



KNOW THE CHAIN

Transparency Snapshot: A Pilot Benchmark Report

January 13, 2016



TABLE OF CONTENTS

Introduction	5	Theme 4: Due Diligence: Supply Chain Monitoring	41
Introduction	5	Overview	41
Key Findings	6	4.1 Auditing	42
Methodology Overview	8	4.2 Disclosure of Audit Results	42
Discussion of Results	10	4.3 Integration of Audit Results	46
Theme 1: Policies & Standards	13	Theme 5: Remedy	48
Overview	13	Overview	48
1.1 Policy on Human Trafficking and Forced Labor	14	5.1 Corrective Action Plans	50
1.2 Supply Chain Standards	16	5.2 & 5.3 Grievance Mechanisms & Remedy Programs	54
1.3-1.4 Approval & Review and Update Process	20	Appendix	58
1.5 Communication	22	A. Project Methodology	58
Theme 2: Impact and Risk Assessment	25	B. List of Pilot Companies and Industries	62
Overview	25	C. Overview of Company Engagement Process	62
2.1 Policy on Human Trafficking and Forced Labor	26		
2.2 Supply Chain Standards	29		
Theme 3: Due Diligence: Integration and Accountability	32		
Overview	32		
3.1 Managerial Responsibility	34		
3.2 Management Practices	34		
3.3 Training	38		



INTRODUCTION

Human trafficking and forced labor are major global human rights issues. The International Labour Organization estimates that over 21 million people are victims of forced labor.

Further, it is known that 14.2 million people are victims of forced labor, being exploited through private economic activities. Over the last few years, this reality has been well-documented in media and NGO reports from the U.S. to Thailand, from Uzbekistan to Indonesia. In total, forced labor generates an estimated USD 150 billion in illegal profits every year. The role of business and, in particular, large corporations with significant purchasing power, is imperative to eliminating forced labor and ensuring human rights are respected and protected.

Today, governments are increasingly taking action by establishing regulations that require companies to disclose information on their approaches to eradicating forced labor from their supply chains, including the California Transparency in Supply Chains Act (SB

657), and the more recent UK Modern Slavery Act. Many companies are acting in response to and anticipation of government requirements, adopting policies and programs to mitigate the risk of forced labor in their supply chains. Yet little is known about which companies are leading the way in forced labor policy and practice and where further efforts need to be made.

Pilot Benchmark

This report presents the outcome of a pilot benchmark conducted in 2015. It examined the transparency and disclosure statements of a small subset of companies with regards to human trafficking and forced labor.

The primary objectives of this pilot study can be summarized as:

- Develop and test a pilot benchmarking methodology that can be scaled for future, expanded benchmarking studies
- Identify and highlight examples of strong corporate practices, especially as reporting requirements and national legislation expands and evolves
- Provide a preliminary analysis on corporate forced labor transparency and disclosure patterns addressing forced labor in supply chains

In 2016, KnowTheChain will publish sector-specific benchmarks that will scale up the methodology used in this pilot and will compare companies' disclosure and practices with respect to forced labor in their supply chains. Benchmarks can play a powerful role in encouraging companies to uphold labor standards and protect workers' rights. They harness the competitive nature of markets to drive a "race to the top" by creating brand reward for leaders and brand risk for laggards. They also give companies and investors the information necessary to understand performance, promising practices, and a path forward.

Key Findings

Corporate disclosure and transparency of efforts to mitigate human trafficking and forced labor in supply chains is poor, with an average overall score of

52/100

On average, companies in the consumer discretionary sector (including footwear and apparel retailing) outperform evaluated sectors, with an average score of **65 out of 100** compared to **59 out of 100** in the consumer staples sector (packaged food and meats) and **34 out of 100** in the Information Communication Technology sector.

There is a wide distribution in corporate disclosure on efforts to mitigate human trafficking and forced labor in their supply chains, with

the leading company scoring	<h1>91/100</h1>	and the lowest-ranked company scoring	<h1>12/100</h1>
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Policies and Standards

Companies are expected to publicly articulate a commitment to mitigate human trafficking and forced labor in a formal policy. A policy should also outline a company’s specific expectations for suppliers.

- 17 out of 20 companies have a formal policy that acknowledges the potential for human trafficking and forced labor in their supply chains
- 8 of the 20 companies include a requirement in their standards that forbids suppliers from charging fees to workers during recruitment processes
- 5 of the 20 pilot companies disclose how they have made their policies and standards available to vulnerable parties in their supply chains, especially local workers. In many cases, companies conduct specific training and information sessions

Integration and Accountability

Companies are expected to take appropriate measures to ensure their policies and standards are adhered to throughout their operations. This includes establishing clear managerial responsibility and accountability for supply chain standards, training employees, and integrating supply chain standards into supplier contracts.

- 15 out of 20 companies demonstrate strong managerial structures and processes for ensuring the implementation of policies and standards related to human trafficking and forced labor
- 5 of 20 companies disclose how concerns related to the implementation of labor standards in their supply chains are escalated and managed within the company
- None of the companies disclose management incentives linked to addressing human trafficking and forced labor in their supply chains

Monitoring

Companies are expected to establish processes for monitoring labor conditions in their supply chains.

- All companies have auditing processes in place to measure suppliers’ compliance with supply chain standards
- 3 of 20 companies conduct interviews with sub-contracted personnel at their suppliers’ locations as part of their auditing practices
- 11 of 20 companies demonstrate evidence of how auditing results are integrated into practices

Remedy

Companies are expected to establish programs for remedying violations and non-compliance found in their supply chains.

- 10 of 20 companies disclose a process for verifying suppliers’ remediation plans when violations are discovered and corrective action plans are established
- 6 of the 20 companies require their direct suppliers to have a grievance mechanism in place

Methodology Overview

The methodology developed for this pilot assesses the degree to which companies publicly disclose policies, standards, and management approaches to mitigating forced labor in their supply chains.

Companies were evaluated against sixteen indicators within five thematic areas: policies and standards, impact and risk assessment, integration and accountability, monitoring, and remedy. The methodology aligns with key legislation including California's Transparency in Supply Chains Act (SB 657¹), the United Kingdom Modern Slavery Bill², and U.S. Executive Order 13627³. Other key guidance documents were also considered, including, Beyond SB 657: How Businesses Can Meet and Exceed California's Requirements to Prevent Forced Labor in Supply Chains⁴ and Free and Fair Labor in Palm Oil Production⁵.

Twenty companies were selected across three sectors for the pilot evaluation: consumer discretionary (footwear and apparel), consumer staples (packaged food and meats), and information communication technology (ICT). Company selection was based on a sector's high risk of exposure to the issue and a company's market capitalization. A detailed description of the methodology is included in the appendices.

1 Senate Bill 367. California, United States. <http://www.state.gov/documents/organization/164934.pdf>

2 Modern Slavery Act, Chapter 30. United Kingdom. March 26th, 2015. <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted/data.htm>

3 Executive Order 13627. United States Strengthening Protections Against Trafficking In Persons In Federal Contracts. September 25 2012. <https://www.whitehouse.gov/the-press-office/2012/09/25/executive-order-strengthening-protections-against-trafficking-persons-fe>

4 Beyond SB 657: How Businesses Can Meet and Exceed California's Requirements to Prevent Forced Labor in Supply Chains. ATEST. January 2013. <https://endslaveryandtrafficking.org/wp-content/uploads/2015/01/ATEST-Report-Beyond-SB657-final.pdf>

5 Free and Fair Labor in Palm Oil Production: Principles and Implementation Guidance. Humanity United. February 2015. http://www.humanityunited.org/wp-content/uploads/2015/03/PalmOilPrinciples_031215.pdf

Figure 1
Pilot Methodology: Themes and Indicators

Thematic Area	Description	Indicators
Theme 1 Policies and Standards	A company's policies articulate its responsibilities, commitments, and expectations with respect to human trafficking and forced labor. The policies contain commitments to adhere to standards and practices. Suppliers are expected to adhere as well.	<ul style="list-style-type: none"> • Policy on Human Trafficking and Forced Labor • Supply Chain Standard • Approval • Review and Update Process • Communication
Theme 2 Due Diligence – Impact and Risk Assessment	Impact assessments are processes undertaken by companies to understand how, based on the nature and extent of their operations and their supply chains, they are connected to labor conditions and to complicity in human trafficking and forced labor.	<ul style="list-style-type: none"> • Supply Chain Mapping and Risk Assessment • Supply Chain Transparency
Theme 3 Due Diligence – Integration and Accountability	This area focuses on how a company is integrating its policies and standards into its day-to-day operations. For example, by ensuring clear managerial responsibility/accountability, providing training, integrating standards into supplier contracts, maintaining a preferred supplier program, etc.	<ul style="list-style-type: none"> • Managerial Responsibility • Management Practices • Training
Theme 4 Due Diligence – Supply Chain Monitoring	This area focuses on processes implemented by the company to monitor labor conditions in its supply chain and to determine compliance with applicable standards.	<ul style="list-style-type: none"> • Auditing • Disclosure of Audit Results • Integration of Audit Results
Theme 5 Remedy	This area focuses on the programs a company puts in place to remedy violations/non-compliance found in its supply chain.	<ul style="list-style-type: none"> • Corrective Action Plans • Grievance Mechanisms • Remedy Programs

List of Companies by Sector

Footwear & Apparel (Consumer Discretionary):

- Fast Retailing Co. Ltd.
- Gap, Inc.
- Industria de Diseno Textil S.A.
- Hennes & Mauritz AB
- Nike, Inc.
- The TJX Companies, Inc.

Food & Beverage (Consumer Staples):

- Associated British Foods plc.
- Danone
- General Mills, Inc.
- Hershey Co.
- Mondelēz International, Inc.
- Nestlé S.A.
- Unilever plc.

Information & Communication Technology (ICT):

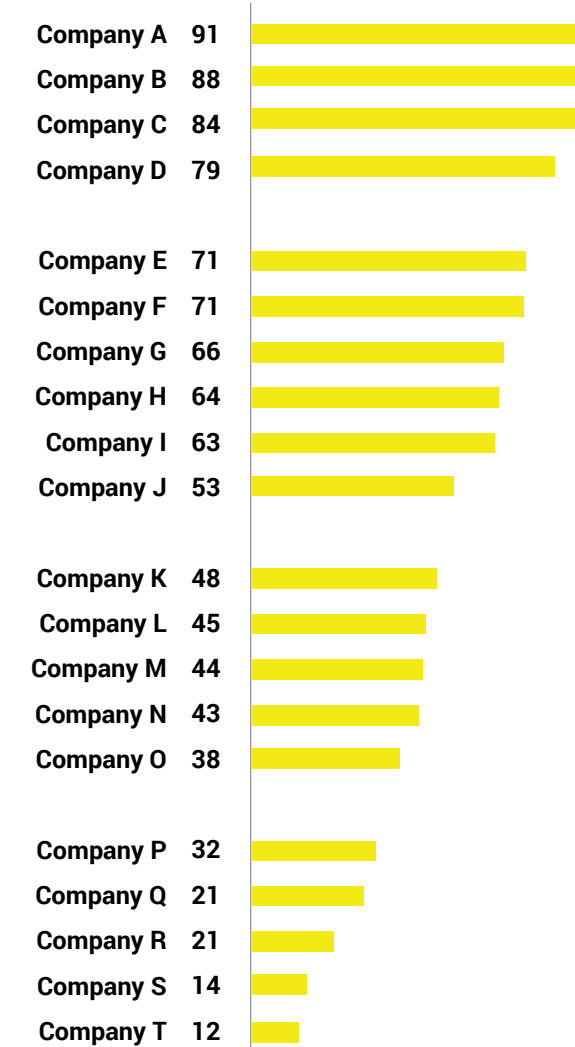
- Apple, Inc.
- Cisco Systems, Inc.
- Intel Corporation
- Microsoft Corporation
- QUALCOMM Incorporated
- Samsung Electronics Co. Ltd.
- Taiwan Semiconductor Manufacturing Co. Ltd.

DISCUSSION OF RESULTS

Overall Performance

Overall, the research finds a wide distribution in companies' transparency on efforts to mitigate human trafficking and forced labor in their supply chains. 4 out of 20 companies score between 75 and 100, 6 companies score between 50 and 74, 6 companies score between 25 and 49, and 4 out of 20 companies score between 0 and 24.

Figure 2
Overall Performance Score (Out of 100)



Overall, companies scored an average of 52 out of 100 for their transparency on efforts to mitigate human trafficking and forced labor in their supply chains. The highest score is 90.9 and the lowest score is 12.2. Since 12 out of 20 companies fall between 75 and 35, this means that in general pilot companies disclose some information about their efforts to mitigate human trafficking and forced labor in their supply chains. Top companies demonstrate strong transparency, scoring an average of 85.5 out of 100.

THEME 1: POLICIES AND STANDARDS

Overview

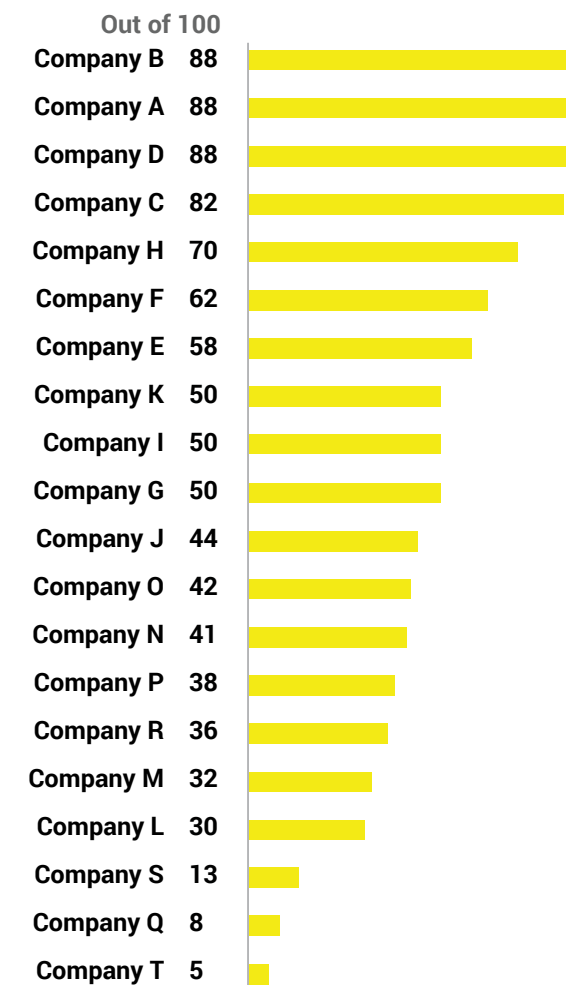
Indicators

- 1.1 Policy Statement on Human Trafficking and Forced Labor
- 1.2 Supply Chain Standards
- 1.3 Approval
- 1.4 Review and Update Process
- 1.5 Communication

Overall, company transparency on Policies and Standards is relatively weak, with companies scoring an average of 48 out of 100. The companies that distinguish themselves as leaders not only articulate robust policy commitments and communicate these commitments clearly, but also put in place approval and review processes to ensure policies and standards are up-to-date. There are some differences in performance between the leaders across indicators. For example, one company scores lower because its policy fails to state that fees cannot be charged during recruitment processes. As well, the research found that none of the three leading companies disclose if they review

their policies and standards at least every two years. The lowest scoring company only has a general statement addressing the potential for human trafficking and forced labor in its supply chain but does not disclose a supply chain standard.

Figure 3
Company Performance on Theme 1: "Policies and Standards - Weight of Overall Score 32.15%" (1.1-1.5)



INDICATOR 1.1 POLICES ON HUMAN TRAFFICKING AND FORCED LABOR

The company has a policy statement in which it commits to:

- Address the potential for human trafficking and forced labor in its supply chains
- Establish due diligence processes to understand and manage its exposure
- Provide access to remedy to affected workers

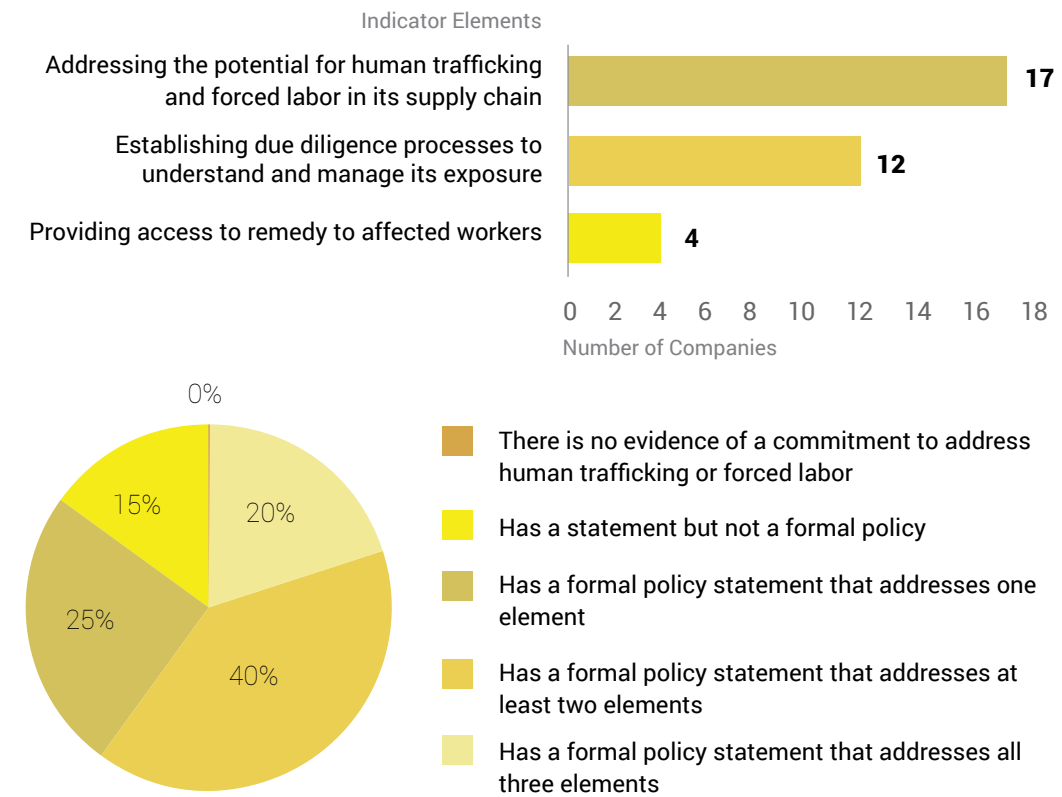
Key Findings

The vast majority of companies have a formal policy addressing the potential for human trafficking and forced labor in their supply chains. Four companies receive full points for satisfying all three elements evaluated. Three companies make general statements demonstrating some commitment to these elements, but the statements are not in the form of a formal policy. All companies evaluated address the potential for human trafficking and forced labor in their supply chains whether in a formal policy or a general statement. Over half referenced both 'human trafficking' and 'forced labor' terms in their policies or general statements. The nine companies that referenced only one of the two terms referenced the term 'forced labor'. Other common terms included: 'bonded', 'involuntary', 'slave', 'compulsory', 'illegal', 'indentured', 'prison', and 'child labour'. The majority of companies list several of these terms in their commitment documents.

12/20 companies commit to establishing due diligence processes in their policy statements

Companies that commit to providing remedies are also found to commit to establishing due diligence processes in their policy statements. All four companies that commit to providing access to remedy for affected workers also commit to establishing due diligence processes. Overall, 12 of 20 companies commit to establishing due diligence processes in their policy statements.

Figure 4
Indicator 1.1 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



Highlighting Promising Practices - Unilever's Human Rights Policy Statement.

Unilever has a Human Rights Policy Statement that not only addresses the potential for human trafficking and forced labor in its supply chain, but also reflects an internal commitment to mitigating exposure to this issue. The policy references both terms, stating that the company "prohibits discrimination, forced, trafficked and child labor." The policy further includes a commitment to due diligence, which involves managing human rights risks by incorporating these risks into the company's policies and internal systems, and outlines the governance structure and managerial responsibility for the policy. Finally, the document contains a commitment to providing remedy by stating that the Unilever places "importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms."

INDICATOR 1.2 SUPPLY CHAIN STANDARDS

The company addresses human trafficking and forced labor through a set of labor standards to which it expects suppliers throughout its supply chain adhere. These standards address:

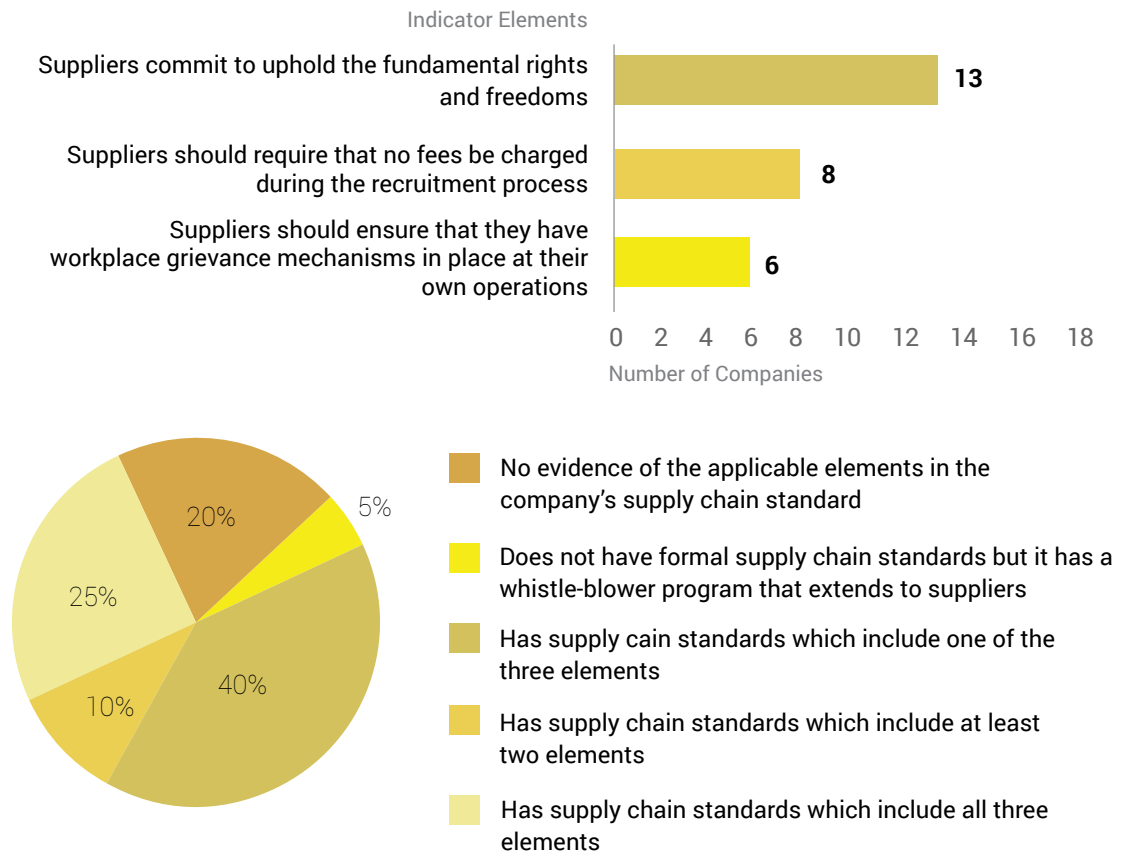
- **Worker rights and freedoms** – Suppliers should commit to uphold the fundamental rights and freedoms of their workers and workers in their supply chains (including those articulated in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work)
- **Recruitment practices** – Suppliers should require that no fees be charged during the recruitment process
- **Workplace grievance mechanisms** – Suppliers should ensure that workplace grievance mechanisms are in place at their own operations and in their supply chains

Key Findings

The vast majority of companies disclose a set of labor standards that address human trafficking and forced labor within their supply chains. Typically, these labor standards are contained within some form of a supply chain standard or supplier code of conduct. Five companies receive full points for satisfying all three elements evaluated. On the other hand, 5 out of 20 companies do not disclose company-specific supply chain standards and therefore are viewed as underperforming. Although these companies reference the use of the Electronics Industry Citizenship Coalition’s (EICC) industry supply chain standard, there was no evidence that the companies adapted the standard to their company context and needs. Notably, these companies also do not score strongly across due diligence and remedy-related indicators and underperform compared to other pilot companies across all indicators.

8/20 companies include a requirement in their supplier standards that no fees be charged during the recruitment process, though companies communicate this requirement in various ways

Figure 5
Indicator 1.2 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



13 of the 15 companies with supplier standards make explicit reference to the four fundamental rights and freedoms of workers in their standards: freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, and elimination of discrimination in respect to employment and occupation. For example, Associated British Foods’ Supplier Code of Conduct states “all policies and procedures shall conform to

6 Electronics Industry Citizenship Code of Conduct. Version 5. April 1, 2015. <http://www.eiccoalition.org/standards/code-of-conduct/>

7 International Labour Organization Declaration on Fundamental Principles and Rights at Work. 1998. <http://www.ilo.org/declaration/lang-en/index.htm>

the provisions of the relevant International Labour Organization standards” and includes a commitment to all four fundamental rights and freedoms.

8 of 20 companies include a requirement in their supplier standards that fees cannot be charged during the recruitment process, though companies communicate this requirement in various ways. For example, H&M states “any commissions and other fees in connection with employment of migrant workers must be covered by the employer.” Similarly, Nike states that contractors are responsible for paying employment eligibility fees of foreign workers, including recruitment fees. Additionally, Intel states that workers should not be required to pay a fee for employment, and General Mills states that “suppliers cannot require payment of fees or the surrendering of identification as a condition of employment.”

6/20

companies were found to have supplier standards that include a commitment to ensuring that suppliers have workplace grievance mechanisms in place in their own operations

Only 6 of 20 companies were found to have supplier standards that include a commitment to ensuring that suppliers have workplace grievance mechanisms in place in their own operations. For example, Nestlé’s Supplier Code states that suppliers “shall have systems” that enable anonymous grievances, reporting, and management; Nike’s Code of Leadership encourages suppliers to adopt a written grievance policy and procedure.

Highlighting Promising Practices – Apple’s Supplier Code of Conduct and Supplier Responsibility Standard.

Apple uniquely publishes both a **Supplier Code of Conduct** (7 pages), which defines its expectations for suppliers, and a **Supplier Responsibility Standard** (104 pages), which extensively elaborates on each commitment contained in its standard. These documents:

- Mention a range of labor and human rights issues, including anti-discrimination, anti-harassment and abuse, prevention of involuntary labor and human trafficking, prevention of underage labor, juvenile worker protection, student worker protection, working hours, wages, benefits, freedom of association, and a range of health and safety issues. While the code does not specifically reference the ILO Declaration on Fundamental Principles and Rights at Work, it does make reference to ILO International Labor Standards more broadly
- State that suppliers must not recruit using any form of bonded or indentured labor, nor recruit involuntary labor which includes labor where there are “payments to any person having control over another person for the purpose of exploitation”
- Require suppliers to provide anonymous complaint mechanisms accessible to managers and workers. Overall, the company applies a broad scope to its standard by requiring that its suppliers, supplier subcontractors, and suppliers’ next tier suppliers abide by the code and standards

INDICATOR 1.3-1.4 APPROVAL & REVIEW AND UPDATE PROCESS

- **Approval** – The company’s policy and supply chain standards have received approval and sign-off at most senior level
- **Review and Update Process** – It is evident that the policies and standards are regularly reviewed and, if necessary, updated

Key Findings

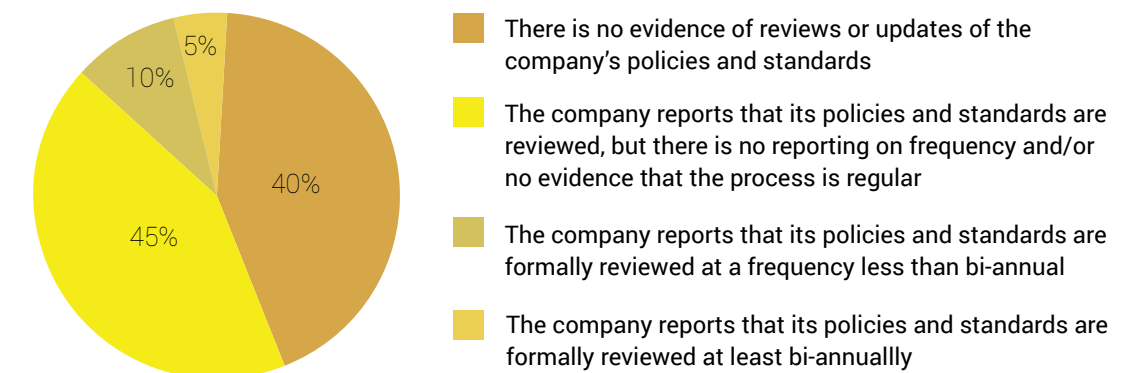
For half of the companies, there is evidence that their policies and standards are approved by the CEO or board of directors. In most cases, a specific board-level committee is assigned the responsibility for overseeing the relevant policy. There are seven companies that have either a policy and/or a supplier standard; however, based on available evidence, these policies and/or standards are not approved by the CEO or board of directors. Those companies demonstrating promising practices in the approval process have established dedicated board-level committees for overseeing corporate responsibility, citizenship, and sustainability practices. For example, Unilever has a Corporate Responsibility Board Committee, Gap has a Governance and Sustainability Board Committee, General Mills has put in place a Public Responsibility Board Committee, and Nike has a dedicated Corporate Responsibility and Sustainability Board Committee. In all cases, these specialized committees oversee the policies and standards that were found to include a commitment to mitigating exposure to human trafficking and forced labor in their supply chains.

10/20 companies demonstrate there is evidence that their policies and standards are approved by the CEO or Board of Directors

Figure 6
Indicator 1.3 - Distribution of Answer Categories Applied



Figure 7
Indicator 1.4 - Distribution of Answer Categories Applied



12 out of 20 companies provide evidence that they have a review process in place for their applicable policies and standards. Apple is a leader in this category because its policies and standards are reviewed at least every two years. Meanwhile, 9 out of 12 companies do not indicate the frequency for the review process and/or there is no evidence that the process is regular. Several of these companies state that they regularly review the documents, though further details are not provided. For example, Associated British Foods states that its Supplier Code of Conduct is a “living document” that is “reviewed and amended as new priorities emerge”; General Mills states that it “regularly reviews the content and application of [its] Employee and Supplier Code of Conduct”; and H&M discloses that its Code of Conduct was implemented in 2003, yet was not revised until 2010, suggesting that the process is not “regular.”

Highlighting Promising Practices – Hewlett Packard No Fee Policy

Hewlett Packard's Foreign Migrant Workers Standard prohibits suppliers from outsourcing the employment of migrant laborers to third-party labor brokers. This is a major source of vulnerability for migrant workers. HP also eliminated the practice of charging worker recruitment fees and now requires that workers retain their passports.

You can read more about this step on [Verité's website](#).

INDICATOR 1.5 COMMUNICATION

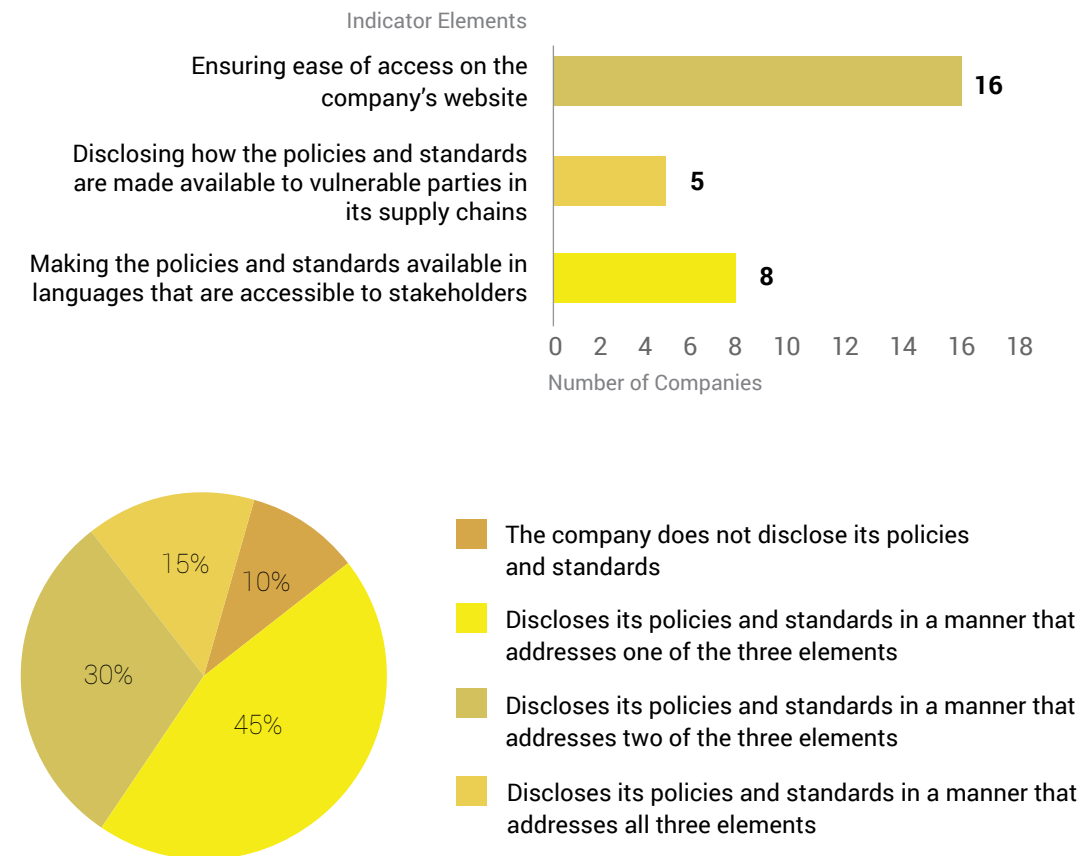
Key Findings

While most companies are making their policies and standards available publicly via a website, the research found varying levels of communication sophistication. 16 of the 20 companies ensure their policies are accessible via their public websites, typically within two to three clicks of their homepage, yet only 5 of 20 companies provide evidence of how these policies and standards are made available

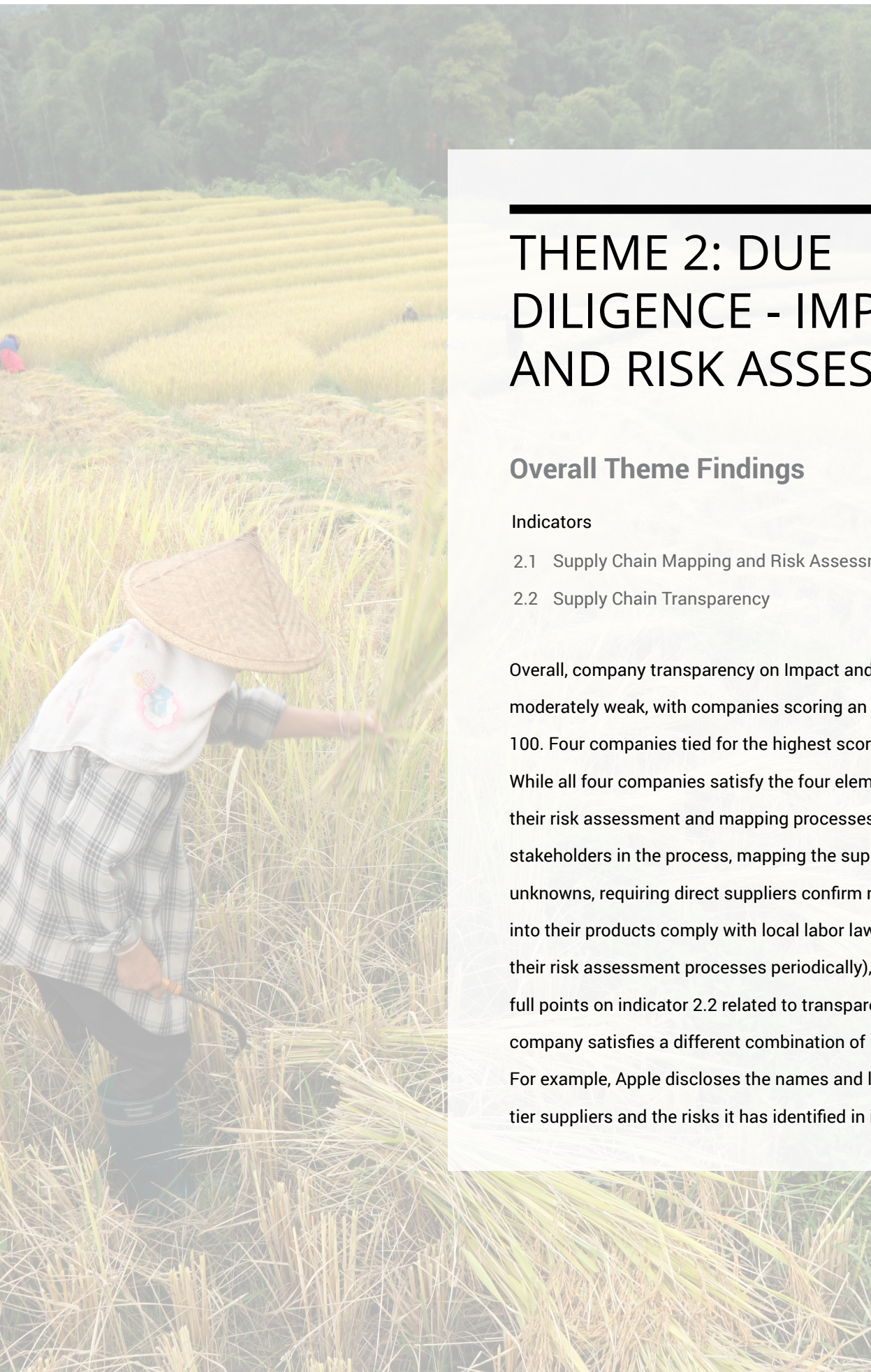
5/20

companies provide evidence of how policies and standards are made available to vulnerable parties in their supply chains, especially local suppliers' workers

Figure 8
Indicator 1.5 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



to vulnerable parties in their supply chains, especially local suppliers' workers. Moreover, only 8 of the 20 companies are translating key documents into local languages to increase their accessibility for workers in their supply chains. Inditex demonstrates promising practices overall by stating that suppliers are required to communicate the Code to all employees and anyone involved in their supply chain. As well, it requires that a translated copy of the code must be displayed in an accessible location for all workers.



THEME 2: DUE DILIGENCE - IMPACT AND RISK ASSESSMENT

Overall Theme Findings

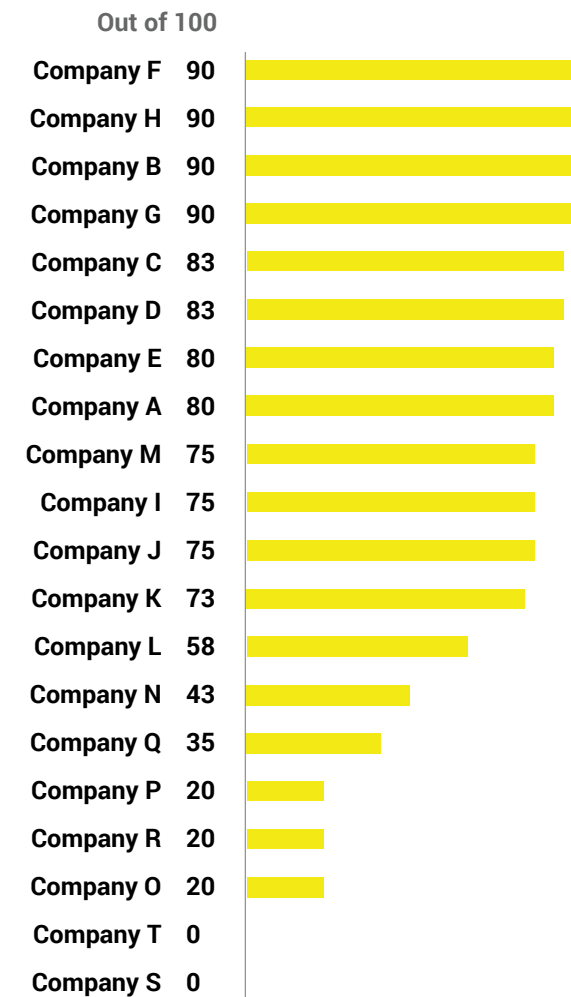
Indicators

- 2.1 Supply Chain Mapping and Risk Assessment
- 2.2 Supply Chain Transparency

Overall, company transparency on Impact and Risk Assessments is moderately weak, with companies scoring an average of 57 out of 100. Four companies tied for the highest score in this theme category. While all four companies satisfy the four elements of indicator 2.1 for their risk assessment and mapping processes (including engaging stakeholders in the process, mapping the supply chain where there are unknowns, requiring direct suppliers confirm materials incorporated into their products comply with local labor laws, and repeating their risk assessment processes periodically), none of them score full points on indicator 2.2 related to transparency. Notably, each company satisfies a different combination of indicator 2.2's elements. For example, Apple discloses the names and locations of its first-tier suppliers and the risks it has identified in its supply chain, while

General Mills does not disclose the names and locations of its first tier suppliers but does report that a third party engages in its risk assessment process and provides a list of the risks identified during its process. The lowest scoring companies do not disclose supply chain mapping and risk assessment processes.

Figure 9
Company Performance on Theme 2: "Due Diligence: Impact and Risk Assessment – Weight of Overall Score 12.5%" (2.1 + 2.2)



INDICATOR 2.1 SUPPLY CHAIN MAPPING & RISK ASSESSMENT

The company has a process to map and assess the risk of human trafficking and forced labor in its supply chains. This process:

- Includes engagement with workers throughout the supply as well as other relevant stakeholders
- Includes efforts to trace its supply chain where there are unknowns
- Is ongoing or repeated periodically

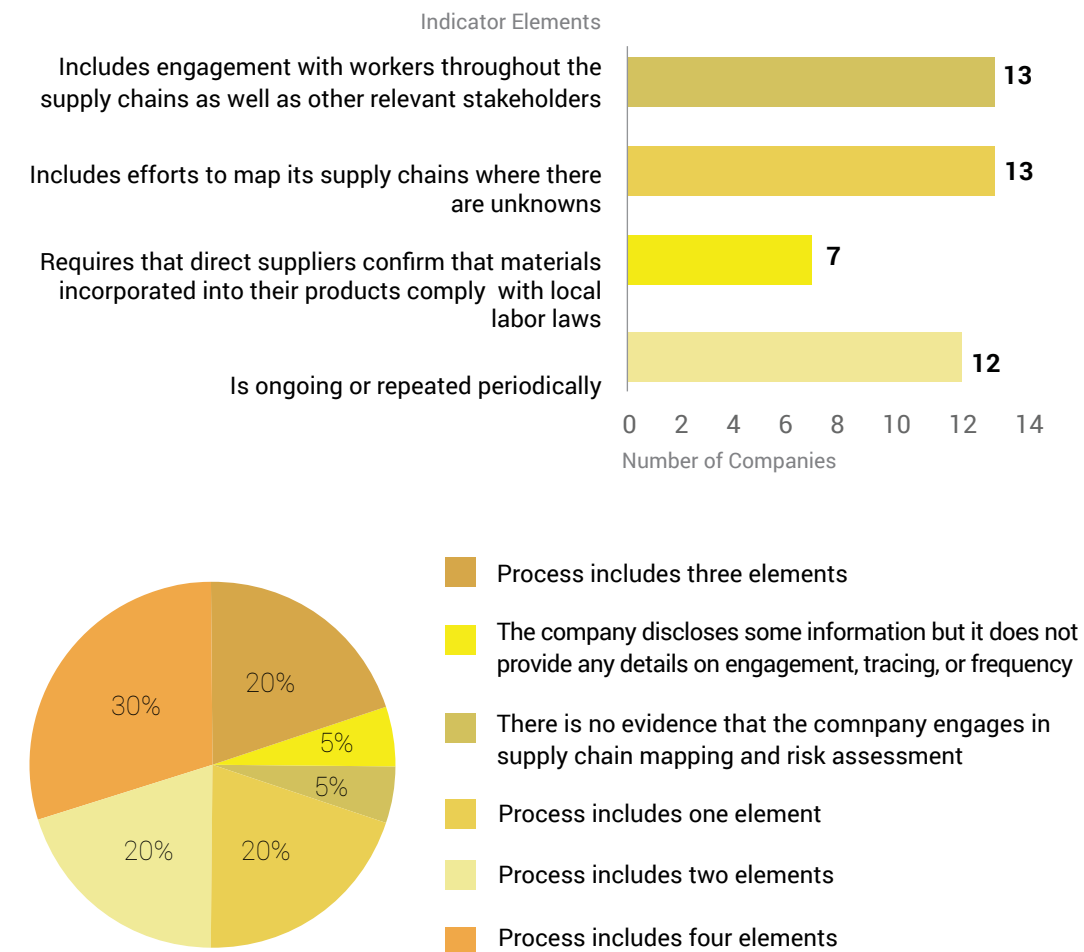
Key Findings

The majority of companies engage in some level of supply chain mapping and risk assessment activities. Four of these companies receive full points for satisfying all four elements evaluated. However, four other companies underperformed as none of them satisfied any of the elements evaluated. Slightly more than half of the companies are engaging with stakeholders in their supply chains as well as attempting to map their supply chains where there are unknowns during their risk assessment processes. For example, H&M states that it works on a country-by-country basis to understand and improve workers' situations throughout its textile supply chain. The company engages with governments, trade unions, and non-governmental organizations throughout this process, holding regular dialogues with these stakeholders. Finally, it discloses on its website a list of its suppliers

13/20

companies are engaging with stakeholders in the supply chain, as well as attempting to map their supply chain where there are unknowns during their risk assessment processes

Figure 10
Indicator 2.1 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



organized by region, country, and type of factory. The list includes the names of the suppliers, names of the factories, addresses for each factory, and the rating the factory has received through the company's auditing process (Platinum, Gold, Silver, or Bronze).

A small subset of companies require that their suppliers confirm that the materials incorporated into their products comply with local labor laws. Typically, this requirement is articulated in a Supplier Code

of Conduct. For example, Microsoft's Supplier Code of Conduct states that all suppliers are required "to conduct employment practices in full compliance with all applicable laws and regulations," and the code itself applies to Tier 1 and Tier 2 suppliers. Similarly, Apple states in its Supplier Responsibility Standard that "suppliers, their subcontractors, and their next-tier suppliers" must "comply with all applicable laws and regulations concerning the prohibition of forced labor and human trafficking." It is noted that the common practice among leading companies is to extend the scope of the supplier standard or code to not just Tier 1 or primary suppliers, but also to sub-Tier 1, indirect, upstream, or suppliers' Tier 1 suppliers (a variety of terms are used).

Highlighting Promising Practices – Gap, Inc. Transparency on its Supply Chain Risk Assessment Results

In 2013, Gap, Inc. enlisted the support of Shift, a third-party, non-governmental organization, to review its policies and processes relating to human rights in its supply chains. In the assessment, Shift identifies the human rights risks in Gap's supply chains and outlines the implication of the UN Guiding Principles on Business and Human Rights for Gap's efforts to respect human rights in its global supply chains. Shift engaged in document reviews and interviews with key staff members in order to develop the assessment. Shift did not assess the effectiveness of Gap's policies and process in practice.

INDICATOR 2.2 SUPPLY CHAIN TRANSPARENCY

The company facilitates dialogues with stakeholders by providing relevant information about its supply chains and its exposure to human trafficking and forced labor. This includes public disclosure of:

- Its process to assess risk in its supply chains, including an indication of any third-party involvement in the process
- The names and locations of its first-tier suppliers
- Public disclosure of the risks identified

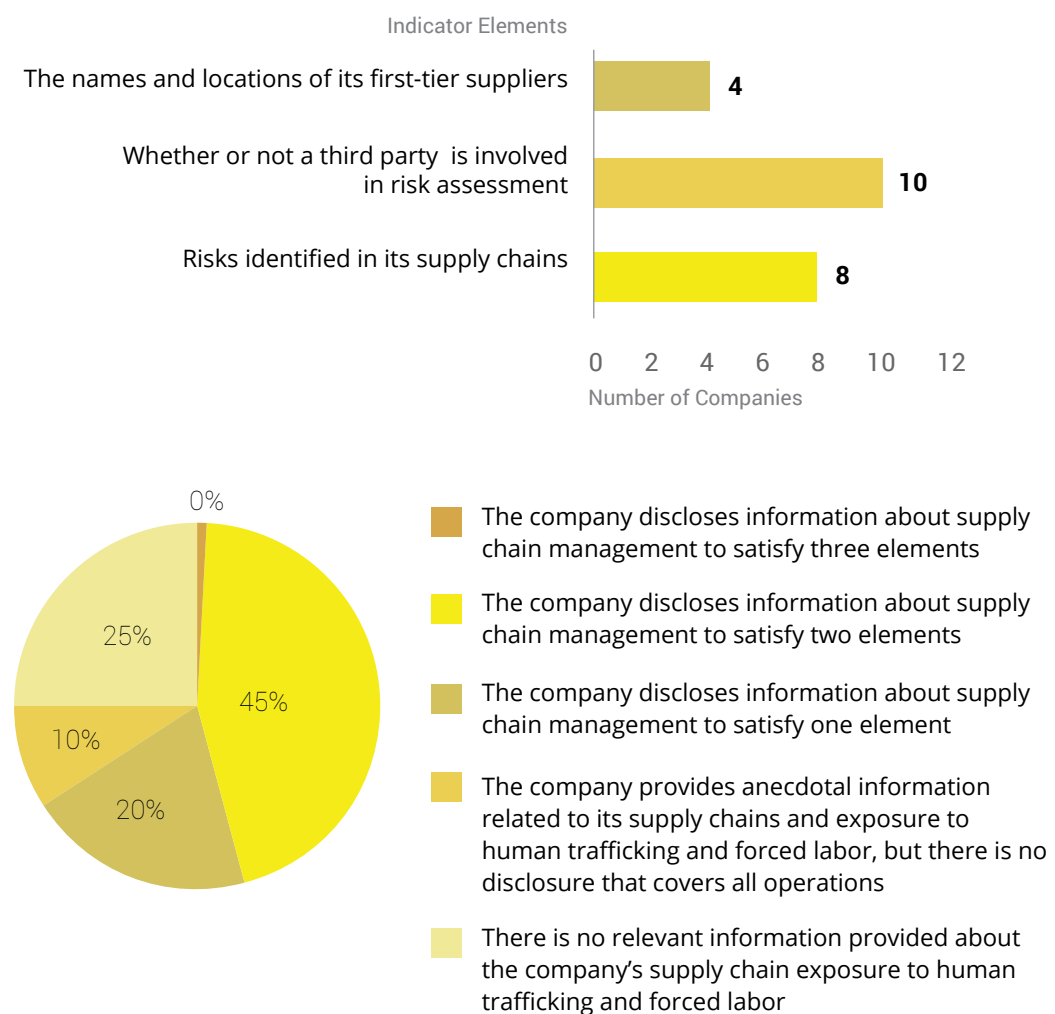
Key Findings

The vast majority of companies publicly disclose, to some degree, information on supply chain risk assessment processes. None of the companies reported on all three elements relating to their supply chain transparency. 9 out of 20 companies disclose a combination of two or three elements of this indicator, and 4 of 20 companies disclose only one of the three elements. Five companies underperformed by failing to satisfy any of the elements evaluated.

Companies provide minimal details on the nature of the risks identified during their supply chain risk assessment process. In fact, less than half of the companies disclosed details on the risks identified in their supply chains, none of which are ICT companies. For example, in General Mills' Responsibility Report, it lists several primary challenges associated with each of its ten priority raw materials. One of the many risks identified is child and forced labor. The company further elaborates on the nature of each risk throughout its sustainability report.

Half of all companies disclose third-party engagement in their supply chain risk assessment processes. All 10 companies engage third parties, specifically non-governmental organizations, in their risk assessment processes. Non-governmental organizations cited include the Fair Labor Association to identify supply chain labor standards risks, the World Cocoa Foundation and the Ghana Cocoa Board

Figure 11
Indicator 2.2 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



to address social issues in the cocoa supply chain, and Anti-Slavery International to understand its supply chain risks.

The majority of companies do not disclose a list of the names and locations of first-tier suppliers. Only 4 out of 20 companies disclosed this information. Two companies limited the number of suppliers included in their public suppliers list to their top 100 and top 200 first-tier suppliers respectively.

THEME 3: DUE DILIGENCE - INTEGRATION AND ACCOUNTABILITY

Overall Theme Findings

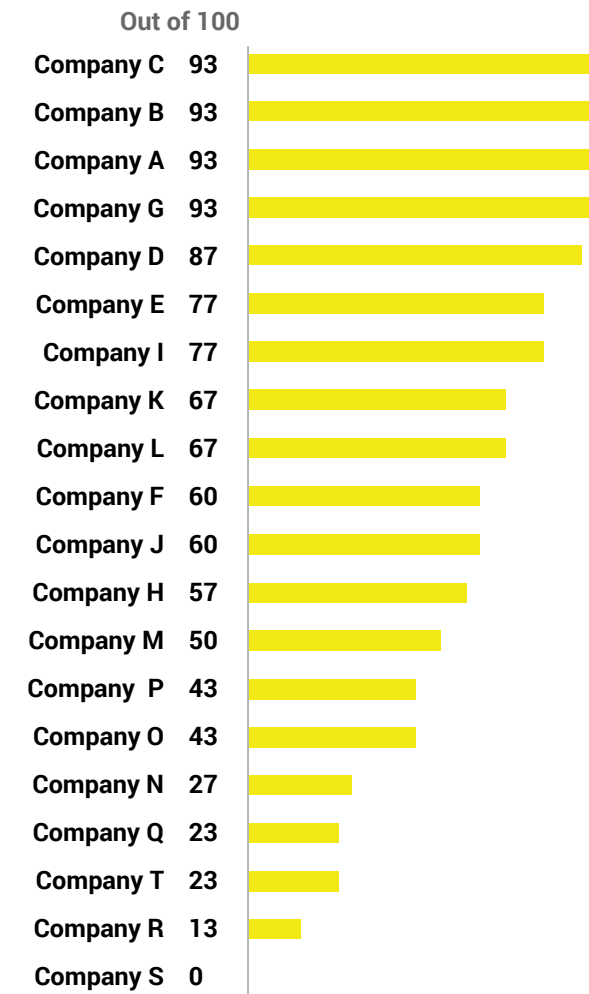
Indicators

- 3.1 Managerial Responsibility
- 3.2 Managerial Practices
- 3.3 Training

Overall, company transparency on Integration and Accountability is moderately weak, with companies scoring an average 57 out of 100. The leaders in this category not only define clear lines of managerial responsibility for supply chain responsibility, but also ensure their commitments are reflected in management practices and that relevant stakeholders receive training on the issue. It is worth noting that there is no differentiation between the leaders' performance at the indicator level, meaning the leaders score the same on indicators 3.1, 3.2, and 3.3, and satisfy the same elements within each indicator. The only indicator where these companies did not receive full points is

on their management practices (indicator 3.2), since none of the companies disclosed management incentives for addressing human trafficking and forced labor in their supply chains. However, this was common across all companies, as no companies evaluated disclose these types of incentive programs.

Figure 12
Company Performance on Theme 3 – “Due Diligence: Integration and Accountability – Weight of Overall Score 18.75%” (3.1 + 3.2 + 3.3)



INDICATOR 3.1 - 3.2 MANAGERIAL RESPONSIBILITY & MANAGERIAL PRACTICES

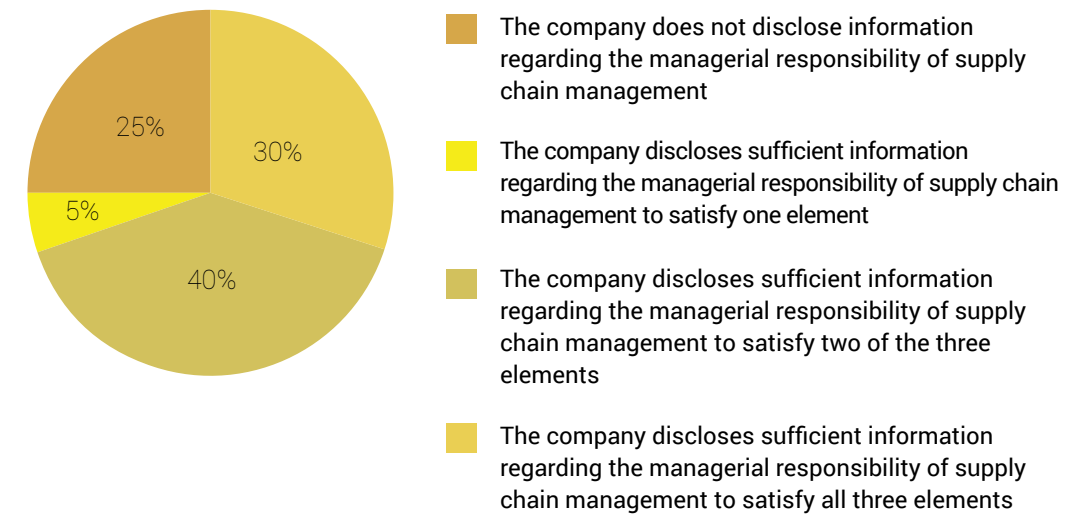
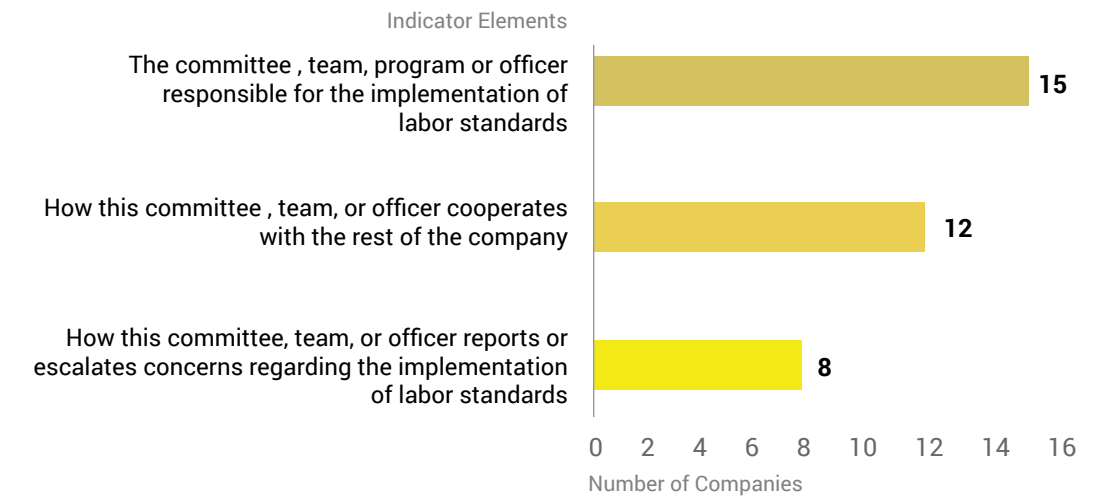
- **Managerial Responsibility** – Within its managerial structure and processes, the company has established clear roles, responsibilities, and accountability for the implementation of its policies and standards on human trafficking and forced labor.
- **Management Practices** – The company’s policy commitments and supply chain standards are integrated into all relevant management practices. This includes:
 - Integration into supplier contracts
 - Maintaining a preferred supplier program
 - Management incentives to address human trafficking and forced labor in the supply chains

Key Findings

The majority of pilot companies demonstrated strong practices in developing managerial structures and processes to ensure the implementation of policies and standards that relate to human trafficking and forced labor. While six of these companies receive full points for satisfying all four elements evaluated, five companies underperform as none of them satisfy any of the elements evaluated.

12 of the 15 companies that have a team in place responsible for implementing labor standards also disclose how their team cooperates with the rest of the company. For example, Microsoft has a dedicated Citizenship and Public Affairs team within its Legal and Corporate Affairs Group that is responsible for all citizenship related matters. Microsoft reports that this team works closely with local corporate affairs and citizenship colleagues to implement programs and policies. In another example, Associated British Foods, which is a parent company for several major brands, discloses that it has corporate responsibility leaders in each business unit that meet regularly to monitor the company’s overall corporate responsibility performance and share promising practices across business units. 8 out of 20 companies disclose how concerns are escalated regarding the implementation of labor

Figure 13
Indicator 3.1 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied

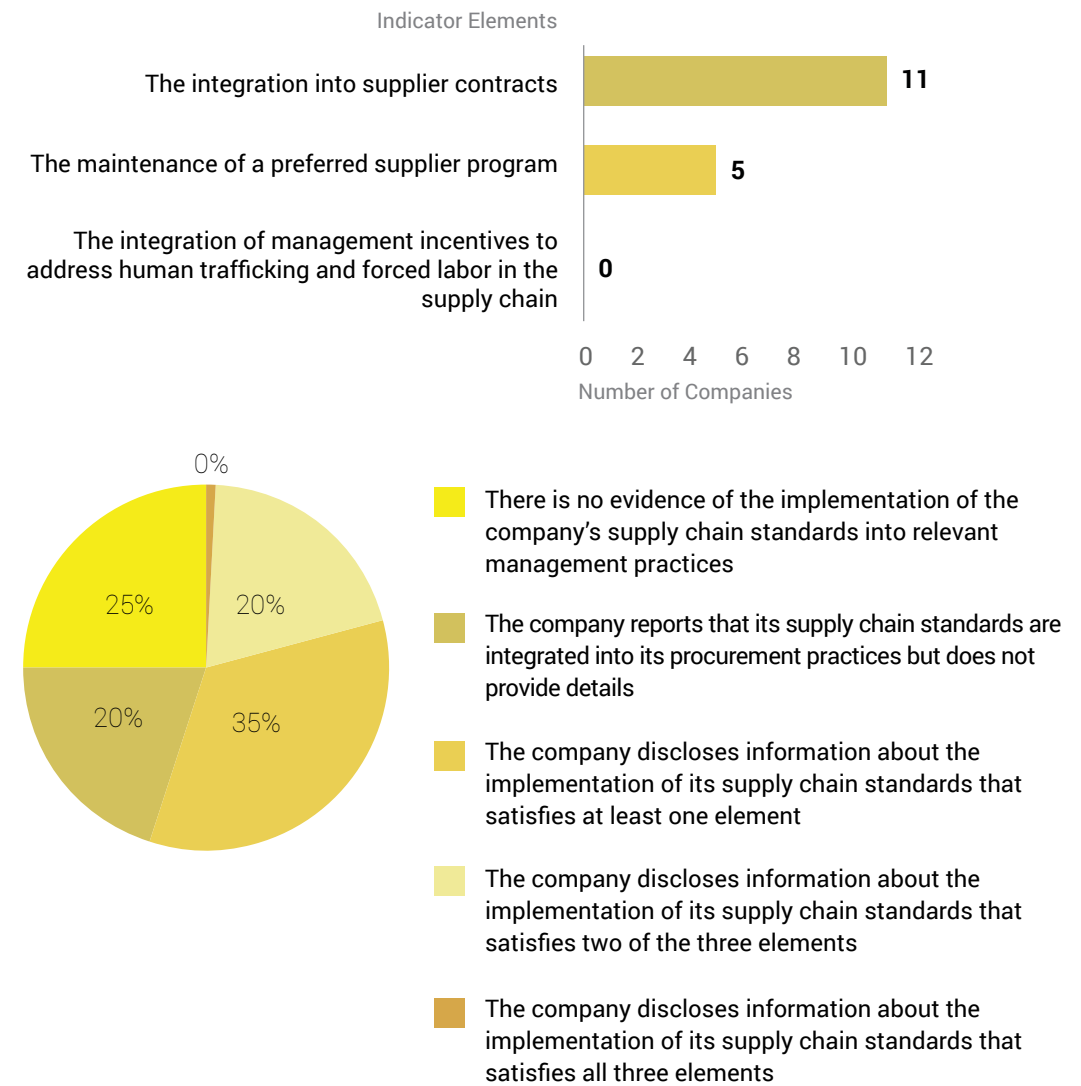


standards. Notably, 6 of the 8 companies that satisfy this specific element score full points for transparency on managerial accountability structures for policies and standards related to human trafficking and forced labor. For example, Unilever identifies that human rights issues are escalated via its network of committees, which review and decide on sanctions and follow-ups to code violations.

None of the companies evaluated received full points for integrating their policy commitments into their management practices. It is noted that this is due to the fact that none of the companies have management incentives addressing human trafficking and forced labor in their supply chains. The majority of companies evaluated do not implement preferred supplier programs nor integrate commitments into supplier contracts. Only 5 out of 20 companies, none of which are in the ICT sector, have implemented a preferred supplier program.

Meanwhile, only 11 out of 20 companies integrate their supplier standards and policies into supplier contracts. The research found some examples of promising practices: Unilever requires that all suppliers solve Responsible Sourcing Policy non-compliance issues and become compliant with the policy before the supplier can supply to the company; Intel states that its suppliers are contractually obligated to fully comply with Intel's Code of Conduct, and also refers to the US Federal Acquisition Regulation on Ending Trafficking in Persons; Gap states that prior to working with a supplier, the supplier must sign a Vendor Compliance Agreement and "agree to be bound by" the company's Code of Vendor Conduct.

Figure 14
Indicator 3.2 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



INDICATOR 3.3 TRAINING

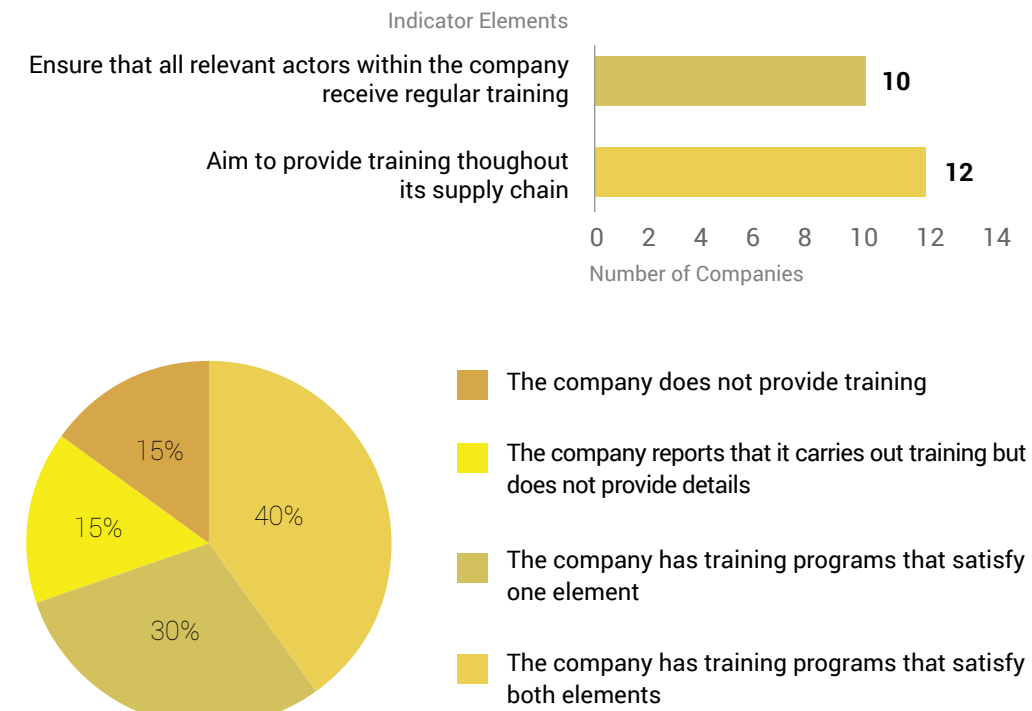
The company has developed training programs that address human trafficking and forced labor in its supply chains. The company:

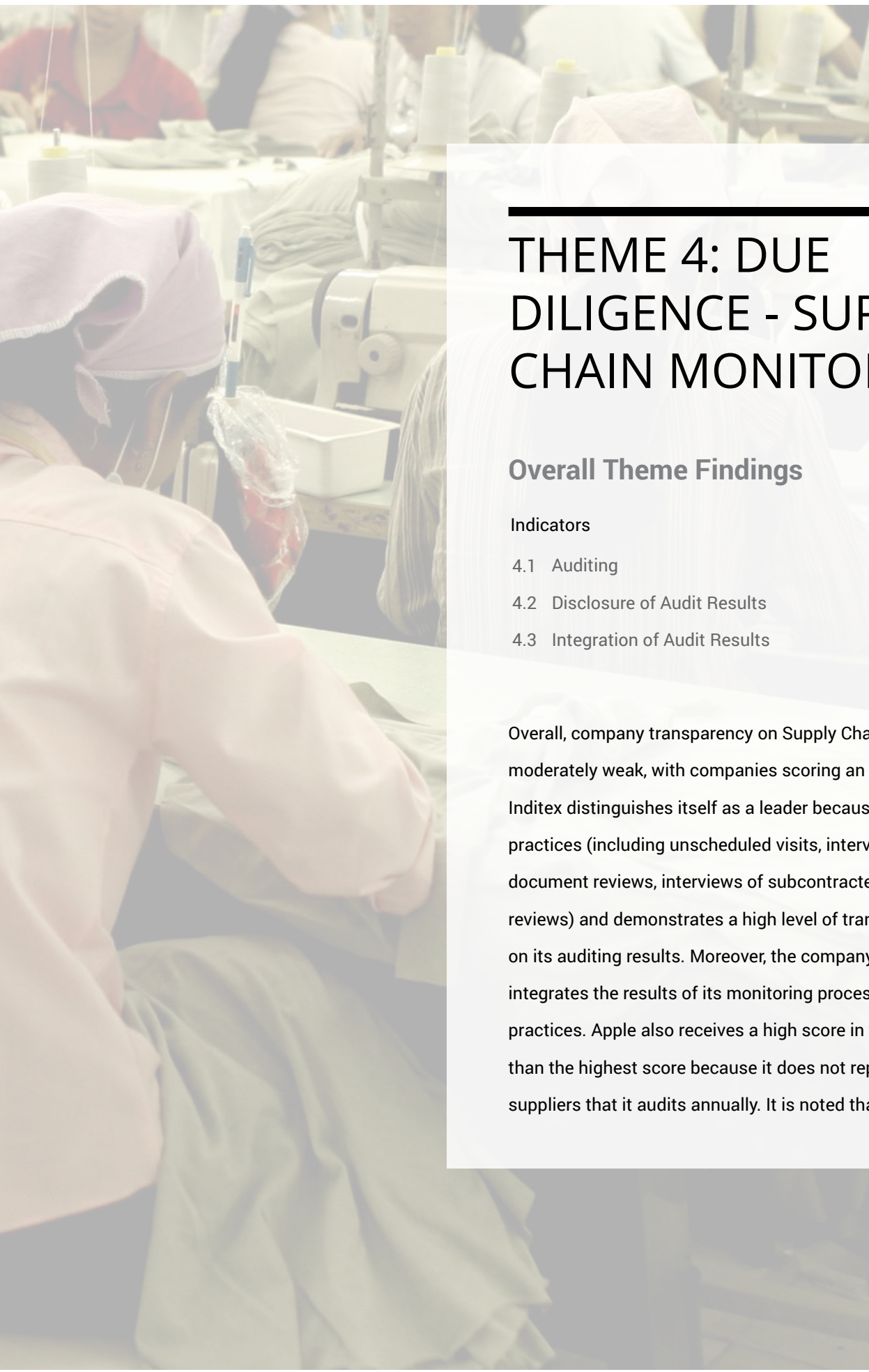
- Ensures that all relevant actors within the company receive regular training
- Aims to provide training throughout its supply chains

Key Findings

Overall, pilot companies demonstrate strong leadership in delivering training that addresses human rights in their supply chains. 17 out of 20 companies disclose some kind of training that is made accessible to internal employees and/or workers in their supply chains. 8 out of 20 companies have both types of programs in place. Three companies appear to provide some training but don't disclose the details of these programs, while four companies aim to provide training in their supply chains only and two companies provide internal training only. Mondelēz International demonstrates a promising practice by providing specialized training for procurement employees related to the mitigation of labor risk in its supply chain that includes training on human trafficking and forced labor.

Figure 15
Indicator 3.3 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied





THEME 4: DUE DILIGENCE - SUPPLY CHAIN MONITORING

Overall Theme Findings

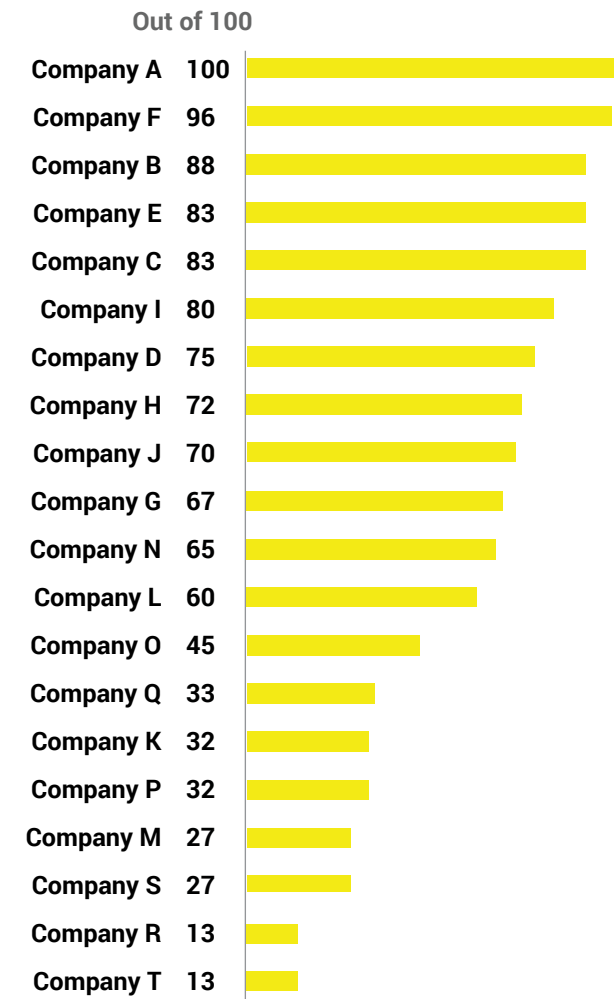
Indicators

- 4.1 Auditing
- 4.2 Disclosure of Audit Results
- 4.3 Integration of Audit Results

Overall, company transparency on Supply Chain Monitoring is moderately weak, with companies scoring an average of 58 out of 100. Inditex distinguishes itself as a leader because it has robust auditing practices (including unscheduled visits, interviews with personnel, document reviews, interviews of subcontracted personnel, and facility reviews) and demonstrates a high level of transparency when reporting on its auditing results. Moreover, the company demonstrates that it integrates the results of its monitoring processes into its policies and practices. Apple also receives a high score in this theme, though lower than the highest score because it does not report the percentage of suppliers that it audits annually. It is noted that, in general, companies

that have strong monitoring processes in place are also transparent about the results of their audits. Finally, the lowest scoring companies have audit systems in place, but do not disclose the details and results of the processes.

Figure 16
Company Performance on Theme 4 – “Due Diligence: Supply Chain Monitoring – Weight of Overall Score 18.75%” (4.1 + 4.2 + 4.3)



INDICATOR 4.1 - 4.2 AUDITING & DISCLOSURE OF AUDIT RESULTS

Auditing – The company audits its suppliers to measure compliance with applicable regulations and with its supply chain standards. The audit process ensures that the voice of workers is heard. Auditing processes include:

- Both scheduled and non-scheduled visits
- Interviews with personnel
- Document review
- Interviewing any subcontracted personnel, including recruiters
- Facility review, including building health and safety

Disclosure of Audit Results – The company publicly discloses information on the results of its audits.

This includes:

- The percentage of suppliers audited annually
- Information on who carried out the audits
- An indication of what percentage, if any, were unannounced
- A summary of findings, including details regarding any violations revealed

Key Findings

Although every company measures suppliers' compliance with its standards through an auditing process, the sophistication of these practices varies substantially. Four companies receive full points for satisfying between four and five elements of the indicator, though only one company in this group satisfies all five elements. Furthermore, the research found that 10 of 20 companies have an auditing process in place for their suppliers, yet the details of these practices are not disclosed. The other half of companies disclose varying degrees of detail about their auditing practices. The most common practices included in auditing processes are the review of documents and interviews with suppliers'

Figure 17
Indicator 4.1 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied

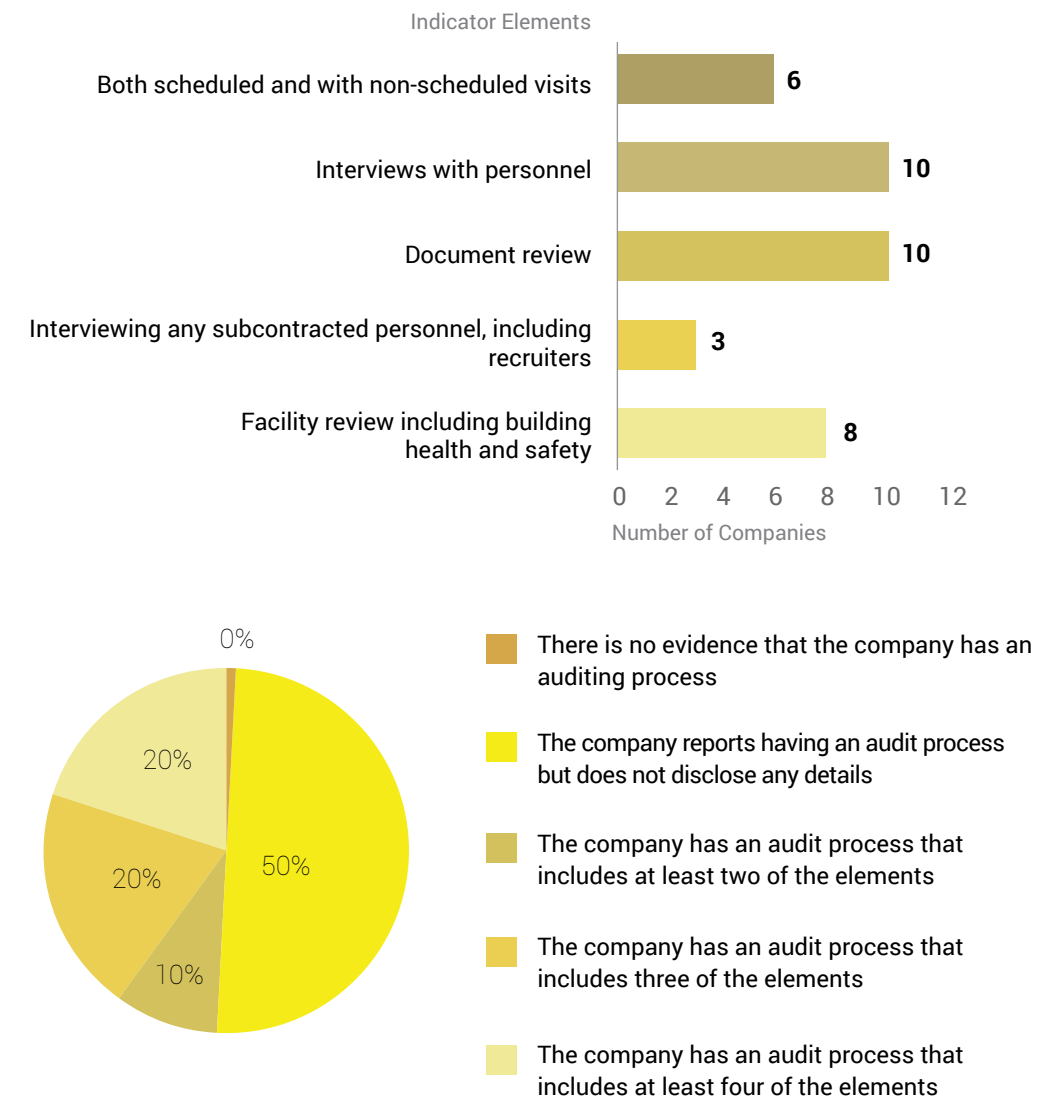


Figure 18
Indicator 4.2 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied

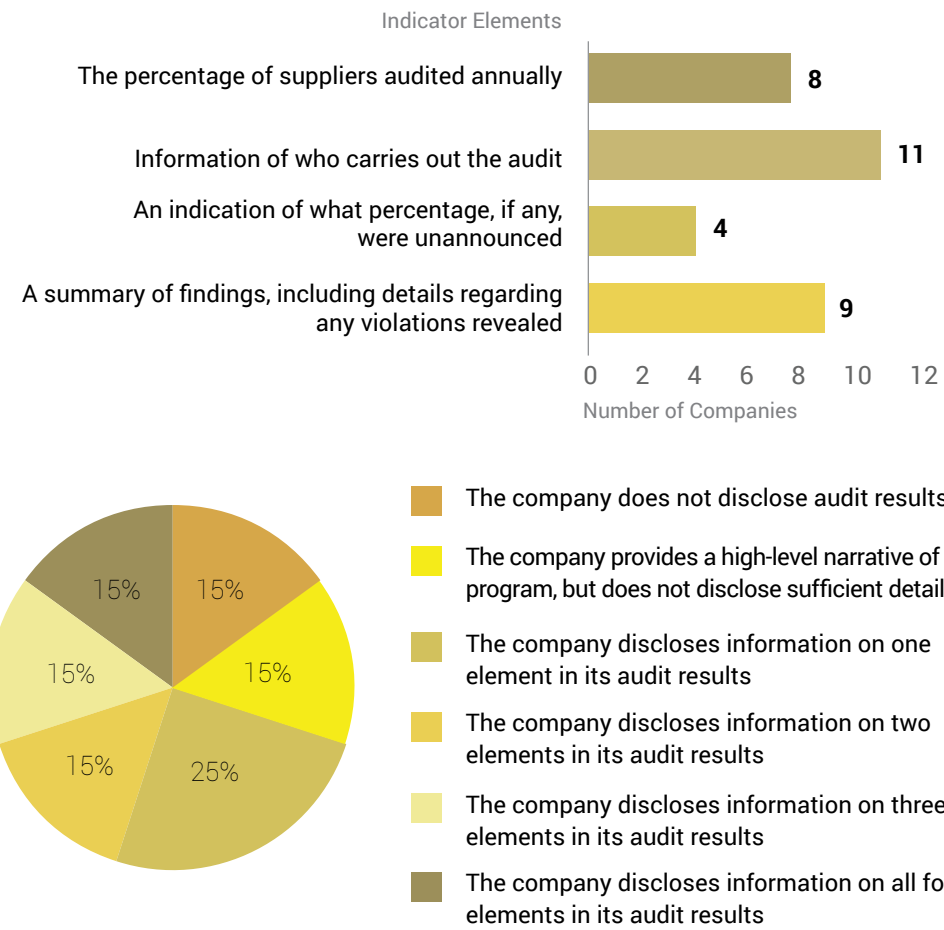
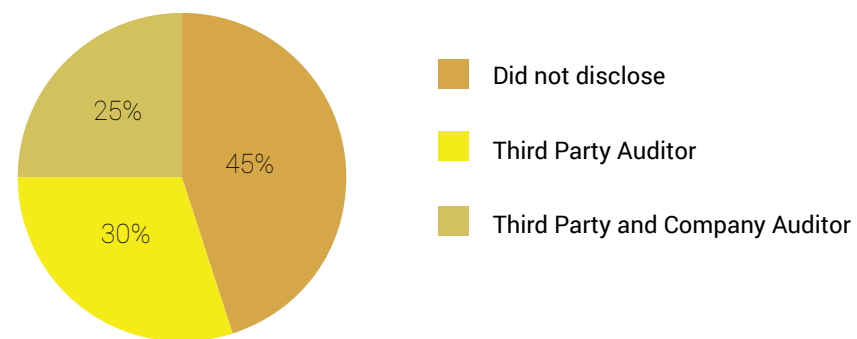


Figure 19
Distribution of Types of Auditors Used



personnel, with half of companies reporting using these practices. In addition, 8 of the 20 companies conduct facility reviews that include an assessment of a building’s structural safety. The least-common practice found is interviews with subcontracted personnel (including recruiters), as only three companies reported having such procedures in place.

The vast majority of companies disclose, to varying degrees, details on the outcomes of their auditing process. Only three pilot companies did not report any results, while three other companies provide substantial details on their practices to satisfy all four elements and score full points. The least common information disclosed is the percentage of unannounced audits, with 4 of 20 companies disclosing this information. On the other hand, the most common information disclosed is who carried out the audits, with 11 of 20 companies disclosing this information. Interestingly, 6 of the 20 companies only use third-party auditors, while 5 of the 20 companies use both third-party and internal auditors. Finally, 8 out of 20 companies disclose the percentage of suppliers audited annually, and 9 out of 20 companies present a summary of audit findings.

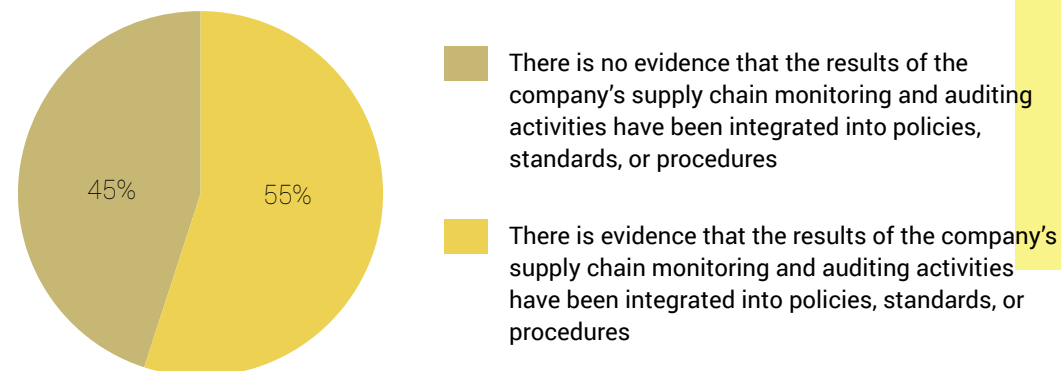
INDICATOR 4.3 INTEGRATION OF AUDIT RESULTS

The company has a process to integrate the results of its audits into its management practices.

Key Findings

Although all companies have audit processes in place, available evidence indicates that the results of these audit processes are only sometimes integrated into company policies, standards, and procedures. Slightly over half of companies demonstrate how the results of their supply chain monitoring practices are integrated into company policies, standards, and procedures. For the remaining nine companies, these practices were not evident. While the pilot scoring methodology does not differentiate between company practices, the research found varying types of practices that demonstrate integration: Nestlé discloses that, due to its auditing practices, it has revised its definition of compliance; TJX Companies reports that it regularly reviews and updates its compliance program guidelines for third-party factory auditors in order to ensure its standards remain relevant

Figure 20
Indicator 4.3 - Distribution of Answer Categories Applied



Highlighting Promising Practices – Beyond Tier 1, Patagonia

Patagonia went beyond its first-tier suppliers to look at working conditions in the mills that produce, from raw materials, the fabrics used in Patagonia products. Approximately a quarter of those mills are in Taiwan, and the company found instances of trafficking and exploitation at the majority of them. The mills were using labor brokers who charged workers high fees for jobs—in some cases, up to \$7,000 USD. In response, Patagonia has come up with new standards to educate suppliers on responsible hiring, recruiting, and labor practices. It is also asking suppliers to reimburse workers for any fees above the legal limit that they were charged—and estimates up to 5,000 workers will receive refunds. For all workers hired after June 2015, it is asking suppliers not to charge fees at all.

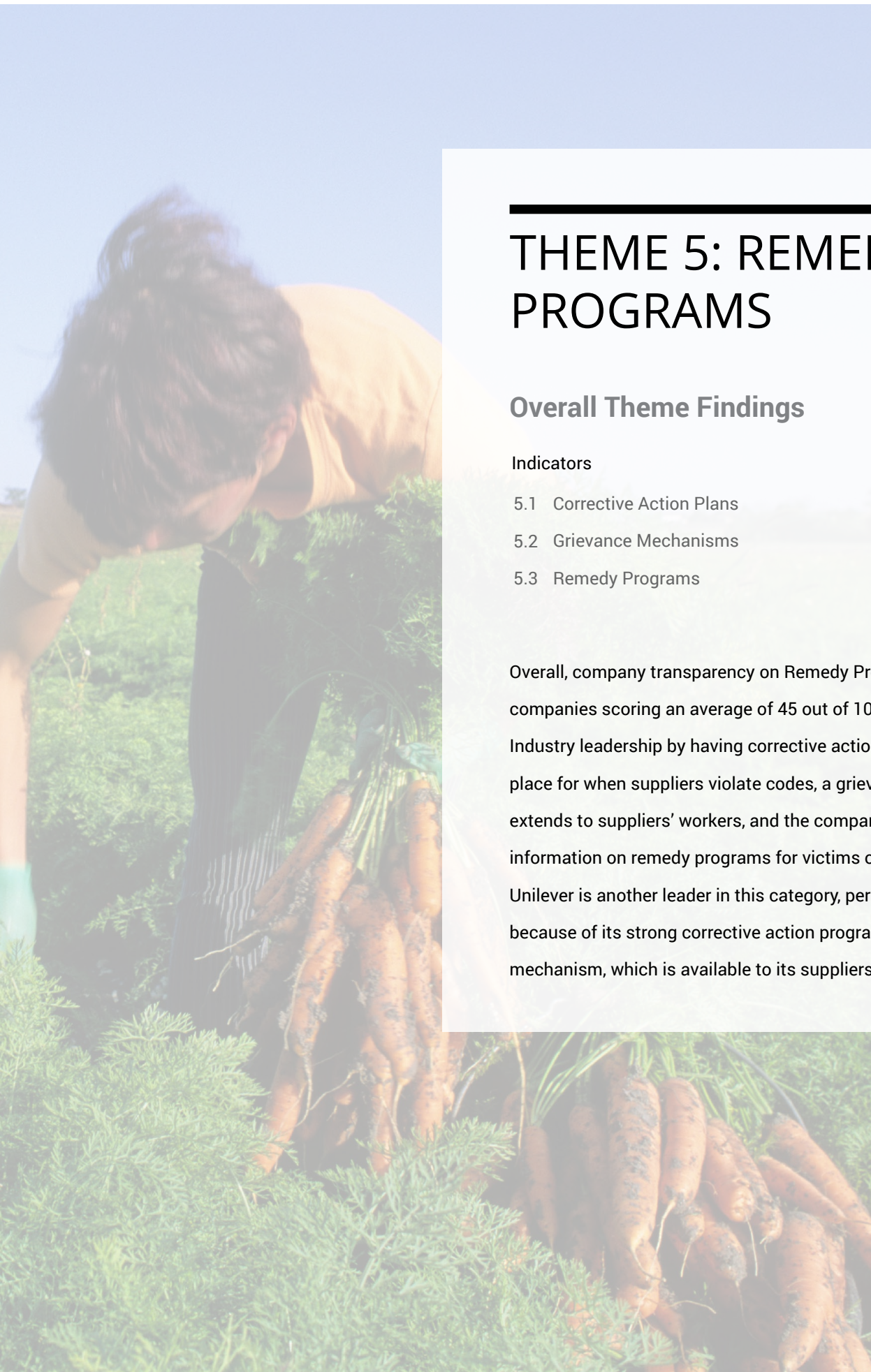
Further information can be found about this promising practice on [Business and Human Rights Resource Centre's website](#).

Highlighting Promising Practices – Intel in the DRC

In the Democratic Republic of Congo, the mines for minerals used in electronics and cellphones are sometimes controlled by armed groups, where miners are in forced labor conditions. Rather than stopping sourcing from the country, Intel committed to developing a “conflict-free” supply chain there. This has included participating in in-region mining efforts, such as the Tin Supply Chain Initiative and “Solutions for Hope” pilot on tantalum, visits to almost 100 smelter and refiner facilities in 21 countries, and establishment of industry-wide groups that led to the creation of the Conflict Free Sourcing Initiative. In January 2014, Intel announced that it had accomplished its goal of manufacturing microprocessors that are DRC conflict-free for tantalum, tin, tungsten, and gold.

Further information can be found for this on [Intel's website](#).

and consistent with “evolving vendor social compliance issues and trends”; Nike states that, based on FY11 and FY13 auditing results, it is transitioning away from compliance-based audit-checking toward cooperation and lean manufacturing and, in particular, has tightened its compliance deadlines.



THEME 5: REMEDY PROGRAMS

Overall Theme Findings

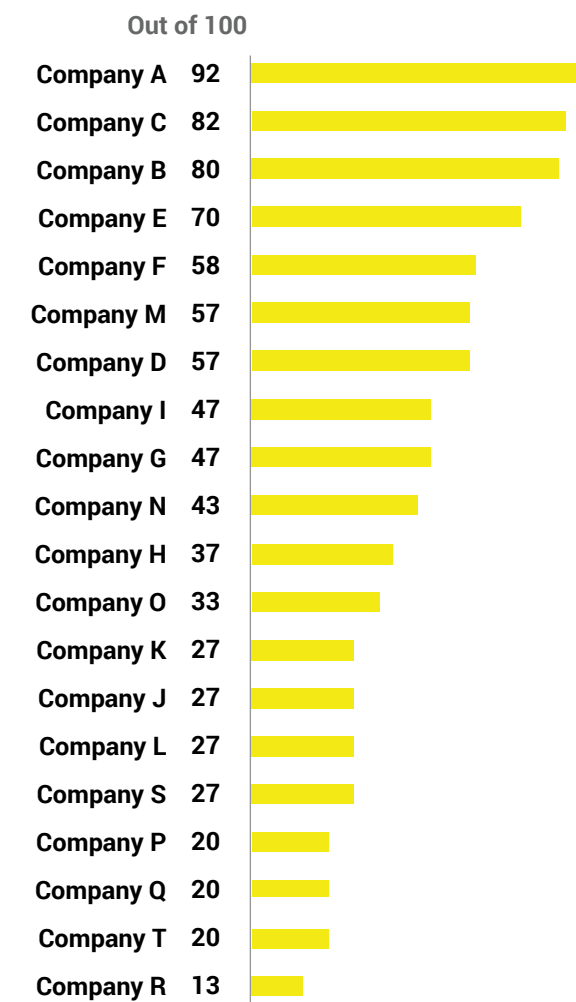
Indicators

- 5.1 Corrective Action Plans
- 5.2 Grievance Mechanisms
- 5.3 Remedy Programs

Overall, company transparency on Remedy Programs is weak, with companies scoring an average of 45 out of 100. Inditex, demonstrates Industry leadership by having corrective action plan procedures in place for when suppliers violate codes, a grievance mechanism that extends to suppliers' workers, and the company discloses some information on remedy programs for victims of reported grievances. Unilever is another leader in this category, performing well in part because of its strong corrective action program and grievance mechanism, which is available to its suppliers. Unilever falls short,

however, in its transparency on how it communicates its grievance mechanisms to vulnerable and impacted stakeholders, such as to workers in its supply chain. The lowest-scoring company had no evidence of any disclosure on a corrective action plan procedure nor remedy programs.

Figure 21
Company Performance on Theme 5 – “Remedy Programs – Weight of Overall Score 18.75%” (5.1 + 5.2 + 5.3)



INDICATOR 5.1 CORRECTIVE ACTION PLANS

The company creates Corrective Action Plans to address any violations found in its supply chains.

These plans include:

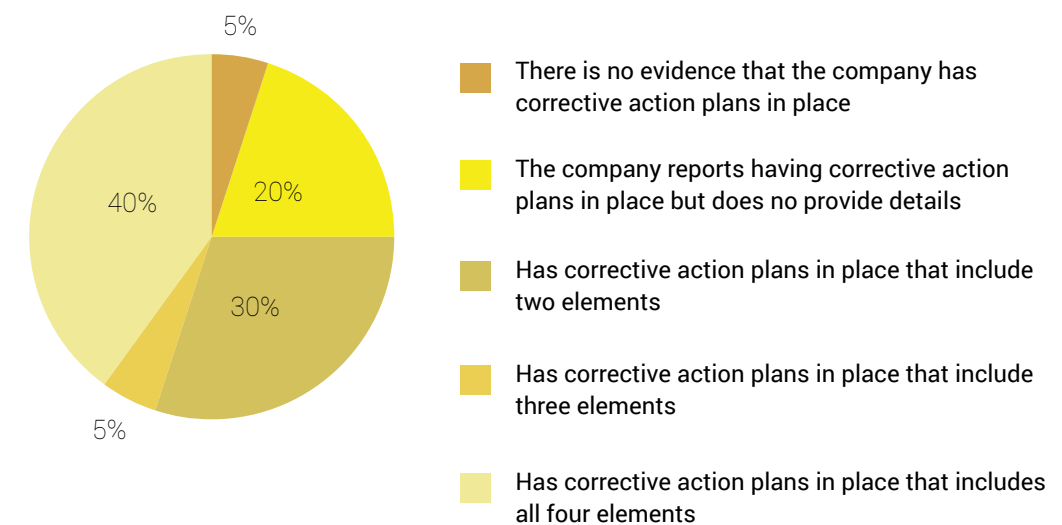
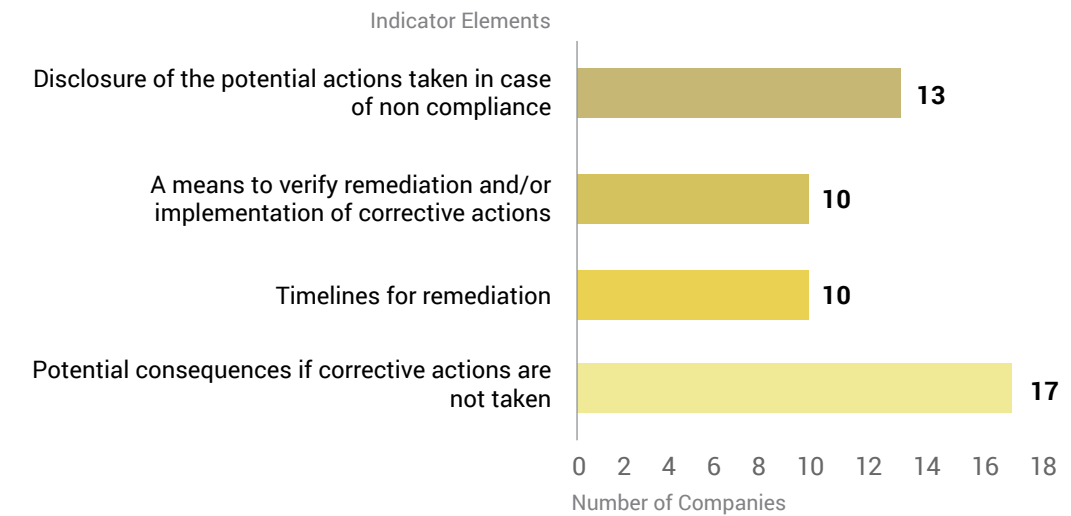
- A process to work with suppliers (direct or indirect) found to be in violation of applicable regulations and/or the company's standards with the goal of improving standards and conditions and achieving compliance
- A process and criteria to sever relationships with non-compliant suppliers in the event that the company's Corrective Actions Plans are unsuccessful

Key Findings

All companies evaluated have a process for managing suppliers when they are found to be in violation of company standards and regulations. Eight of these companies received full points for satisfying all four elements evaluated. On the other hand, although four companies report having corrective action plans in place, none of them disclosed enough information to satisfy more than one element. 13 out of 20 companies are transparent about the potential actions that may be taken if a supplier is found to be in non-compliance with the company's supplier standards. Most of these companies work with suppliers to develop corrective action plans. For example, Microsoft states that non-compliant suppliers are required to work with the company's Social and Environmental Accountability team to develop corrective action plans.

Half of all companies report a process for verifying suppliers' remediation plans when violations are discovered and corrective action plans are put in place, though these processes vary from one company to the next. For example, Apple states that it monitors non-compliant suppliers using verification specialists at 30, 60, and 90 days after a violation is discovered. After 120 days, the company hires a third party to independently confirm that the violations have been remediated.

Figure 22
Indicator 5.1 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



Similarly, Inditex states that non-compliant suppliers work with the company's corporate social responsibility team to implement improvements; if positive results are found, a follow-up audit is conducted to verify the improvements.

Timeline requirements for non-compliant suppliers to remediate their violations vary from across pilot companies. 10 out of 20 companies disclose timelines within which suppliers must remediate violations. However, there is no consistent timeline reported by companies, and remediation timelines can vary based on several factors. For example, Unilever determines the frequency of its audits based on a country risk assessment process, while Inditex gives suppliers between six and twenty-four months to implement corrective action plans, which is based on the severity of the breach detected during the audit.

17 out of 20 companies disclose that they are willing to terminate contracts and restrict business if suppliers do not implement corrective actions in a timely manner. Of these 17 companies, 12 of them specifically state that they will terminate business relationship contracts with suppliers if violations are not remediated. For example, H&M will reduce order volumes as a warning or will terminate a business relationship as a last resort; Nike states that factories that do not achieve its "bronze level" performance standard within a defined timeframe are subject to review by senior leadership and in some cases are considered for removal from Nike's contract factory base; Hershey states in its Supplier Code of Conduct that it reserves the right to end business relationships with a supplier that is unwilling to comply with its code.

Highlighting Promising Practices – Inditex's Corrective Action Program

Inditex states that the discovery of a compliance breach triggers the immediate rollout of a corrective action plan that imposes stringent targets and timelines. The company adds that, if a supplier wants to preserve its business relationship with Inditex, it must carry out these corrective plans, to which end it can count on the full support and engagement of Inditex's CSR teams. The corrective actions plans, which take between six and twenty-four months, depending on the severity of the breach detected during the CSR audits, are set in motion once the supplier has expressly committed to improving its working conditions so as to bring them in line with the standards in Inditex's Code of Conduct for Manufacturers and Suppliers. Inditex states that, during the course of the plans, the supplier and Inditex's CSR team work together to implement the required improvements. If the corrective action plan delivers positive results, a follow-up audit is carried out to certify the improvements achieved. Inditex states that any supplier that fails to commit to a corrective action plan, or fails to adequately address the most critical breaches of the Code, will be blacklisted. Blacklisting a supplier in effect removes them from Inditex's supply chain. They can no longer manufacture for any of Inditex's brands.

INDICATOR 5.2 & 5.3 GRIEVANCE MECHANISMS & REMEDY PROGRAMS

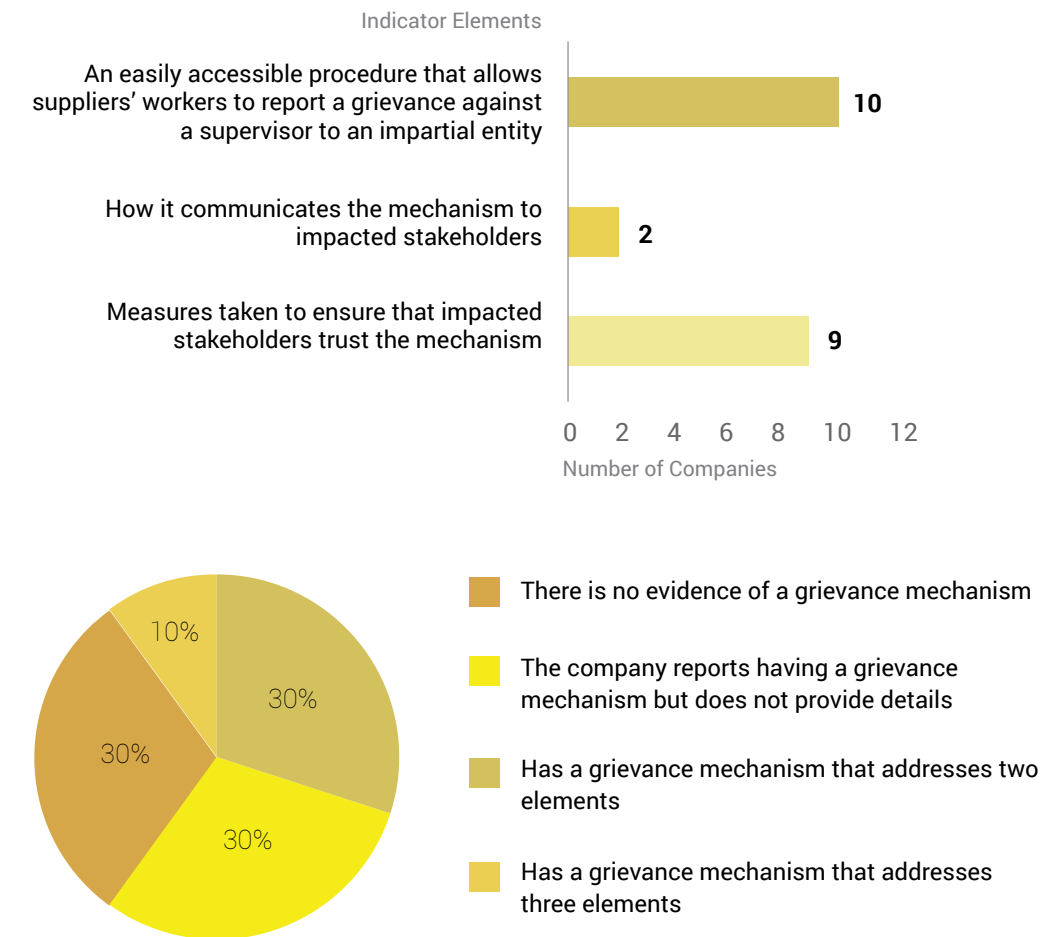
- Grievance Mechanisms** – The company discloses a grievance mechanism and reports:
 - an easily-accessible procedure that allows suppliers' workers to report a grievance against a supervisor to an impartial entity (not the worker's direct or indirect supervisor)
 - how it communicates the mechanism to impacted stakeholders
 - measures taken to ensure that impacted stakeholders trust the mechanism (e.g., workers who report a grievance can do so without fear of penalty, dismissal, or reprisal of any kind)
- Remedy Programs** – The company has programs that provide remedy to workers in its supply chain whose rights have been found to be violated. The company is expected to disclose:
 - its process for responding to complaints or reported violations
 - the number of complaints received
 - how it is responding to complaints, including examples of outcomes

Key Findings

The majority of companies have grievance mechanisms in place. Only 2 out of 20 companies received full points for satisfying all three elements of indicator 5.2. 6 of 20 companies underperform as none of them satisfy any of the elements evaluated. Although the majority of companies have grievance mechanisms in place, some companies with these mechanisms do not make clear whether they are available to suppliers' workers and/or ensure stakeholders trust the mechanism.

Four companies were found to have a grievance mechanism, yet it is not clear if and how the mechanisms are made available to supply chain workers. Moreover, there are five cases for which measures have not been taken to ensure stakeholders trust the grievance mechanism. Notably, three of the companies neither ensure the mechanism is available to the supply chain nor ensure it is a trusted mechanism. The leaders in this category clearly communicate the mechanism to vulnerable stakeholders.

Figure 23
Indicator 5.2 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied



12 of 14 companies with grievance mechanisms do not disclose how the mechanism is communicated to stakeholders. As an example of promising practices, Nike requires its factories to establish a grievance mechanism and reported at the end of FY13 that 82% of factories had these systems in place. Nike also reports that it provides training to suppliers on approaches to ensuring workers voices are heard.

Companies do not have strong programs in place for ensuring that workers whose rights have been violated receive remedy for these violations. The research found that 8 out of 20 companies do not

appear to have a remedy program in place nor disclose on the number and nature of complaints received. It is noted that none of the companies disclose how they respond to complaints received and the outcomes of responding to these complaints. 5 out of 20 companies report a process for responding to complaints or violations, and 4 out of 20 disclose the number of complaints they receive. For example, Unilever monitors the number and type of individual and collective grievances received, using the date to determine which issues are prevalent and need to be addressed in order to avoid further violations. The company has a Code Committee that is responsible for reviewing breaches and following up. In its 2015 Human Rights Report, Unilever reported it received 238 grievances in 2013 and 445 in 2014.

Highlighting Promising Practices – Apple Paying Back Fees

In its 2015 Supplier Responsibility Report, Apple reports that it “recouped US\$3.96 million in excessive recruitment fees for foreign contract workers.” The company explains that some suppliers turn to third-party recruiters to secure contract workers when labor supply is limited. Those recruiters may charge excessive fees in exchange for jobs. Since Apple started requiring its suppliers to reimburse these fees in 2008, total reimbursements have reached \$20.96 million to over 30,000 foreign contract workers.

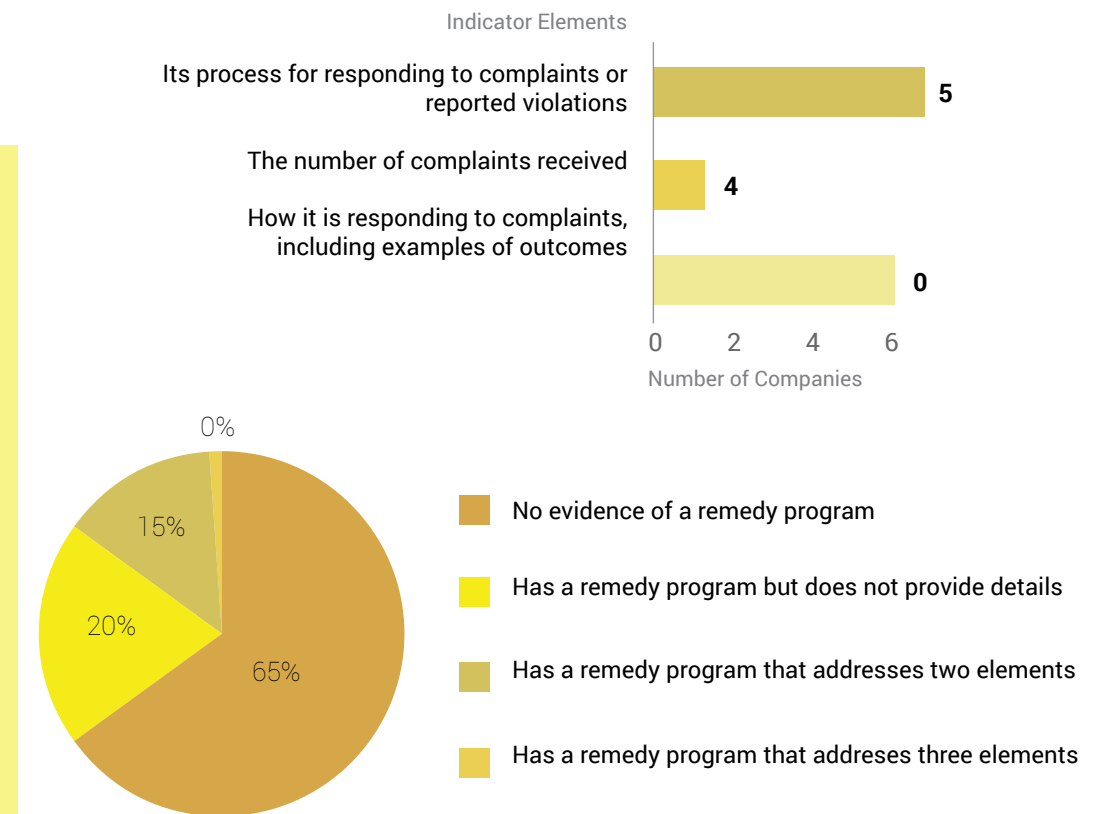
Further information for this practice can be found on [Apple’s website](#).

Highlighting Promising Practices – Adidas Grievance System

In 2014, Adidas launched the “Third Party Complaint Process for Breaches to the Adidas Group Workplace Standards or Violations of International Human Rights Norms”. This builds on the company’s workers’ rights complaint process. Anyone directly affected by Adidas or its supply chain can make a complaint via a hotline or by email. If complaints are accepted, the Social and Environmental Affairs division conducts an investigation, including in-person interviews, and commits to keeping all parties informed of findings. When a violation is confirmed, the company commits to cease or alter the offending behavior, engage in remediation where necessary, and to monitor the remediation activities.

Further information on this can be found on [Adidas website](#).

Figure 24
Indicator 5.3 - Number of Companies Satisfying Indicator Elements and Distribution of Answer Categories Applied





APPENDICES

PROJECT BENCHMARK METHODOLOGY

Objectives of the Research Methodology

The pilot benchmark methodology focused on the degree to which companies publicly-disclose information related to policies and standards and the management approach to these issues. Three methodological principles were identified:

1. To emphasize and encourage disclosure by basing each company's evaluation solely on its publicly disclosed information
2. To aim to provide an assessment of compliance with SB 657 while also going beyond SB 657 to provide a qualitative assessment of the strength of companies' relevant policies and practices
3. To align the methodology with major international principles/frameworks that have emerged to address human rights issues more generally, especially the UN Guiding Principles on Business & Human Rights

Research and Analysis Approach

Data for the pilot benchmark was gathered through primary sources, predominately desk-based research. All primary research was based on publicly-available resources. Key resources used included company policies, websites, sustainability reports and annual reports, etc.

Companies were assessed against the 16 indicators and scored on a scale of 0 to 100. Companies then received a final weighted aggregated score. Stronger public disclosure led to better scores overall, as companies that did not disclose the relevant information were assigned a score of 0 for a given indicator.

All indicators were assigned the same weight (6.25%), meaning the pilot evaluation considered all indicators to be of equal importance. However, since theme weights are based on a sum of indicator weights within each theme, total theme weights varied based on the number of indicators within a theme.

Breakdown of Theme Weights

1. Policies and Standards 31.25%
2. Due Diligence Impact and Risk Assessment 12.5%
3. Due Diligence Integration and Accountability 18.75%
4. Due Diligence Supply Chain Monitoring 18.75%
5. Remedy 18.75%

Once the desk-based research was gathered and evaluation completed, companies were provided the descriptive text (no scoring) for each indicator and invited to publically disclose additional information relevant for the benchmark. In the event that a company provided feedback on the research, the feedback was only considered if the information was publicly disclosed on the company’s website or in another public document.

Company Selection Methodology

The pilot benchmark focused on a sample of companies that were selected based on three dimensions: first, the high-risk exposure of sectors; second, the high-risk exposure of particular sub-sectors within each sector; and third, the largest (based on market capitalization) companies across the selected sub-sectors.

Three sectors were identified as having the highest risk exposure—consumer discretionary, consumer staples, and information technology—and subsequent sub-sectors were also chosen based on their high exposure to human trafficking and forced labor in the supply chain:

- Consumer discretionary: selected sub-sectors included footwear and apparel retailing
- Consumer staples: selected sub-sectors included packaged foods and meats
- Information and communication technology: selected sub-sectors included communications equipment, electronic components, electronic equipment and instruments, electronic manufacturing services, semiconductors, semiconductor equipment, and technology hardware, storage and peripherals

Figure 25
Company Distribution by Sector

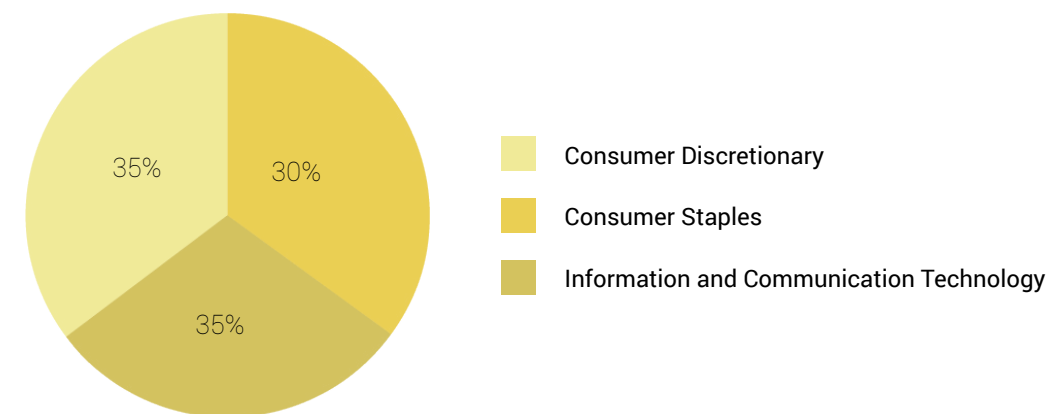
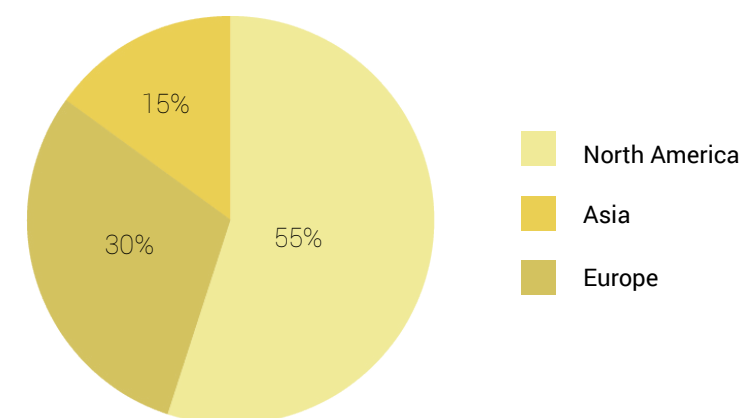


Figure 25
Company Distribution by Region



The table below provides a final list of 20 companies selected for the pilot benchmark. Among the companies selected, six are within the consumer discretionary, seven are within consumer staples, and seven are within information technology sectors. Further, 55% of pilot companies are headquartered in North America (all in the United States), while 30% are based in Europe (including Spain, Sweden, Switzerland, the United Kingdom, and France), and 15% are based in Asia (including Japan, Taiwan, and South Korea).

COMPANIES INCLUDED IN THE PILOT BENCHMARK

GICS Sector	Company	GICS Sub-Industry	Market Cap (Millions USD)	Country
Consumer Discretionary	Industria de Diseno Textil SA	Apparel Retail	\$ 94,205	Spain
	Hennes & Mauritz AB	Apparel Retail	\$ 74,372	Sweden
	Nike Inc.	Footwear	\$ 65,623	United States
	The TJX Companies, Inc.	Apparel Retail	\$ 42,764	United States
	Fast Retailing Co. Ltd.	Apparel Retail	\$ 35,464	Japan
	Gap, Inc.	Apparel Retail	\$ 18,946	United States
Consumer Staples	Nestlé S.A.	Packaged Foods & Meats	\$ 237,677	Switzerland
	Unilever plc	Packaged Foods & Meats	\$ 110,962	United Kingdom
	Mondelēz International, Inc.	Packaged Foods & Meats	\$ 58,243	United States
	Danone	Packaged Foods & Meats	\$ 39,877	France
	Associated British Foods plc ⁸	Packaged Foods & Meats	\$ 36,586	United Kingdom
	General Mills, Inc.	Packaged Foods & Meats	\$ 30,308	United States
	Hershey Co.	Packaged Foods & Meats	\$ 23,014	United States
Information Technology	Apple Inc.	Technology Hardware, Storage & Peripherals	\$ 478,034	United States
	Microsoft Corporation	Systems Software	\$ 311,028	South Korea
	Samsung Electronics Co. Ltd.	Semiconductors	\$ 159,878	United States
	QUALCOMM Incorporated	Communications Equipment	\$ 129,232	United States
	Cisco Systems, Inc.	Communications Equipment	\$ 122,170	United States
	Intel Corporation	Semiconductors	\$ 122,038	United States
	Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors	\$ 90,038	Taiwan

⁸ The pilot benchmark evaluated companies at the parent company level, rather than evaluating subsidiaries. For example, Associated British Foods' policies and practices were evaluated, rather than the standards and practices of each of its subsidiary (i.e., Primark, Twinings, Ovaltine, etc.).

ABOUT KNOWTHECHAIN

KnowTheChain 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.

Acknowledgements:

The pilot methodology used for this report was developed by KnowTheChain and Sustainalytics, with valuable input from Humanity United, Business & Human Rights Resource Centre, and Verité. All research was conducted by Sustainalytics. Contributing authors include: Kevin Ranney (Sustainalytics), Kathryn Morrison (Sustainalytics), Megan Wallingford (Sustainalytics), and Kilian Moote (KnowTheChain).

About Sustainalytics



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