



SEEKING CLARITY ON FORCED LABOUR SAFEGUARDS IN THE FOOD SERVICES SECTOR

Engagement Case Study



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At ESG-AM, we recognize that respecting human rights contributes to long-term value creation, business resilience, and sustained financial performance. Companies that demonstrate alignment with international human rights standards are generally better positioned to maintain stakeholder trust, manage reputational risks, and meet evolving regulatory expectations¹.

A key focus of our controversies screening process is the potential risk of forced labor. International frameworks, including guidance from the International Labour Organization (ILO), stress that all work, should be voluntary, fairly paid, and conducted under safe, humane conditions. This also applies to incarcerated individuals².

In March 2023, we initiated engagement with a large multinational food services company in response to a U.S. federal class action lawsuit alleging concerns related to forced labor practices within its inmate work programs. The company operates in correctional facilities across the U.S., offering vocational training designed to develop skills and provide certifications in areas like food service and retail, thereby supporting post-release employment. Public concern about the alleged practices and reports of client contract terminations, prompted ESG-AM to seek clarity on the company's policies and safeguards to ensure alignment with international standards.

While the company initially responded, early conversations with Investor Relations in 2023 did not fully address questions, particularly those relating to oversight, wages, and risk management. Follow-up inquiries went unanswered, leading to escalation of the dialogue to the Chief Financial Officer. This facilitated a constructive discussion with the heads of ESG and DEI at the end of 2023, followed by further information provided in early 2024. Through these interactions, we clarified several key points. The company confirmed it does not operate in private correctional facilities. This distinction is important, as private prisons have been associated with challenges such as conflicts of interest, commercial incentives, and comparatively limited oversight than public facilities, potentially heightening the likelihood of human rights abuses³. It also confirmed that program participation is voluntary and that participants may apply for company jobs upon release, with some support provided.

Despite these confirmations, some questions remain. These include how the company ensures adequate oversight, whether inmate workers receive social protections, and whether formal mechanisms exist to monitor human rights compliance. Additional clarity is also sought around collaboration with correctional authorities to uphold safeguards, access to grievance procedures for inmates, and the labor conditions of individuals working outside the formal training programs.

ESG-AM summarized these open issues in a detailed internal assessment shared with the company, referencing ILO and related international standards to identify areas of alignment and opportunities for improvement.

In light of the absence of further disclosure, likely impacted by the ongoing lawsuit, ESG-AM suspended direct engagement in March 2024 and placed the issuer on enhanced monitoring for legal and reputational developments.

We re-engaged in late 2024 to request updates and encourage clarification of open points. The company reiterated its policy of not commenting on ongoing legal matters but conveyed that it is “working to resolve this matter as quickly as possible.” The engagement continues into 2025, with ESG-AM maintaining a focus on gaining insights on the open questions and supporting further transparency.

CONTACT

We are committed to continuous improvement and value feedback from our stakeholders. We invite readers to share their feedback on this case study via engagement@esg-am.com. For further inquiries on our engagement framework, please reach out to our Engagement Manager, Paula Krol: paula.krol@esg-am.com



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ENDNOTES

- ¹ Bağlayan, B., Landau, I., McVey, M. & Wodajo, K. (2018). *Good Business: The Economic Case for Protecting Human Rights*. Available at: <https://www.undp.org/sites/g/files/zskgke326/files/2024-04/4-%20Good-business-report%20-%20Case%20for%20protecting%20human%20rights.pdf> (Accessed on 20 May 2025).
- ² International Labour Organization (2015). *Combating Forced Labour: A Handbook for Employers & Business*. 2nd ed. Geneva: International Labour Organization. Available at: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_norm/@declaration/documents/instructional-material/wcms_099624.pdf (Accessed 20 May 2025).
International Labour Organization (2012). *Q&As on Business and Forced Labour*. Available at: <https://www.ilo.org/resource/qas-business-and-forced-labour-0> (Accessed 20 May 2025).
- ³ Guido, M., n.d. *Beyond profit: A model framework for ethical and feasible private prison labour*. Human Rights in Context. Available at: <https://www.humanrightsincontext.be/post/beyond-profit-a-model-framework-for-ethical-and-feasible-private-prison-labour> (Accessed on 16 June 2025).