



KNOW THE CHAIN

Food & Beverage Benchmark Findings Report

How are 20 of the largest companies addressing forced labor in their supply chains?

The methodology for this report was developed by KnowTheChain with input from stakeholders in business, investment, and civil society. Engagement with the companies in the benchmark was conducted by the Business & Human Rights Resource Centre (inviting additional disclosure in response to engagement questions) and Sustainalytics. All research was conducted by Sustainalytics. Contributing authors include: Felicitas Weber (Business & Human Rights Resource Centre), Annabel Short (Business & Human Rights Resource Centre), Megan Wallingford (Sustainalytics), Shawn MacDonald (Verité), Philip Hunter (Verité), Kilian Moote (Humanity United), and Liliana Giffen (Humanity United).

This report provides a summary of key findings from the benchmark. For full results by company and theme, visit KnowTheChain.org.

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Forced Labor in the Food & Beverage Sector Supply Chain

According to the International Labour Organization (ILO), an estimated 21 million people are victims of forced labor around the world. As defined by the ILO, forced labor refers to “situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.” The agricultural sector alone (including forestry and fishing) generates an estimated US\$9 billion in illegal profits from forced labor each year.¹

The food and beverage industry is an at-risk sector. Forced labor occurs both in the production of raw materials and during the food processing stages of food and beverage companies’ supply chains. Food commodities are produced by agricultural workers who often come from vulnerable groups such as women, international migrants, and internal migrants with little education. Weak labor laws and law enforcement in the sector, together with isolated workplaces where housing tends to be provided by the employer, aggravate the typically poor working conditions and can leave workers vulnerable and dependent on their employer.

Evidence of forced labor can be found in numerous commodities and countries, such as rice from India or sugar from Brazil. Much of the recent media attention has focused on Thailand, and Thai companies are not only facing scrutiny on using forced labor in the seafood industry, but also in poultry production, for which the EU is the biggest export market. Fourteen workers who escaped a Thai poultry farm in 2016 reported abusive supervisors, long working hours, were only allowed to leave the farm for two hours a week under supervision, and sometimes were forced to sleep next to hatchlings.²

Forced labor is a global occurrence and also occurs in Western countries—it is linked to food products including strawberries from Germany, apples from the United Kingdom, and tomatoes from the United States.³ In fact, the [Coalition of Immokalee Workers](#), a worker-based human rights organization, estimates that approximately 5% of all farm workers in the US are victims of forced labor, the majority of whom are migrant workers from Mexico, Guatemala, and Haiti. Workers are held against their will, forced to work for little or no pay, with their work and commute taking up at least 12 hours a day.

Suppliers and retailers alike face significant business risks due to forced labor. These include operational risks (such as having to discontinue supplier contracts due to public pressure, reputational risk incurred from negative publicity) and legal and regulatory risks (such as lawsuits from employees, customers, and other stakeholders). For example, in early 2016 the Thai tuna processing factory Golden Prize Tuna Canning paid Myanmar migrant workers US\$1.3 million

1 ILO 2014—[Profits and Poverty: The Economics of Forced Labor](#)

2 [Walk Free—Fight slavery in the Thai chicken industry](#)

3 [Verité 2015—Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains](#); Joseph Rowntree 2013—[Detecting and tackling forced labor in Europe](#)

compensation for labor abuses.⁴ At the same time, companies—particularly consumer-facing brands—can benefit from a proactive stance on eliminating forced labor in their supply chains in terms of reputation, reduced operational and regulatory risks, and employee motivation.

There is growing global momentum in both soft and hard law requiring companies to address forced labor risks in their supply chains and disclose their efforts in this respect. The UN Guiding Principles on Business and Human Rights have established that businesses have a responsibility to respect human rights, including through business relationships. The UN Sustainable Development Goals also address the issue: Goal 8 includes the objective to “take immediate and effective measures to eradicate forced labor [and] end modern slavery and human trafficking.” Regulatory requirements include the California Supply Chains Transparency Act and the Modern Slavery Act in the United Kingdom. Access to government contracts is increasingly linked to provisions on forced labor, with both the US and Dutch governments having put provisions for government contractors in place in 2012. The ILO’s legally binding Protocol on Forced Labour, which was adopted in 2014 and requires states to prevent and remedy forced labor, has been ratified by eight ILO member countries with more to come.⁵

Overall, progress in the food and beverage industry to address supply chain labor issues such as forced labor has been slow. In the 2016 update of its Behind the Brands campaign, [Oxfam](#) found that, in contrast to areas such as climate change or land rights, “[t]he Big 10 [food and beverage companies] have barely shown any improvement [from 2013] on the issue of labor rights in their supply chains.” Companies in this sector have been [less responsive to KnowTheChain](#) than companies in the Information and Communications Technology and Apparel & Footwear sectors.

Nevertheless, the sector is starting to recognize its impacts and several sectoral initiatives have recently pledged to address forced labor. In December 2015, [Australian retailers](#) signed a pledge to address forced labor in their supply chains; in January 2016, the [Consumer Goods Forum](#) published a resolution to develop an action plan to eradicate forced labor; and in May 2016, [AIM-PROGRESS](#) publicly committed to support the implementation of this resolution.

Further, investors have started to engage investee companies in the sector in recent years. For example, as part of its “No Fees” Initiative, members of the US faith-based investor network [Interfaith Center on Corporate Responsibility](#) have held dialogues on modern slavery with companies sourcing palm oil and seafood, both retailers and manufacturers in the food sector. Another example is a group of global investors coordinated by the UN-supported [Principles for Responsible Investment](#) which have been engaging food companies on supply chain labor issues.

⁴ The Guardian, 1 March 2016—[Myanmar migrant workers win \\$1.3m from Thai tuna firm](#)
⁵ As of August 2016. For a list of ILO member states which have ratified the Protocol, see [here](#).

How do I Engage with the Benchmark?

Companies

Companies that are included in this benchmark can use it as a tool for internal and external engagement with relevant stakeholders to drive improvements in their operations. All companies—including any company in the food and beverage sector—can use the findings and recommendations to identify good practices and assess areas where they may need to pay greater attention to forced labor risks.

“At The Coca-Cola Company, we are aware that especially unskilled labor and migrant workers have little social protection and are vulnerable to exploitation and human trafficking. KnowTheChain recognizes steps we have taken to address those risks to workers in our supply chain, for example by evaluating forced labor risks at the farm level in sourcing countries such as Honduras and Guatemala, and by committing that workers have access to their personal identity documents and do not have to pay recruitment fees. By pointing out gaps and achievements, resources such as KnowTheChain can help drive improvements across our industry.”

- Brent Wilton, Director of Global Workplace Rights, The Coca-Cola Company

Investors

Forced labor can have negative impacts on companies' operations and business development. Investors are increasingly engaging with companies on this issue, given the long-term financial performance implications stemming from legal and reputational risks. Indeed, exposure to forced labor can not only create risk for companies, but can also generate direct reputational risks for investors themselves (see [ShareAction's forced labor briefing](#)). Investors can use the benchmark results as a basis for engagement with their holdings, encouraging the adoption of best practices. They may also decide to channel investment towards companies that have strong transparency and practices in place.

“We need to use every tool at our disposal to begin a systematic analysis of risks to the long term health of industry supply chains, such as forced labor. In particular in the food and beverage sector, where companies source a large variety of commodities from many different countries without much visibility. Transparency is key to help investors identify to which extent investee companies are able to minimize operational, reputational and legal risks, and to recognize corporate leadership to raise the bar for the entire industry.”

- Erika Karp, CEO, Cornerstone Capital Group

Key Findings

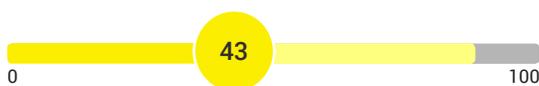
Food and beverage companies demonstrate a growing awareness and commitment to addressing forced labor, but need to particularly adapt their traceability, purchasing, and recruitment policies and practices to better understand and address the specific risks inherent to their sector.

Other than in the areas of awareness and commitment, companies tend to score low across all themes assessed, with an average overall score of 30/100. That said, the benchmark identifies three companies that are ahead of their peers—Unilever (65/100), Coca-Cola (58/100), and Nestlé (57/100). These companies have taken steps in each of the seven areas assessed, including on aspects such as recruitment practices and worker voice (i.e., empowering workers and ensuring their voices are heard), two areas which only few companies address.

The remaining companies receive an overall score below 50 out of 100 points. Half of those companies have a score near the average of 30. These companies demonstrate a growing commitment to addressing forced labor and have taken initial steps such as starting to trace parts of their supply chain and putting in place audit and corrective action processes for their first-tier suppliers. In order to improve, the average company in the benchmark needs to strengthen existing processes and start taking steps in areas such as recruitment, worker voice, and remedy.

Of the four companies scoring less than 15/100, three are headquartered in the US: Tyson Foods (13/100), Kraft Heinz (9/100), and Monster Beverage (0/100) (with the Mexican company FEMSA, Coca Cola’s largest bottling group globally, scoring 7/100).

Traceability



Most companies have started to trace their supply chains, but tracing tends to be limited in scope—for example, to certain tiers of the supply chain or commodities such as palm oil. Other commodities at risk of forced labor, such as beans, nuts, and seafood, fall under the radar of companies’ tracing efforts. Over half of the companies disclose tracing palm oil, with sugar, cocoa, and soy also being mentioned by a few of the companies. Notably, there is a multi-stakeholder initiative for each of those four commodities,⁶ which might be a key driver behind companies’ efforts. However, food companies’ sourcing is not limited to a few commodities. In fact, food companies tend to source a large variety of products or commodities from many different countries, many of which may be linked to forced labor. In

⁶ The multi-stakeholder initiatives include the Roundtable on Sustainable Palm Oil, Bonsucro, the International Cocoa Initiative, and the Round Table on Responsible Soy.

order to understand and ultimately address those forced labor risks, companies need to have a deeper understanding of the contexts from which they are sourcing.

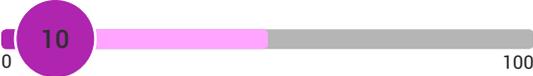
Purchasing Practices



Most companies integrate labor standards including a prohibition on forced labor into their supplier contracts. This needs to be accompanied by purchasing practices that support and reward suppliers with strong labor practices.

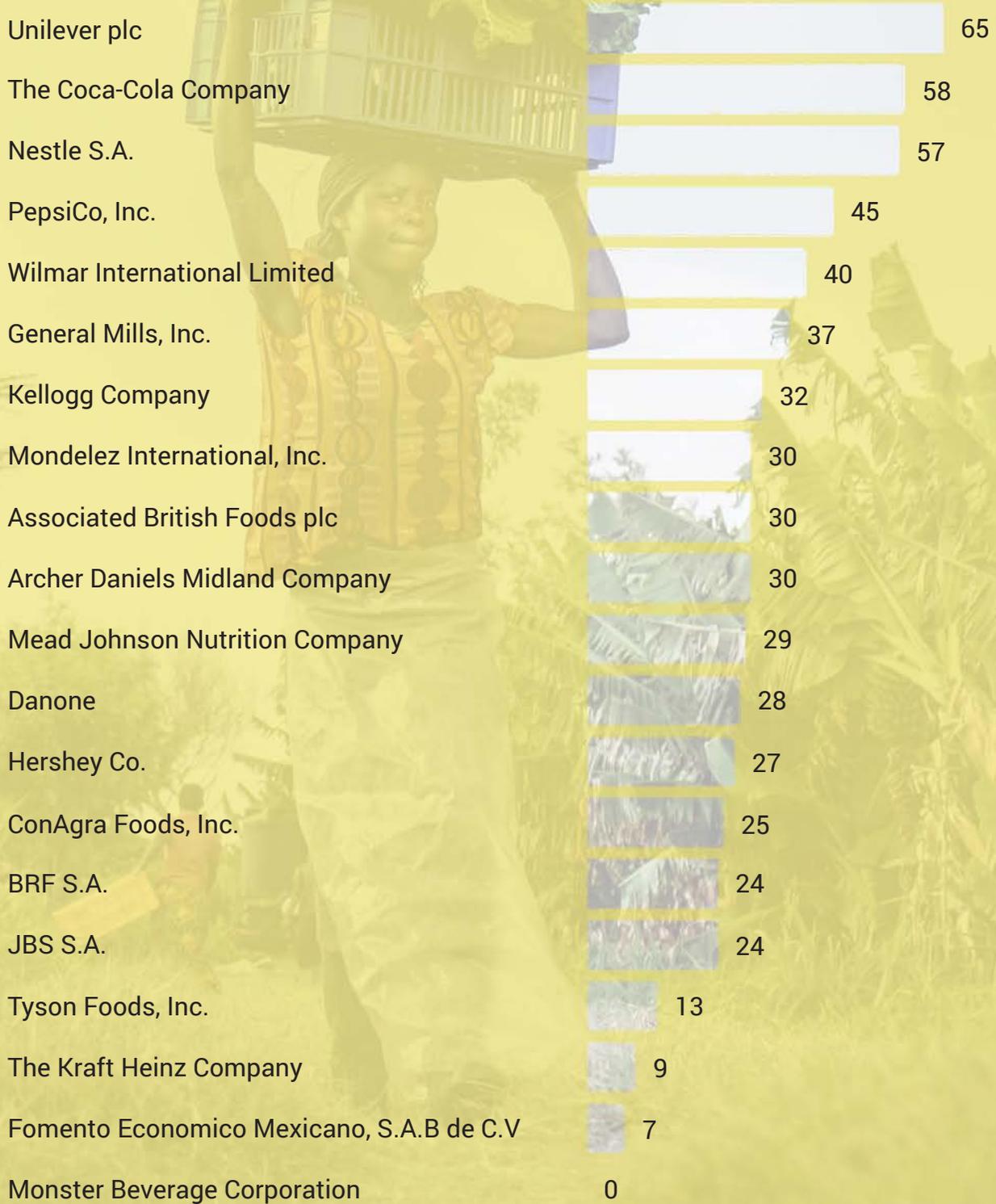
Fifteen of the 20 companies state that they include labor standards in contracts with suppliers; however, only five companies assess forced labor risks at potential suppliers. None of the companies provide examples of steps taken to mitigate forced labor caused by certain types of purchasing practices (such as short-term contracts, excessive downward pressure on pricing, and sudden changes of workload). At the same time, farm workers in the agricultural sector often get paid low piece rates (i.e., pay is depending on the number of buckets or bags of crops a worker harvests), and aggregators serve as middlemen whom do not necessarily pass on profits to smallholders. To prevent situations of forced labor, companies can, for example, establish longer term relationships with key suppliers which include stable prices and supplier capacity building.

Recruitment



Recruitment is the lowest scoring of all seven themes with an average score of 10 out of 100 points. This is particularly concerning given the sector’s dependence on agricultural workers, which are often seasonal and migrant workers, recruited through middle men and most at risk of exploitation. No company requires direct employment of supply chain workers, and only two companies require their suppliers to audit recruiters. Only seven companies require that no fees be charged during any recruitment processes conducted throughout their supply chains. Two companies refer to their membership in the “Leadership Group for Responsible Recruitment,” a collaboration between companies across sectors and expert organization around the “employer pays principle.” To prevent situations of forced labor and exploitation, companies should promote direct hiring and—where this is not possible—perform robust due diligence of third-party recruitment agencies and ensure no fees are charged to supply chain workers.

Figure 1: Overall Company Scores



Findings by Theme

COMMITMENT AND GOVERNANCE

This theme evaluates a company's awareness of and commitment to addressing forced labor, supply chain standards, management processes, training programs, and engagement with stakeholders.

Average Company Score: 54/100



This theme has the highest overall score, demonstrating growing awareness and commitment within the sector of the importance of addressing forced labor in supply chains. Nineteen of the 20 companies benchmarked have publicly demonstrated their awareness of forced labor, and 18 companies have a commitment to addressing forced labor.

Fifteen companies provide training on forced labor to internal decision-makers such as procurement staff. However, only four train their suppliers on forced labor risks and standards.

Five companies engage trade unions, local NGOs, and/or policy makers in countries in which their suppliers operate on forced labor and human trafficking. For example, Coca-Cola is working closely with the Guatemala sugar association, ASAZGUA, on key labor issues, including forced labor. Five companies actively participate in one or more multi-stakeholder or industry initiatives focused on forced labor and human trafficking, such as the Leadership Group for Responsible Recruitment, a cross-sectoral initiative focused on promoting ethical recruitment.

Notable Examples

Wilmar (internal training): Wilmar conducts training programs for its field managers across the world, particularly in regions where it has plantation operations. The trainings address company policies and workers' rights, including human trafficking and forced labor. The company also worked with the International Organization for Migration to provide internal training on topics such as labor migration, forced labor, human trafficking, and access to remedy.

Unilever (supplier training): Unilever conducts on-site training of suppliers in countries identified as high-risk from a responsible sourcing perspective. Between 2014 and 2015, Unilever trained more than 700 supplier personnel in China, Brazil, Vietnam, India, and Costa Rica on its Responsible Sourcing Policy, which covers forced labor. The remainder of its supply base is engaged via online training and Q&A documents. The company has also developed written guidance on issues including migrant labor, recruitment processes, and passport retention.

Recommended Company Actions

Supplier training: Engage in training and capacity building of suppliers on risks, policies, and standards related to human trafficking and forced labor. Undertaking training of shared suppliers jointly with peer companies can enhance effectiveness by reaching more suppliers and ensuring consistent messaging regarding buyer standards and expectations.

Engaging stakeholders: Engage on forced labor and human trafficking with trade unions, local NGOs, and/or policy makers in countries in which suppliers operate.

TRACEABILITY AND RISK ASSESSMENT

This theme measures the extent to which a company traces its supply chain, conducts forced labor risk assessments, and discloses information about these processes.

Average Company Score: 43/100



This is the second highest scoring theme, with 17 companies having a process to trace at least elements of their supply chains. The extent to which companies trace their supply chains is often unclear, both in terms of geographic and commodity reach. Most progress has been reported on palm oil: over half of the companies disclose tracing palm oil, with sugar, cocoa, and soy also being mentioned by a few of the companies. Very few if any companies disclose tracing commodities such as fish, nuts, or beans, all of which may be produced with forced labor.

Wilmar is the only company that discloses its first-tier suppliers—via an interactive map of its supply chain—which includes the names and locations of suppliers, whether the palm supplied is traceable, and, if so, from whom it is supplied. In addition, PepsiCo, Coca-Cola, and Unilever disclose the names of the top suppliers of their key commodities.⁷ Seven companies disclose some information on suppliers beyond the first-tier, such as sourcing countries of certain commodities.

While 16 of the 20 companies disclose some information on their supply chain risk assessment processes, risks assessments traditionally focus more strongly on environmental aspects. In fact, only four of the 20 companies conduct forced labor risk assessments focused on specific commodities, regions, and/or groups, assessing aspects such as commodities' country of origin or workforce characteristics such as migrant workers. A number of companies report they aim for a certain

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It is commendable that the three companies have started to disclose some of their first-tier suppliers. However, this disclosure was not sufficient to receive points in the benchmark (Indicator 2.1 Traceability, indicator element: (2) The Company publicly discloses the names and locations of its first-tier suppliers).

percentage of their commodities to be “responsibly or sustainably sourced.” However, it is unclear if these certifications cover labor rights.

Notable Examples

Nestlé (traceability): Nestlé reports it has full traceability from farm to factory and ensures traceability to the farmer level by sourcing directly from farmers, co-operatives, and selected traders. The company is also working directly with its first-tier suppliers to map the upstream suppliers back to origin. Nestlé defines traceability as a key material issue and reports achieving its 2015 goal of 40% for traceability of its 12 priority ingredients and materials, which is further broken down into the percent of traceability for each priority commodity and the percent that is deemed responsibly sourced. In addition, in the wake of NGO and media attention to forced labor in its supply chain, as part of its Action Plan to Tackle Seafood Supply Chain Abuses since March 2016, Nestlé is able to trace 99% of the seafood ingredients sourced in Thailand for Nestlé Purina brands to a fishing vessel or farm.

Coca-Cola (risk assessment): Coca-Cola has worked with a third party to conduct country-level risk assessments on issues including forced labor in its sugar supply chain. The company's goal is to complete 28 studies by 2020. To date, the company has published studies for Brazil, Colombia, Guatemala, El Salvador, and Honduras, which include forced labor risks, alongside other risks, identified in the country. For example, in Guatemala, of the 50 farms visited during the assessment, with more than 16,000 workers present, researchers identified 43 internal migrant workers that reported forced overtime. In other countries, such as Honduras, no situations of forced labor or bonded labor were identified.

Recommended Company Actions

Traceability: Trace the supply chain, starting at high-risk commodities for forced labor. Disclose sourcing countries of commodities and at least the names and locations of key suppliers.

Risk assessment: Assess risks related to forced labor on specific commodities, regions, or groups such as migrant workers in the supply chain, and disclose the risks identified.

List of Food Commodities Produced with Forced Labor

19

- BEANS (GREEN, SOY, YELLOW)
- BRAZIL NUTS/CHESTNUTS
- CATTLE
- COCA (STIMULANT PLANT)
- COCOA
- COFFEE
- CORN
- DRIED FISH
- FISH
- OIL (PALM)
- PEANUTS
- PHYSIC NUTS/CASTOR BEANS
- RICE
- SESAME
- SHRIMP
- SUGARCANE
- SUNFLOWERS
- TILAPIA (FISH)
- WHEAT

Source: United States Department of Labor 2014 List of Goods Produced by Forced Labor

1.3
BILLION
PEOPLE
ARE WORKING IN
AGRICULTURE
GLOBALY



FORCED LABOR IN AGRICULTURE GENERATES
**US\$9 BILLION**
GLOBALY
IN ILLEGAL PROFITS EACH YEAR



5%
OF FARM WORKERS
IN THE U.S. ARE
VICTIMS OF FORCED LABOR

Sources: International Labour Organization, Coalition of Immokalee Workers, and International Labour Organization

PURCHASING PRACTICES

This theme assesses a company's awareness and action on purchasing practices that can exacerbate forced labor risks and its process for selecting suppliers, integrating supply chain standards into supplier contracts, and cascading standards down the supply chain.

Average Company Score: 29/100



Notably, 15 companies integrate their labor related expectations outlined in their supplier code of conducts into supplier contracts, such as their Purchase Order Terms and Conditions. However, only eight companies assess forced labor risks at potential suppliers.⁸

Only three companies demonstrate an awareness of and commitment to addressing certain types of purchasing practices which can increase the risk of human trafficking and forced labor (such as short-term contracts, excessive downward pressure on pricing, and sudden changes of workload). None of the companies were able to provide examples of putting these commitments into practice—for example, through longer term contracts or regular purchasing forecasts for suppliers. More innovation around adapting purchasing practices is particularly relevant in the agricultural sector, where there is a large diversity of sourcing models, inputs, and sourcing geographies.

In agricultural supply chains, forced labor often happens at the farm level. In light of that, the number of companies cascading their expectations down their supply chains is low: only five companies require their first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's supply chain standards on forced labor. A further three companies encourage their suppliers to do so.

Notable Examples

Mondelēz (integration in contracts): Mondelēz purchasing contracts require direct suppliers to support its policies on forced labor. Its Purchase Order Terms and Conditions require compliance with the following elements: to not use any forced labor, to respect the freedom of movement of workers, and not restrict their movement by controlling identity papers, holding money deposits, or taking any other action to prevent workers from terminating their employment.

Nestlé (cascading standards through the supply chain): Nestlé's Supplier Code includes a requirement for suppliers to inform their employees and sub-contractors of the content of the Code. Nestlé's suppliers further sign an acknowledgement that they will ensure that sub-contractors and employees comply with the Code's provisions.

⁸ Note monitoring of suppliers is covered under the monitoring section of this report.

Recommended Company Actions

Purchasing practices: Take steps to mitigate the risk of human trafficking and forced labor caused by certain purchasing practices (e.g., avoiding short-term contracts, excessive downward pressure on pricing, and sudden changes of workload).

Cascading standards: Require first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's supply chain standards addressing human trafficking and forced labor.

RECRUITMENT

This theme measures a company's approach to reducing the risk of exploitation of supply chain workers by recruitment agencies and eliminating workers' payment of fees during recruitment processes throughout its supply chain.

Average Company Score: 10/100



This is the lowest scoring area where, despite strong policies among few companies, overall awareness and transparency is low. This is concerning given the sector's dependence on agricultural workers, which are often seasonal and migrant workers, recruited through middle men, and most at risk of exploitation.

Three companies demonstrate awareness of the risks of forced labor that can arise from the use of recruitment agencies. Two of those require recruitment agencies in their supply chains to uphold workers' rights.

Seven companies require that no fees are charged during the recruitment process, but none of the companies have a process whereby they ensure that, in the event that fees have been paid, fees are reimbursed to supply chain workers. No company requires direct employment of supply chain workers or audits recruiters in its supply chain, though two companies require their suppliers to audit recruiters.

Notable Examples

Unilever (recruitment approach and recruitment fees): To the extent possible, Unilever's suppliers must hire workers only through recruitment agencies that have developed policies and strategies to combat trafficking and forced labor. Migrant workers need to have full transparency about employment terms, conditions, and local labor laws prior to gaining their written consent. Unilever's policies set out that

supply chain workers (including migrant workers or workers recruited supplied through an agency) should not be required to pay a fee in connection with obtaining employment. Suppliers should be responsible for payment of all fees and expenses of their workers.

Recommended Company Actions

Recruitment Fees: Ensure that no fees are charged to supply chain workers and require that workers are repaid when they are charged. Companies may wish to work with peers, for example through the Leadership Group for Responsible Recruitment.

Direct Hiring: Promote direct hiring and—where this is not possible—perform robust due diligence of third-party recruitment agencies.

WORKER VOICE

This theme measures the extent to which a company proactively communicates with workers through its supply chain, enables freedom of association, and ensures access to effective and trusted grievance mechanisms.

Average Company Score: 14/100



As the second lowest-scoring theme and one that is critical to reducing instances of forced labor in supply chains, this is an area where the industry needs to significantly improve.

Although over half of the companies (11 out of 20) state that they have a grievance mechanism that is available to suppliers, none of the companies disclose how they ensure the mechanism is proactively communicated to suppliers' workers.

Nestlé is the only company which provided an example of engaging workers outside of the context of the workplace on their labor rights. Nestlé further uses the Sedex Members Ethical Trade Audit (SMETA) protocol, which outlines that, in a case of regulatory constraints regarding freedom of association, the employer facilitates the development of parallel means for independent and free association and bargaining. The only other company which has developed a policy for its suppliers to address restrictions of freedom of association is Wilmar.

Notable Examples

Nestlé (worker voice): Nestlé partners with third-party organizations to carry out community engagement and interviews to assess the potential impact of the farm or factory operations present in Nestlé Supply Chains. Among other things, those partnerships enable the company to identify “root causes of human trafficking” through community engagement and empowerment activities at the village level.

Recommended Company Actions

Grievance Mechanisms: Provide suppliers’ workers throughout the supply chain access to the company’s grievance mechanism that adhere to the “effectiveness criteria” set out in the [UN Guiding Principles on Business and Human Rights](#). Require suppliers to establish grievance mechanisms and to convey the same expectation to their suppliers.

Worker Empowerment: Translate policy-level commitments to freedom of association into practice by taking steps to ensure that workers in the supply chain are able to organize, especially in contexts where there are regulatory obstacles (often the case for migrant workers).

MONITORING

This theme evaluates a company’s process for auditing (including whether it performs nonscheduled visits, document reviews, and/or worker interviews) and disclosure on the outcomes of its audit process.

Average Company Score: 36/100



Seventeen companies have processes in place to monitor their suppliers’ compliance with the Supplier Code of Conduct or other human rights and/or labor criteria. However, only four companies report they undertake worker interviews. Three companies report using SMETA, a compilation of good practices in ethical audit techniques. SMETA includes a requirement to ensure employment is freely chosen by verifying policies and processes such as how workers are recruited or whether migrant workers have access to their identity documents.

Seven companies disclosed a summary of audit findings, for the most part aggregating results such as the types of issues identified. In some cases, this included violations against freely chosen employment or labor “analogous to slavery.” One company reported that no evidence of human rights practice violations was identified and that all workers at the farms and mills were employed directly. Member companies of the Fair Labor Association (FLA) disclosed that facility specific audit findings are available on the FLA website.

Notable Examples

Unilever (audit process): Unilever's suppliers are primarily audited at site level. Audits include on-site visits, policy, procedure and document reviews, and interviews with a random sample of workers, including, agency, temporary, and migrant workers.

Coca-Cola (audit process and disclosure): Coca-Cola enhanced its social audit protocol to include a greater focus on migrant workers among other things. It also discloses a summary of audit outcomes. In 2014, 24% of workplace rights cases related to working hours and wages, 2% to freedom of association, and less than 1% to forced labor.

Recommended Company Actions

Audit Process: Ensure that the audit process includes a review of relevant documents (such as wage slips, information on labor recruiters, contracts, etc.) and worker interviews. Work to increase the percentage of audits that are non-scheduled, and also conduct audits below first-tier suppliers where the risk of forced labor is higher.

Audit Disclosure: Disclose the percentage of suppliers audited annually and a summary of findings, including details regarding any violations revealed.

REMEDY

This theme measures the extent to which a company has corrective action plans for non-compliant suppliers as well as processes for remedying workers who are victims of forced labor and whether it reports on remedies provided.

Average Company Score: 29/100



Fifteen companies report having a process to create corrective action plans, and nine companies specify potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision.

Only four companies report having a remedy program and/or requiring suppliers to have in place a remedy program. PepsiCo is the only company which provides details and describes a process for responding to complaints and reported violations of policies and standards received via its Speak Up Line, which is open to suppliers' employees.

No company provides examples of outcomes of its remedy processes, which is concerning as these are the largest global companies of a sector where the risk of forced labor is high. Even companies which have been linked to forced labor allegations, or publicly acknowledge the use of forced labor in their supply chain lack disclosure and action on remedying victims, despite strong policies and processes in other areas.

Notable Examples

Unilever (corrective action plans): When non-conformances are discovered, Unilever's suppliers are required to create a time-bound remediation plan addressing root causes of the non-conformance. Suppliers may be subject to re-audits. A scoring system for non-conformances observed during an audit determines the frequency of re-audits. The audit company verifies the implementation for corrective action plans. Continual non-conformances result in an escalation to the Global Procurement Code Committee for a decision on terminating the business relationship.

Recommended Company Actions

Corrective Action Plans: Have in place a process to create corrective action plans with suppliers found to be in violation with regulations or standards. Ensure verification, remediation, and/or implementation of corrective actions (e.g., through record review, employee interviews, spot-checks or other means).

Remedy Programs: Adopt a victim-centered approach to remedying workers in the supply chain found to be in situations of forced labor, and report outcomes of this approach. Depending on the circumstance, approaches might include repatriation, access to health support, consultation with relevant local authorities and NGOs, and working with local victim service-provision organizations.

What Next?

KnowTheChain will continue its engagement with, and benchmarking of companies in the food and beverage sector to encourage improvement. It will also raise awareness of the benchmark results among investors and civil society.

KnowTheChain is also benchmarking Information and Communications Technology (ICT) and Apparel & Footwear companies and will provide guidance for companies in each of the sectors. The goal behind each benchmark and accompanying guidance is to help drive improvements on policies, practices, and related disclosure on efforts to mitigate the risks of forced labor in supply chains.

To find out more, visit [KnowTheChain.org](https://www.knowthechain.org).

ANNEX

Company Selection

Recognizing that benchmarks can play a powerful role in encouraging companies to uphold labor standards, KnowTheChain has benchmarked 20 food and beverage companies on the transparency of their efforts to eradicate forced labor from their global supply chains.

These publicly traded companies were selected on the basis of their size (market cap) and the extent to which they derive their revenues from corporate-branded food and drink products. KnowTheChain assessed information available on each company's own website, as well as additional public disclosure that more than half of the companies provided in response to engagement questions.

The companies' disclosure of their policies and processes were evaluated across seven themes: commitment and governance; traceability and risk assessment; purchasing practices; recruitment; worker voice; monitoring; and remedy. Each company received an overall score out of 100 possible points.

ANNEX

Benchmark Methodology – Food & Beverage

Indicator Name	Indicator Description	Indicator Elements
1 . 0 C o m m i t m e n t a n d G o v e r n a n c e		
1.1 Awareness and Commitment	The company publicly demonstrates its awareness of and commitment to addressing human trafficking and forced labor.	The company has publicly demonstrated its awareness of and commitment to addressing human trafficking and forced labor.
1.2 Supply Chain Standards	The company has supply chain standards that require suppliers throughout its supply chain to uphold workers' fundamental rights and freedoms (as articulated in the ILO Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor. The standards have been approved by a senior executive and are easily accessible on the company's website.	The company's supply chain standard: (1) requires suppliers to uphold workers' fundamental rights and freedoms (those articulated in the ILO Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor. (2) has been approved by a senior executive. (3) is easily accessible from the company's website. (4) is reviewed and updated regularly.
1.3 Management and Accountability	The company has established within its managerial structure clear responsibilities and accountability for the implementation of its supply chain policies and standards relevant to human trafficking and forced labor.	The company: (1) has a committee, team, program or officer responsible for the implementation of its supply chain policies and standards relevant to human trafficking and forced labor.
1.4 Training	The company has training programs in place to ensure that relevant decision-makers within the company and in its supply chain are aware of risks related to human trafficking and forced labor and are effectively implementing the company's policies and standards.	Training programs include: (1) the training of all relevant decision-makers within the company on risks, policies, and standards related to human trafficking and forced labor. (2) the training and capacity building of suppliers on risks, policies, and standards, related to human trafficking and forced labor.

Indicator Name	Indicator Description	Indicator Elements
1.5 Stakeholder Engagement	The company engages with relevant stakeholders on human trafficking and forced labor. This includes engagement with trade unions, local NGOs, and/or policy makers in countries in which its suppliers operate, as well as active participation in one or more multi-stakeholder or industry initiatives.	In the last three years, the company has: (1) engaged with trade unions, local NGOs, and/or policy makers in countries in which its suppliers operate on forced labor and human trafficking. (2) actively participated in one or more multi-stakeholder or industry initiative focused on forced labor and human trafficking.

2 . 0 T r a c e a b i l i t y a n d R i s k A s s e s s m e n t

2.1 Traceability	The company has processes to trace its supply chain. It publicly discloses the names and locations of its first-tier suppliers and some information on suppliers beyond its first-tier.	The company: (1) has a process to trace its supply chain. (2) publicly discloses the names and locations of its first-tier suppliers. (3) publicly discloses some information on suppliers beyond its first-tier suppliers (e.g., name, location, source country).
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2.2 Risk Assessment	The company has a process to assess forced labor risks associated with specific commodities, regions, and/or groups, and it publicly discloses forced labor risks identified throughout its supply chain.	The company: (1) conducts forced labor risk or impact assessment(s) focused on specific commodities, regions, and/or groups. (2) publicly discloses forced labor risks identified throughout its supply chain.
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3 . 0 P u r c h a s i n g P r a c t i c e s

3.1 Purchasing Practices	The company demonstrates awareness of the increased risk of human trafficking and forced labor caused by certain purchasing practices (e.g., short-term contracts, excessive downward pressure on pricing, and sudden changes of workload, and takes steps to mitigate this risk).	The company: (1) demonstrates awareness that certain types of purchasing practices can increase the risk of human trafficking and forced labor (e.g., short-term contracts, excessive downward pressure on pricing, and sudden changes of workload). (2) is taking steps to mitigate the risk of human trafficking and forced labor caused by certain purchasing practices (e.g., such as short-term contracts, excessive downward pressure on pricing, and sudden changes of workload).
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Indicator Name	Indicator Description	Indicator Elements
3.2 Supplier Selection	The company assesses risks of forced labor at potential suppliers prior to entering into any contracts with them and has a procurement selection process that considers the capacity of suppliers to meet fluctuating demands.	The company: (1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them. (2) has a procurement selection process that considers the capacity of suppliers to meet fluctuating demands (to reduce risk of undeclared subcontracting).
3.3 Integration into Supplier Contracts	The company integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.	The company: (1) The company integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.
3.4 Cascading Standards through the Supply Chain	The company extends its supply chain standards beyond its first tier by requiring that its first-tier suppliers ensure that their own suppliers implement standards that are in line with the company's standards.	The company: (1) requires its first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's supply chain standards addressing forced labor and human trafficking.
4 . 0 R e c r u i t m e n t		
4.1 Recruitment Approach	The company demonstrates awareness of the risk of exploitation of migrant workers by recruitment agencies and brokers and has relevant policies in place (e.g., on direct employment). The company also requires suppliers to disclose to them the recruiters that they use.	The company: (1) demonstrates awareness of the risk of exploitation of migrant workers by recruitment agencies and brokers and commitment to address such risks. (2) has a policy that requires recruitment agencies in its supply chain to uphold workers' rights. (3) has a policy that requires direct employment. (4) requires suppliers to disclose to them the recruiters that they use.
4.2 Recruitment Fees	In its relevant policies or standards the company requires that no fees be charged during any recruitment process in its supply chain. In the event that it discovers that fees have been paid, the company ensures that such fees are reimbursed.	The company: (1) requires that no fees be charged during any recruitment processes conducted throughout the supply chain. (2) in the event that it discovers that fees have been paid, ensures that such fees are reimbursed.

Indicator Name	Indicator Description	Indicator Elements
4.3 Recruitment Audits	The company audits recruiters to assess risks of forced labor and human trafficking.	The company: (1) audits recruiters to assess risks of forced labor and human trafficking.

5 . 0 W o r k e r V o i c e

5.1 Communication of Policies	The company communicates its human trafficking and forced labor policies and standards to supply chain workers in their native languages.	The company: (1) communicates its human trafficking and forced labor policies and standards directly to workers in its supply chain. (2) makes its policies and standards available in the languages of suppliers' workers.
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5.2 Worker Voice	The company engages with workers outside of the context of the factories in which they work, either directly or in partnership with stakeholders.	The company: (1) has initiatives to engage with workers outside of the context of the factories in which they work, either directly or in partnership with stakeholders.
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5.3 Worker Empowerment	Where there are regulatory constraints on freedom of association, the company encourages suppliers to ensure workplace environments in which workers are able to pursue alternative forms of organizing.	The company: (1) where there are regulatory constraints on freedom of association, encourages suppliers to ensure workplace environments in which workers are able to pursue alternative forms of organizing.
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5.4 Grievance Mechanism	The company has an accessible, formal grievance mechanism that facilitates the impartial reporting by suppliers' workers of workplace grievances and informs workers as to how to access the mechanism. Measures are taken to ensure that the impacted stakeholders trust the mechanism.	The company: (1) has formal procedure that allows suppliers' workers to report a grievance to an impartial entity. (2) demonstrates that the mechanism is made accessible to workers in the supply chain (e.g., its available in workers language). (3) ensures that the existence of the mechanism is proactively communicated to suppliers' workers. (4) takes steps to ensure that impacted stakeholders trust the mechanism (e.g., workers who report a grievance can do so without the fear of penalty, dismissal or reprisal of any kind). (5) requires its suppliers to establish grievance mechanisms, and to convey the same expectation to their suppliers.
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Indicator Name	Indicator Description	Indicator Elements
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6 . 0 M o n i t o r i n g

6.1 Auditing Process	The company audits its suppliers to measure compliance with applicable regulations and with its supply chain standards. The process includes scheduled and non-scheduled visits, a review of relevant documents, and interviews with workers.	The company has an audit process that includes: (1) scheduled and non-scheduled visits. (2) a review of relevant documents. (3) interviews with workers.
6.2 Audit Disclosure	The company publicly discloses information on the results of its audits. This includes the number and percentage of suppliers audited annually, what percentage were unannounced, and information on who carried out the audits.	The company discloses: (1) the percentage of suppliers audited annually. (2) the percentage of unannounced audits. (3) information on who carried out the audits. (4) a summary of findings, including details regarding any violations revealed.

7 . 0 R e m e d y

7.1 Corrective Action Plans	The company has a process to create corrective action plans with suppliers found to be in violation of applicable regulations and/or the company's standards, with the goal of improving conditions and achieving compliance. The company's corrective action plans include potential actions taken in case of non-compliance; a means to verify remediation and/or implementation of corrective actions; timelines for remediation; and potential consequences if corrective actions are not taken.	The company's corrective action plans include: (1) potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training and policy revision. (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot-checks or other means. (3) potential consequences if corrective actions are not taken.
7.2 Remedy Programs	The company has a process to provide remedy to workers in its supply chain in cases of human trafficking and forced labor. In its public reporting the company provides examples of outcomes of this process.	The company discloses: (1) a process for responding to the complaints and/or reported violations of policies and standards. (2) examples of outcomes of these remedy process.

ABOUT KNOWTHECHAIN

KnowTheChain—a partnership of Humanity United, Business & Human Rights Resource Centre, Sustainalytics, and Verité—is a resource for businesses and investors who need to understand and address forced labor abuses within their supply chains. It benchmarks current corporate practices, develops insights, and provides practical resources that inform investor decisions and enable companies to comply with growing legal obligations while operating more transparently and responsibly. Find out more: knowthechain.org

Humanity United is a foundation dedicated to bringing new approaches to global problems that have long been considered intractable. It builds, leads, and supports efforts to change the systems that contribute to problems like human trafficking, mass atrocities, and violent conflict. Find out more: humanityunited.org.

Sustainalytics is an independent ESG and corporate governance research, ratings, and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. Find out more: sustainalytics.com.

Business & Human Rights Resource Centre is a non-profit that tracks the human rights conduct of over 6,000 companies worldwide. Find out more: business-humanrights.org.

Verité is a global, independent, non-profit organization that provides consulting, training, research, and assessment services with a mission to ensure that people worldwide work under safe, fair, and legal working conditions. As such, it works with some of the companies covered in the benchmark. Verité was not involved in ranking, researching, or evaluating company disclosures for the benchmark. Find out more: verite.org.