information should therefore not be relied upon as a research. The Information does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it will form the basis of any contract or commitment. This Information is provided to you on the basis that you warrant that you are a "professional investor" (as defined in the Securities and Futures Ordinance and its subsidiary legislation). IFM Investors (HK) Ltd (CE No.: BHP417) ("IFM Investors") will have no liability, contingent or otherwise, to any user of the Information or to third parties, or any responsibility whatsoever, for the correctness, quality, accuracy, timeliness, pricing, reliability, performance or completeness of the Information. In no event will IFM Investors be liable for any special, indirect, incidental or consequential damages which may be incurred or experienced on account of you using the Information even if it has been advised of the possibility of such damages. Certain statements in the Information may constitute "forward looking statements". These statements involve subjective judgement and analysis and reflect IFM Investors' expectations and are subject to significant uncertainties, risks and contingencies outside the control of IFM Investors which may cause actual results to vary materially from those expressed or implied by these forward looking statements. You are cautioned not to rely on such forward looking statements. This Information does not constitute investment, legal accounting, regulatory, taxation or other advice and the Information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Information. This Information has been provided at your request for informational purposes only and should not be distributed or provided to any other person without the written consent of IFM Investors. This Information has not been reviewed or authorised by the Hong Kong Securities and Futures Commission nor has it been reviewed by any other regulatory authority in Hong Kong.