

---

**2018**

**FOOD & BEVERAGE**

**BENCHMARK FINDINGS**

**REPORT**

---



*Are the largest Food and  
Beverage companies in  
the world **doing enough to  
eradicate forced labor** from  
their supply chains?*

---

# TABLE OF CONTENTS

---

<b>Executive Summary</b>	<b>4</b>
<b>Introduction: Forced Labor Risks in Food and Beverage Supply Chains</b>	<b>7</b>
<b>Key Findings</b>	<b>11</b>
<b>Findings by Theme and Recommendations for Company Action</b>	<b>25</b>
Commitment and Governance	27
Traceability and Risk Assessment	30
Purchasing Practices	33
Recruitment	37
Worker Voice	40
Monitoring	44
Remedy	46
<b>Commitments and Compliance with Regulatory Transparency Requirements</b>	<b>50</b>
<b>Considerations for Investor Action</b>	<b>53</b>
<b>Appendix 1: Company Selection</b>	<b>56</b>
<b>Appendix 2: Benchmark Methodology, Methodology Changes, and Scoring</b>	<b>59</b>
<b>About KnowTheChain</b>	<b>71</b>





---

## EXECUTIVE SUMMARY

---

The risk of forced labor is pervasive across today's food and beverage supply chains: from tea pickers on tea estates to crew members on fishing vessels and laborers on cattle and poultry ranches, cocoa farms, and rice mills.

Workers in the agricultural sector tend to be isolated on remote farms or boats, and harder to reach than more permanent factory workers, making them particularly vulnerable to exploitation.

Driven by increasing demand for fuel, food, and raw materials, the sector increasingly pushes agricultural work into more rural areas to accommodate its land-intensive activities,<sup>1</sup> exacerbating the remote nature of the work. To better understand how companies are addressing the risk of forced labor occurring in their supply chains, KnowTheChain evaluated 38 of the largest global food and beverage companies on the forced labor policies and procedures that each company has in place. This report marks KnowTheChain's second food and beverage benchmark since it was launched in 2016.

---

<sup>1</sup> Business & Human Rights Resource Centre and International Service for Human Rights (2018), "[Shared space under pressure: business support for civic freedoms and human rights defenders](#)," p. 68. See also Global Witness (2017), "[At what cost? Irresponsible business and the murder of land and environmental defenders in 2017](#)," p. 43.



## Key findings from the 2018 benchmark include:

- **Unilever** remains the top-scoring company (69/100), while **Kellogg** (66/100) overtook both **Coca-Cola** (62/100) and **Nestlé** (58/100) to secure the second-highest score.
- Five companies score below 10 out of 100, including meat company **WH Group** (0/100), which owns the world's largest pork business;<sup>2</sup> the packaged foods company **Almarai**<sup>3</sup> (0/100); **Inner Mongolia Yili Industrial Group** (1/100), one of the largest global dairy companies;<sup>4</sup> the US energy drinks company **Monster Beverage** (4/100); and the Mexican company Fomento Económico Mexicano (**FEMSA**) (7/100), the largest bottler for Coca-Cola.
- The average score across the benchmark is **30 out of 100**. While some improvements can be identified in company practices since 2016, the average score remains low, indicating that all benchmarked companies need to take further action to address forced labor risks across commodities and tiers.
- **Worker voice and recruitment are the lowest scoring themes of the benchmark.** While 18 out of 38 companies have a policy in place prohibiting worker-paid recruitment fees, only four require reimbursement of fees, and no company discloses evidence that fees have been reimbursed. On average, companies take little or no action to listen to, engage with, or empower workers in their supply chains. However, it is positive that some leading companies have begun to disclose examples of engaging with workers across various commodity supply chains.
- **There is a noticeable lack of remedy in the sector,** despite increased company adoption of the UN Guiding Principles on Business and Human Rights, including access to remedy.<sup>5</sup> Of the 12 companies for which KnowTheChain identified forced labor allegations, only Nestlé, Tesco, and Wilmar outlined some steps taken to address the allegations.
- **Where detail on commodities was provided by companies, disclosure focuses on palm oil,** despite the fact that numerous other commodities are at risk of forced labor in agricultural supply chains, including beef, coffee, rice, sugar, tea, tomatoes, and wheat. Company traceability disclosures and efforts to source raw materials responsibly focus predominantly on palm oil, with only some companies disclosing efforts taken on seafood, sugar, and cocoa.
- **Company disclosure focuses on policies and processes, without evidence of the impact those processes have in practice.** For example, 25 companies disclose that a grievance mechanism is in place for suppliers' workers, but only three clearly explain how the mechanism is communicated to workers, and only four publish data showing that the mechanism is used.

This report analyzes companies' disclosure and performance against seven benchmark themes and provides good practice examples and recommendations for companies. It also evaluates corporate commitments and compliance with relevant regulations and provides considerations for investor action.

<sup>2</sup> Reuters (8 June 2017), "[China's WH Group targets beef and poultry assets in US and Europe](#)," Accessed 31 July 2018.

<sup>3</sup> Products include: dairy, fruit juices, bakery products, poultry products, infant nutrition products.

<sup>4</sup> China Daily (22 January 2018), "[Improving Dairy Quality to Build a Global Chinese Brand](#)," Accessed 31 July 2018.

<sup>5</sup> John Ruggie (June 2018), "[Statement on Swiss Citizens' Initiative](#)." See also John Ruggie (June 2017), "[The Social Construction of the UN Guiding Principles on Business and Human Rights](#)," p. 19.

## 2018 KnowTheChain Food and Beverage Benchmark





---

# INTRODUCTION

## Forced Labor Risks in Food and Beverage Supply Chains

---

According to the International Labour Organization (ILO), an estimated 24.9 million people are victims of forced labor around the world.<sup>6</sup>

The ILO states that forced labor can be identified through the following indicators: abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, or excessive overtime.<sup>7</sup>

Saw Win, a Burmese migrant worker smuggled into Thailand on the promise of a food processing job for US\$4.50 a day, was sold to brokers who were controlling work crews at fishing piers in a Thai port town. Initially, he worked on a trawler with no pay for three months. Upon returning to the port town, he was locked in a room for three days before being sold again to another boat. Saw Win



---

<sup>6</sup> International Labour Organization, "[Forced labour, modern slavery and human trafficking](#)." Accessed 1 August 2018.

<sup>7</sup> International Labour Organization (2012), "[ILO indicators of forced labour](#)," p. 3.

reported that crew members of a subsequent boat were subjected to beatings with an iron rod and threatened at gunpoint by the skipper. Payment, which took the form of small portions of food, was withheld if crew members were deemed not to have worked hard enough. Saw Win witnessed one crew member being strangled to death because he was held responsible for a broken fishing net, and another being thrown overboard for becoming too malnourished and sick to work. Eventually, Saw Win escaped by jumping overboard near the Malaysian coast and returned to land for the first time in two years.<sup>8</sup>

Saw Win's experience is illustrative of the plight of many workers, especially migrant workers, subject to forced labor in food and beverage supply chains. However, such conditions are not limited to the fishing industry or to Thailand. The US Department of State has highlighted forced labor and human trafficking risks for laborers across the globe, including West Africa in agriculture, cacao, and cocoa cultivation; among migrant workers in agriculture throughout Europe, including in Cyprus, Lithuania, and Greece; and among agricultural workers in Saudi Arabia, North America, Latin America, and Australia.<sup>9</sup>

### Agricultural Commodities Identified at Risk of Forced Labor by the US Department of State



**26.5%**  
of total employment globally is in the  
agricultural sector

**US\$9 billion**  
in illegal profits is generated from forced  
labor in agricultural supply chains annually

International Labour Organization (2014), "[ILO says forced labour generates annual profits of US\\$ 150 billion](#)," Accessed 14 September 2018.

International Labour Organization. [ILOSTAT Database, Employment by sector – ILO modelled estimates, May 2018](#). Accessed 14 September 2018.

The agricultural sector is characterized by vulnerable groups of workers. The bargaining power of smallholder farmers has been weakened by governments, many of which have moved toward

<sup>8</sup> Human Rights Watch (2018), "[Hidden Chains: Rights Abuses and Forced Labor in Thailand's Fishing Industry](#)," pp. 15-16.

<sup>9</sup> US Department of State (June 2018) "[Trafficking in Persons Report](#)," p. 42.



reducing domestic support programs to farmers and opening their markets to imports.<sup>10</sup> While this has driven demand for flexible labor, agricultural workers are often excluded from legal protection as the sector relies on seasonal workers who are often temporary or contracted.<sup>11</sup>

Workers' rights to organize have also been suppressed in agricultural supply chains. Oxfam reports that less than a quarter of food suppliers noted the presence of trade unions in a survey of 1,500 companies in global supply chains.<sup>12</sup> Agriculture is also reported to be among the most dangerous sectors for human rights defenders, with attacks recorded on unionists, protestors, and whistleblowers, making it more difficult for workers and their representatives to speak up about abuses.<sup>13</sup>

### Why are agricultural workers vulnerable to exploitation?

- Agriculture work, whether at farms, processing plants, or on fishing boats tend to be isolated, thus leaving workers vulnerable to and reliant on their employer for food and transportation.
- Agriculture production tends to involve seasonal or temporary work, leaving workers with unstable contracts, if any.
- Much of agriculture work is quota-based, creating conditions where workers are more vulnerable to exploitation or wage theft.
- Migrant workers may not know the cultural norms and language of the country in which they're working, which limits their ability to understand their rights in the host country, and how to report grievances.
- Despite legal protections, migrant workers with temporary work status may fear that voicing concerns could jeopardize their job or authorization in the country.

Malcolm Sargeant & Eric Tucker (2009), "[Layers of Vulnerability in Occupational Safety and Health for Migrant Workers: Case Studies from Canada And The UK, Policy and Practice in Health and Safety](#)," 7:2, pp. 51-73. Accessed 14 September 2018.  
 Ethical Trading Initiative (2016) "[Addressing worker vulnerability in agricultural and food supply chains, Pilot toolkit](#)." Accessed 14 September 2018.  
 National Human Trafficking Hotline. "[Agriculture](#)." Accessed 14 September 2018

10 Oxfam (2018), "[Ripe for Change: ending human suffering in supermarket supply chains](#)," p. 30.

11 Agriculture." Verité, "[Responsible Sourcing Tool](#)." Accessed 31 July 2018.

12 Oxfam (2018), p. 32.

13 The Guardian (9 March 2018), "[Attacks and killings: human rights activists at growing risk, study claims](#)." Accessed 1 August 2018.

These barriers exacerbate the already-existing lack of worker voice and the isolation of workers in agricultural supply chains. Agricultural workers are often remote, less visible, and difficult to reach due to the nature of the work on farms and fishing vessels, as demonstrated by Saw Win's story. Workers are rendered more vulnerable by this remote setting as they most often rely on their employer for accommodation and food.<sup>14</sup> Workers may also become indebted by low pay and high costs associated with their employment. For example, agricultural workers in Italy reported earning a salary of one euro per hour, while having to pay 1.5 euros for a bottle of water, five euros for transportation to the field, three euros for lunch each day, and between 100 and 200 euros for rent.<sup>15</sup> For migrant workers, this vulnerability is aggravated by other factors such as limited freedom of movement and passport retention.<sup>16</sup>

Agricultural workers are often promised quota-based pay, and may, therefore, receive payment below the minimum wage, or be penalized for failing to meet quotas.<sup>17</sup> Harvesters are often not paid until crops are sold at the end of the harvest, which leaves workers exposed to the risks of excessive overtime and debt bondage.<sup>18</sup> Migrant workers may already be indebted to labor brokers, who may have charged extortionate recruitment fees or provided money in advance for living expenses, to be repaid at the end of the season.<sup>19</sup>

Recent cases of forced labor brought before the courts have resulted in remedy for agricultural workers. The European Court of Human Rights awarded €576,000 to 42 migrant workers who were forced to pick strawberries in Greece, working under the watch of armed guards.<sup>20</sup> In the UK, settlement claims of £1 million were awarded to six Lithuanian poultry workers forced to work eight-hour shifts back-to-back without sleep or toilet breaks.<sup>21</sup> It is encouraging that remedial action has been delivered in some instances, but workers need to be able to use their voice to access remedy. The [Worker Driven Social Responsibility](#) model focuses on enabling workers to protect and enforce their own rights and is equipped to tackle some of the risks facing agricultural workers. It has demonstrated that tangible improvements of working conditions in agriculture are possible.

---

<sup>14</sup> "Agriculture." Verité, ["Responsible Sourcing Tool."](#)

<sup>15</sup> Inter Press Service (27 July 2018), ["'Agromafia' exploits hundreds of thousands of agricultural workers in Italy."](#) Accessed 1 August 2018.

<sup>16</sup> "Agriculture." Verité, ["Responsible Sourcing Tool."](#)

<sup>17</sup> "Agriculture." Verité, ["Responsible Sourcing Tool."](#)

<sup>18</sup> "Agriculture." Verité, ["Responsible Sourcing Tool."](#)

<sup>19</sup> "Agriculture." Verité, ["Responsible Sourcing Tool."](#)

<sup>20</sup> European Court of Human Rights, ["Overview of the Court's case-law from 1 January to 15 June 2017,"](#) p. 6.

<sup>21</sup> The Guardian (2016), ["Gangmasters agree to pay more than £1m to settle modern slavery claim."](#) Accessed 1 August 2018.



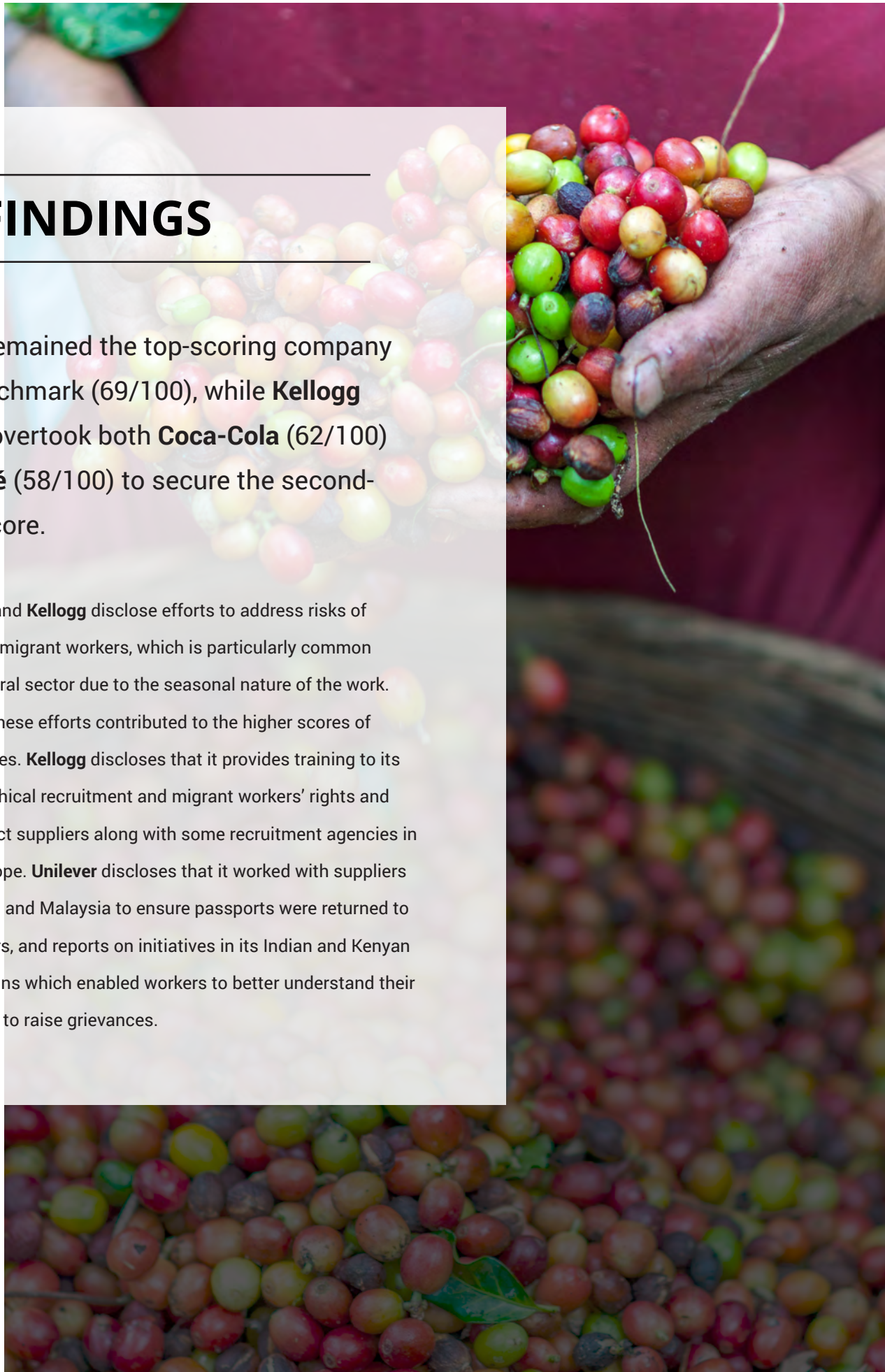
---

## KEY FINDINGS

---

**Unilever** remained the top-scoring company in the benchmark (69/100), while **Kellogg** (66/100) overtook both **Coca-Cola** (62/100) and **Nestlé** (58/100) to secure the second-highest score.

Both **Unilever** and **Kellogg** disclose efforts to address risks of exploitation of migrant workers, which is particularly common in the agricultural sector due to the seasonal nature of the work. Disclosure of these efforts contributed to the higher scores of these companies. **Kellogg** discloses that it provides training to its suppliers on ethical recruitment and migrant workers' rights and includes indirect suppliers along with some recruitment agencies in its auditing scope. **Unilever** discloses that it worked with suppliers in Saudi Arabia and Malaysia to ensure passports were returned to migrant workers, and reports on initiatives in its Indian and Kenyan tea supply chains which enabled workers to better understand their rights and how to raise grievances.



**Five companies score below 10 out of 100.** None of them have a publicly available supplier code of conduct,<sup>22</sup> nor do they take any action on worker voice and recruitment. These companies include the meat company **WH Group** (0/100), which owns the world's largest pork business;<sup>23</sup> the packaged foods company **Almarai**<sup>24</sup> (0/100); one of the world's largest dairy companies **Inner Mongolia Yili Industrial Group** (1/100);<sup>25</sup> the energy drinks company **Monster Beverage** (4/100); and **FEMSA** (7/100), the largest bottler for Coca-Cola.

While the companies in the benchmark source very different product types compared to one another, they all face forced labor risks across sourcing countries and commodities. Agricultural work, which varies according to region and production process, is predominantly carried out by seasonal workers, the majority of whom tend to be migrant workers.<sup>26</sup> Work is low-skilled, takes place in remote areas, and is paid on the basis of quotas.<sup>27</sup> These common characteristics render all agricultural workers, across regions and commodities, at risk of exploitation. To illustrate, the US Department of Labor lists 32 countries and the corresponding commodities per country that are at risk of forced labor, ranging from cattle from Brazil to sugarcane from Bolivia and wheat from Pakistan.<sup>28</sup> The range that can be seen in the bottom-scoring companies indicates that companies sourcing across all commodities need to take action.

The benchmark research also found that companies disclosing efforts taken to address forced labor are predominantly focused on risks in a few commodities such as palm oil rather than all commodities in their supply chains. Palm oil is a commodity where human rights abuses have been well-documented by external stakeholders, which is also reflected in the forced labor allegations that KnowTheChain identified. Efforts disclosed by companies to address the risks associated with palm oil include raw material certifications, though only if they included standards on forced labor<sup>29</sup> and disclosure of traceability information on palm oil suppliers and mills. Companies in the benchmark

---

<sup>22</sup> FEMSA notes that it has a code and summarizes its content.

<sup>23</sup> Reuters (2018), "[China's WH Group targets beef and poultry assets in US and Europe](#)." Accessed 31 July 2018.

<sup>24</sup> Products include: dairy, fruit juices, bakery products, poultry products, infant nutrition products.

<sup>25</sup> China Daily (22 January 2018), "[Improving Dairy Quality to Build a Global Chinese Brand](#)."

<sup>26</sup> "Agriculture." Verité, "[Responsible Sourcing Tool](#)."

<sup>27</sup> "Agriculture." Verité, "[Responsible Sourcing Tool](#)."

<sup>28</sup> US Department of Labor (2016), "[List of Goods Produced by Child Labor or Forced Labor](#)."

<sup>29</sup> Certifications considered in the benchmark include those that focus on broader sustainability issues but must contain forced labor criteria in order to be credited.



also named palm oil most frequently as at risk of forced labor. Other efforts identified focus on sugar, cocoa, and seafood and include traceability, raw material certification, and engagement with stakeholders.

In every indicator across the benchmark, there are at least three companies that score zero. If a company were to adopt the practices of the highest scoring company in each of the seven themes, it would get a score of 86 out of 100. With the average benchmark score at 30 out of 100, and the highest score at 69 out of 100, this demonstrates that while good practices have been identified across themes, they are not systematically implemented across indicators by any of the companies. Therefore, all benchmarked companies need to take further action.

### **What does the average company look like?**

The average company in the benchmark gets a score of 30 out of 100 and it is likely to disclose:

- A supplier code of conduct that incorporates international standards prohibiting forced labor.
- A process for cascading that code further down its supply chains.
- Employee training on forced labor.
- A grievance mechanism accessible to suppliers' workers and external stakeholders.
- An audit process to assess suppliers for incidences of forced labor.

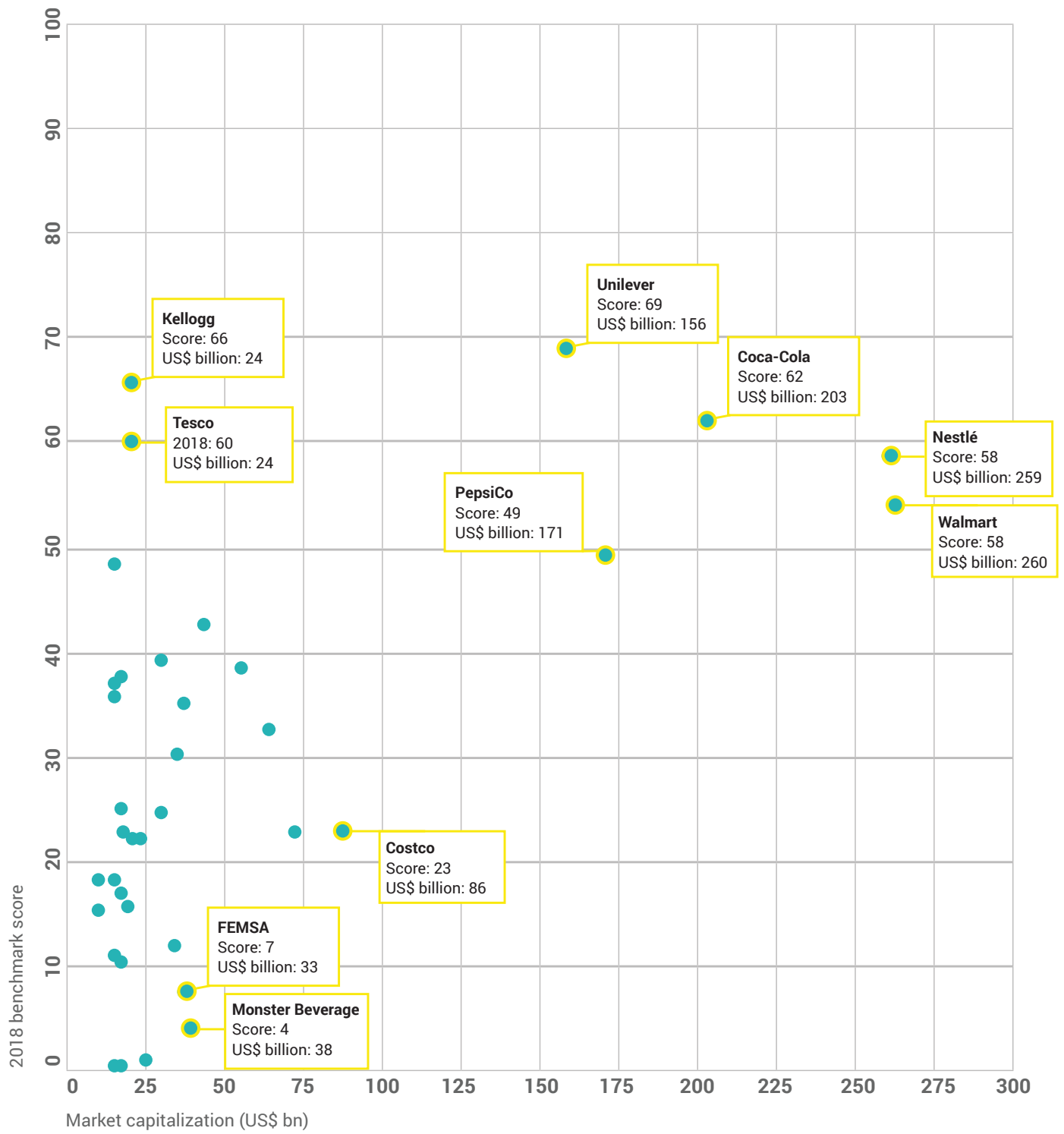
To strengthen its efforts to address forced labor in its supply chains, the average company should:

- Provide training to suppliers on forced labor risks.
- Work toward responsible recruitment practices, such as monitoring of recruitment agencies to ensure suppliers' workers do not have to pay fees.
- Support and empower suppliers' workers to understand and enforce their rights.
- Provide evidence that a grievance mechanism is communicated to and used by suppliers' workers.

The five companies with a market capitalization of more than US\$100 billion rank among the ten highest scoring companies. Larger companies generally score higher in the benchmark, although there are some outliers. **Tesco**, for instance, scores in the top five companies but is significantly smaller than its peers. **Walmart** is the largest company in the benchmark with a market capitalization of US\$260 billion, yet **Tesco** ranks higher in the benchmark, with a lower market capitalization of US\$24 billion. Conversely, **FEMSA** (US\$33 billion) and **Monster Beverage** (US\$38 billion) are larger in market capitalization than **Tesco**, but rank in the bottom five lowest scoring companies. Similarly, **Costco** is the sixth-largest company in the benchmark (US\$86 billion), yet it ranks in the bottom half of the benchmark (22 out of 38). Therefore, while the research reveals some correlation between size and capacity to take action on forced labor, there are some notable exceptions.



## 2018 KnowTheChain Food and Beverage Benchmark



## Companies' policies and processes were assessed against seven themes:

- **Commitment and Governance:** This was the highest scoring theme of the benchmark. The majority of companies disclose a commitment to addressing forced labor in their supply chains (30 out of 38) and have a supply chain standard that prohibits forced labor (34 out of 38). However, only 13 companies train their suppliers on forced labor policies and risks, and less than a quarter engage with stakeholders in local supply chain contexts (nine out of 38).
- **Traceability and Risk Assessment:**<sup>30</sup> Most companies have limited traceability processes in place and disclose some information on the sourcing countries of raw materials, but do not disclose information such as supplier names or countries of the different tiers of their supply chains. While reporting traceability efforts across all commodities can be challenging in food and beverage supply chains, where companies do disclose such information it tends to be limited to palm oil and leaves out other commodities with high risks of forced labor and/or high sourcing volumes. Only half of companies disclose conducting human rights risk assessments on their supply chains.
- **Purchasing Practices:** Most companies disclose that they are taking steps to source raw materials responsibly (30 out of 38), but do not otherwise explain how they adapt their purchasing practices to mitigate risks of forced labor, such as by providing price premiums to support higher wages for workers to address the risks associated with quota and piece-based pay or participating in schemes that ensure a stable price for farmers. Fourteen out of 38 companies have policies that require suppliers to cascade standards to lower tiers.
- **Recruitment:** This was the lowest scoring theme. Despite the well-known role that recruiters play in forced labor, less than a quarter of the companies disclose that they monitor recruitment agencies in their supply chains (eight out of 38). Additionally, 18 out of 38 companies have a policy prohibiting worker-paid recruitment fees, but only four require fees to be reimbursed to workers when discovered.

---

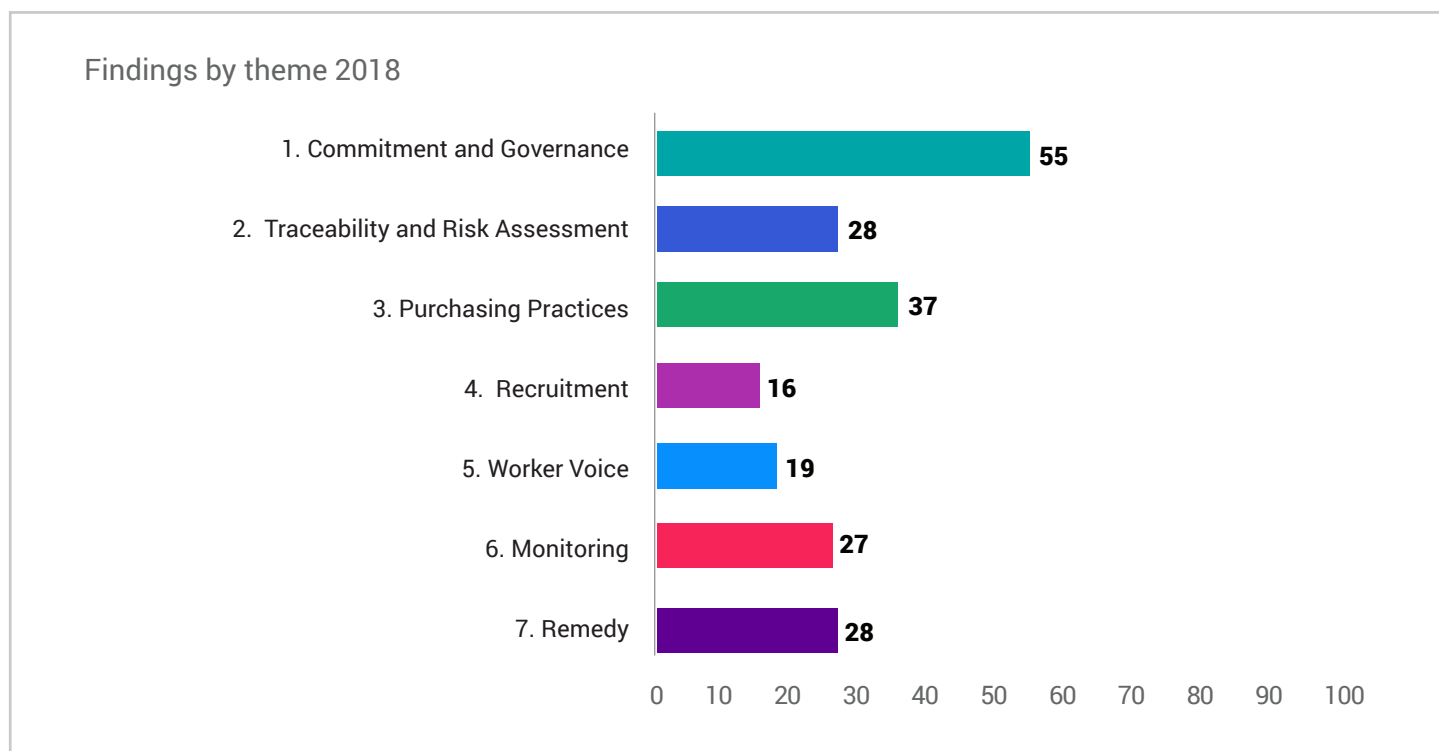
<sup>30</sup> Risk assessment is defined as a process for assessing a company's potential for complicity in forced labor, by virtue of who its suppliers are and where they are located. Risk assessment can be undertaken at a global, national, or local level. Assessments may use information from different sources, including supplier audit results, third-party information on supply chain risks, and risks associated with specific raw materials, countries, or vulnerable groups of workers. Risk assessment should occur in addition to and separately from monitoring and auditing of suppliers.



- **Worker Voice:**<sup>31</sup> Although more than half of the companies disclose a grievance mechanism is in place that can be used by their suppliers' workers (25 out of 38), only eight make clear how they communicate the mechanism to them. Companies demonstrate little effort to support the voice of, or engage with, workers in their supply chains, or to promote freedom of association in their supply chains.
- **Monitoring:** The majority of companies have an audit process (34 out of 38) for assessing their suppliers, but disclosure reveals a lack of detail on such a process, and less than a quarter of the companies disclose details of audit findings (eight out of 38). Moreover, only three companies report the number or percentage of suppliers audited on an annual basis.
- **Remedy:** Most companies disclose having a corrective action process in place (30 out of 38) to address non-compliances discovered during audits and implement forward-looking actions to improve supplier processes. However, companies do not disclose how they engage with and provide remedy for impacted stakeholders. Despite a high number of allegations identified in the benchmark, there is a lack of disclosure on company processes to respond to grievances and remedial outcomes for workers.

---

<sup>31</sup> For the purpose of KnowTheChain's benchmark, "worker voice" refers to how a company engages with workers in its supply chains, enables freedom of association, and ensures access to effective and trusted grievance mechanisms.



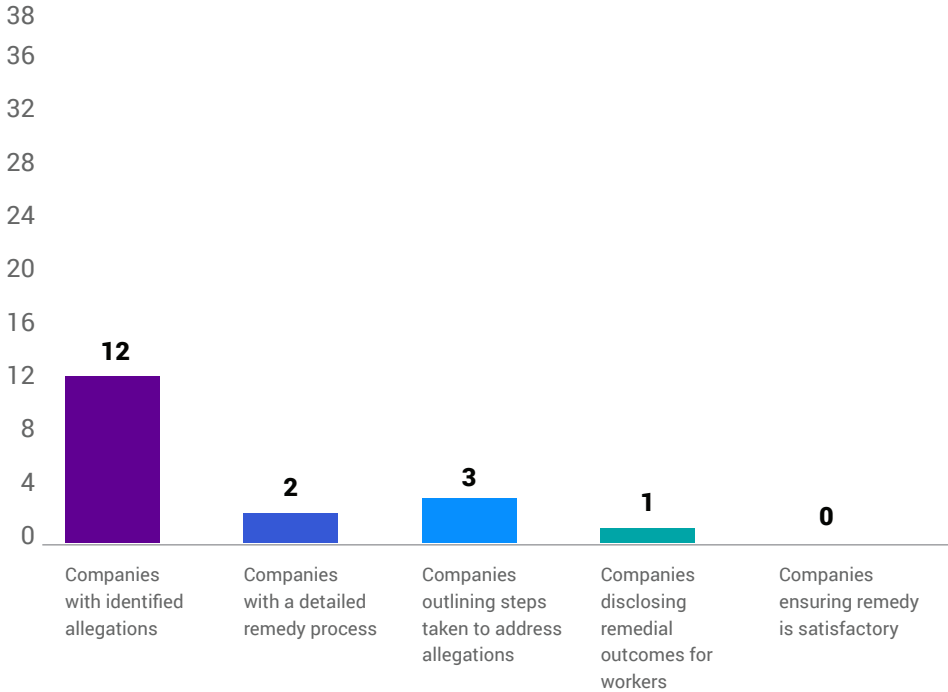
KnowTheChain predominantly assesses corporate disclosure, which gives an indication of policies and processes that companies have established. The benchmark includes public allegations of forced labor to provide visibility into best practices for responding to public labor rights violations.<sup>32</sup>

**Although companies disclose taking action aimed at preventing future cases of forced labor, there is a significant lack of remedy in the sector.** Despite labor abuses being pervasive and well-documented in the sector, **Archer Daniels Midland, PepsiCo, and Wilmar** are the only companies which outline a detailed process to respond to grievances. Of the 12 companies where KnowTheChain identified forced labor allegations,<sup>33</sup> only **Nestlé, Tesco, and Wilmar** outlined some steps they and/or their suppliers had taken to address the allegations. Equally, of the companies for which KnowTheChain did not identify allegations, **Coca-Cola** was the only company that was able to provide examples of remedy for workers.

<sup>32</sup> See Appendix 2: Benchmark Methodology, Methodology Changes, and Scoring for more information.

<sup>33</sup> KnowTheChain identified 41 allegations with forced labor indicators, 15 of which met our threshold and were included in the benchmark.

### Allegations and Remedy



### Actions taken to address forced labor risks in lower tiers of supply chains

While many companies disclose that they are taking steps to source raw materials responsibly, including efforts to address forced labor through raw material certification schemes, only five companies disclose that a grievance mechanism is available to workers below the first tier of their supply chains. Additionally, only eight companies disclose that they conduct audits on suppliers below the first tier, and five companies disclose delivering training on forced labor to lower-tier suppliers. Therefore, despite disclosing participation in certification schemes intended to address risks at the raw material level, it is not clear how companies are engaging with their lower-tier suppliers to find and address forced labor risks in practice. This is also reflective of the lack of company disclosure on the outcomes of policies and processes and that disclosure often fails to show how such policies have an impact in practice, including how they reach lower tiers of supply chains.



## Changes in the benchmark scores since 2016

The average score of the 19 companies that were assessed in both 2016 and 2018 has increased slightly, from 30 out of 100 to 33 out of 100. Concurrently, the methodology has been strengthened, making it more difficult to achieve a higher score.

However, as in 2016, companies continue to report on efforts to address forced labor in selected commodities only, such as palm oil. This is true for steps such as tracing and assessing risks to understand where commodities are coming from and what risks are attached to them, as well as for responsible raw material sourcing and/or auditing, stakeholder engagement, and worker engagement. Given that forced labor risks exist across commodities, the continued lack of disclosure on steps taken to address risks across all commodities is disappointing.

Worker voice and recruitment are the two areas assessed by the benchmark that have the most direct impact on workers' lives. While improvements can be seen since 2016, both remain the lowest scoring themes:

- While some improvements can be seen on policies related to the responsible **recruitment** of migrant workers, such as in increase in the number of policies prohibiting recruitment fees (from seven in 2016 to ten in 2018, when looking at the companies benchmarked in both years), there are few examples of implementation across companies, and no company provided evidence of repayment of recruitment fees to workers.
- While the average company still does too little, if anything to **engage with and empower workers**, some companies do take steps in areas such as worker voice, freedom of association, and grievance mechanisms. Companies are disclosing more substantive examples than in 2016 when only one company described how it engaged with workers in its supply chains. Seven companies that were also benchmarked in 2016 now describe how they engage with suppliers' workers: for example, **Unilever** and **Kellogg** work with partner organizations to engage workers on tea

estates in India, and in sugarcane plantations in Latin America, respectively. Taking into account only companies benchmarked in both years, the number disclosing grievance mechanisms for suppliers' workers has increased from 11 in 2016 to 15 in 2018.

It is encouraging that 17 out of 19 companies benchmarked in both 2016 and 2018 disclose additional steps taken to address forced labor risks in their supply chains, although six of those companies only showed limited improvements.

- The biggest increases in scores between 2016 and 2018 were achieved by **Kellogg** (32/100 to 66/100) and **Kraft Heinz**<sup>34</sup> (9/100 to 23/100). **Kellogg** more than doubled its score by disclosing management and accountability for its supplier code, supplier training, engagement with local stakeholders, and information on responsible purchasing practices. Furthermore, the company improved by updating its supplier code to integrate the [Employer Pays Principle](#), expanding its auditing scope to include some recruitment agencies used by suppliers, engaging with workers in its supply chains in India and Malaysia, and by providing details on corrective action plan processes for suppliers. Significant improvements in company action on recruitment as well as worker voice are particularly valuable, as these are areas that have the most impact on workers' lives. **Kraft Heinz** improved by disclosing its supplier code of conduct, a managerial structure for implementing this code, a list of the palm oil mills used in its supply chains, and details on its audit and corrective action plan processes.
- There are examples of high-scoring, middle-scoring and low-scoring companies that have significantly improved their practices since 2016. **Wilmar** (40/100 to 48/100) improved by disclosing supplier training, collaborations with peer companies to address forced labor, a list of names and addresses of its sugar suppliers, engagement with unions concerning labor rights in its supply chains, details on its audit process, and a process to respond to grievances raised. **Danone** (28/100 to 38/100) improved by disclosing stakeholder engagement on forced labor, a forced labor risks assessment and some outcomes thereof, a supplier code which prohibits worker-paid recruitment fees and requires suppliers to cascade the standard, and the expansion

---

<sup>34</sup> Kraft Foods and Heinz merged in July 2015, and limited sustainability disclosure was available for the new entity in 2016.

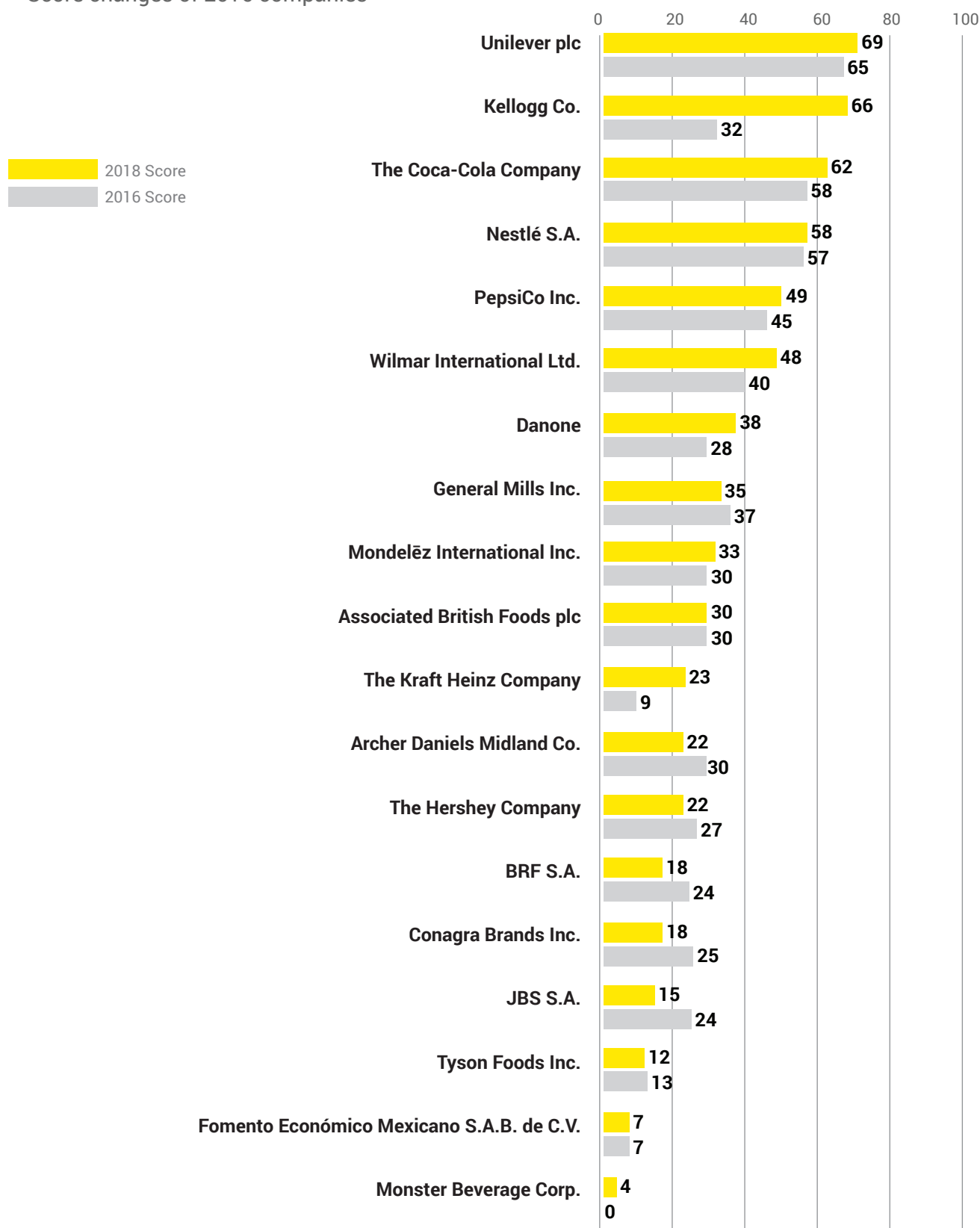
of its grievance mechanism to include human rights-related grievances. **Monster Beverage** (0/100 to 4/100) disclosed a commitment to addressing forced labor as well as limited details on supplier audits and corrective actions. Despite these improvements, company scores remain low overall, emphasizing the need for all companies in the benchmark to take further action.

- Companies that did not disclose any additional steps taken to address forced labor since 2016 include **JBS** and **Conagra**.





## Score changes of 2016 companies



The scores of some companies benchmarked in 2016 dropped in the 2018 benchmark, which is due in part to methodological changes which make it more difficult to achieve a higher score.

## Recommendations

While some progress has been made, all companies need to do more to identify and address risks and instances of forced labor in their supply chains. Workers in the agricultural sector tend to be particularly isolated on farms or boats, and harder to reach than more permanent factory workers, but change is possible even in the most stubbornly exploitative labor environments. For example, the [Worker Driven Social Responsibility](#) model has demonstrated its ability to eliminate long-standing abuses in the agricultural fields of Florida (among other places) in a way which is worker-driven, enforcement-focused, and based on legally binding commitments to assign responsibility for improving working conditions to the corporations at the top of supply chains.

Based on the results of this benchmark, companies should:

- Address risks of exploitation of migrant workers and other vulnerable workers such as women and smallholder farmers.
- Not limit action to commodities where labor abuses receive the most media attention, but assess and address forced labor risks across commodities.
- Engage with and empower workers to enforce their rights, and provide remedy where abuses occurred.

---

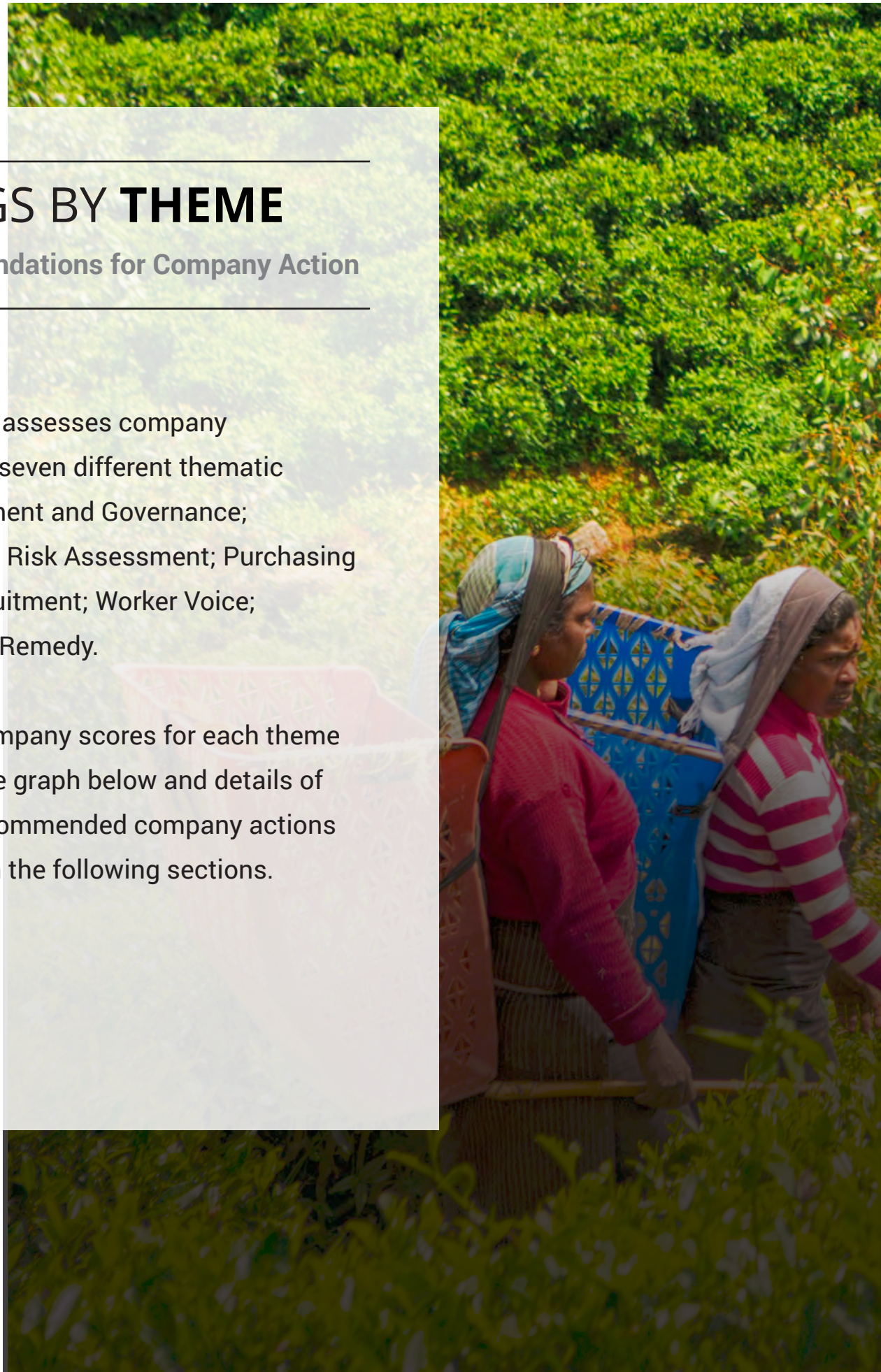
## FINDINGS BY **THEME**

### and Recommendations for Company Action

---

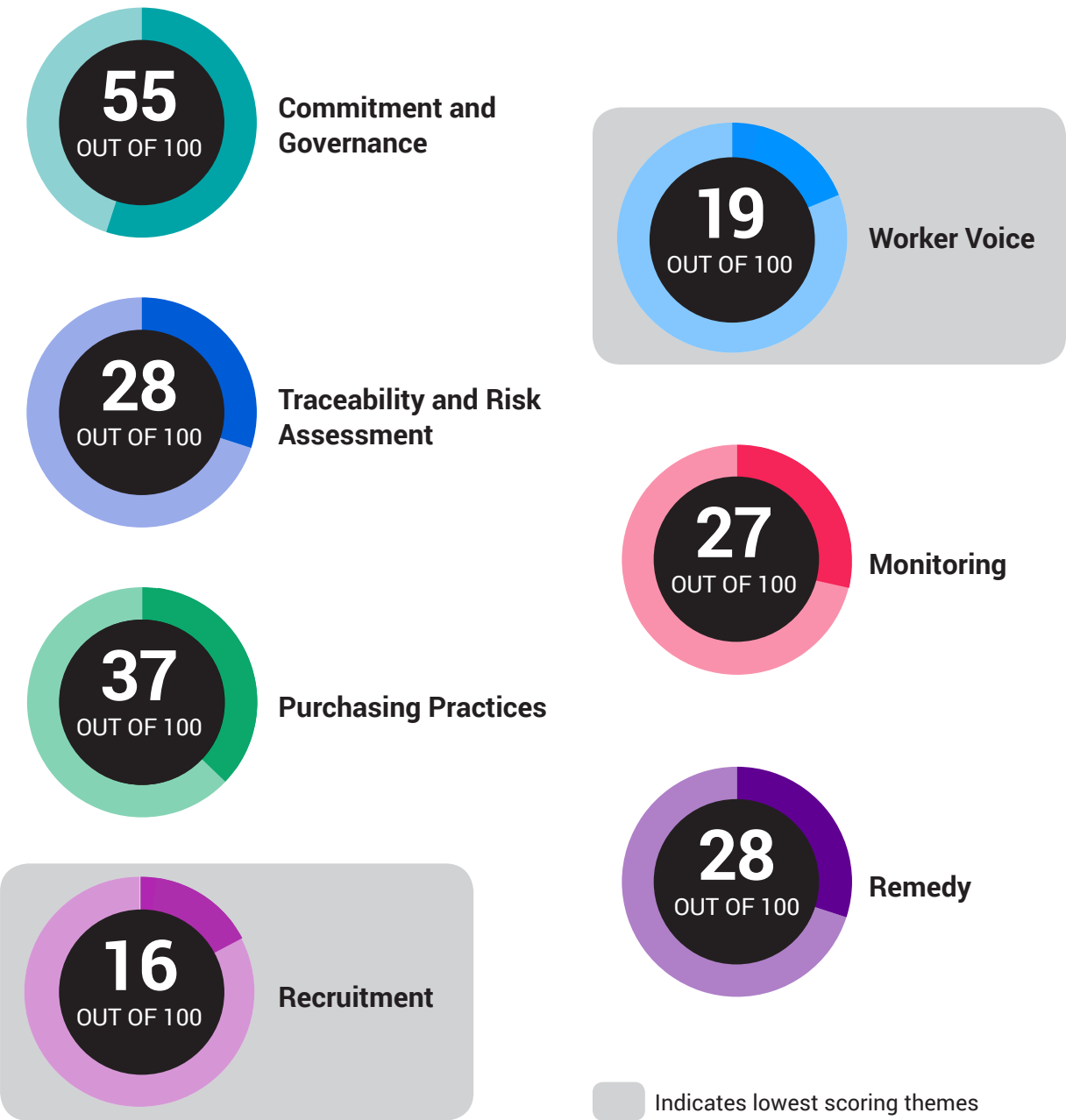
The benchmark assesses company performance in seven different thematic areas: Commitment and Governance; Traceability and Risk Assessment; Purchasing Practices; Recruitment; Worker Voice; Monitoring and Remedy.

The average company scores for each theme are shown in the graph below and details of notable and recommended company actions are presented in the following sections.





Scores per theme - what the average company looks like



## 1. Commitment and Governance

This theme evaluates a company's commitment to addressing forced labor, whether it discloses supply chain standards, and to what extent it has management processes and board oversight, training programs, and engagement with stakeholders<sup>35</sup> on forced labor in place.

Average company score

**55/100**

Commitment and governance is the highest scoring theme of the benchmark. Most companies have stated their commitment to address forced labor in their supply chains and have a supplier code of conduct in place that requires suppliers to adhere to international standards prohibiting forced labor. However, company engagement with stakeholders such as policy makers, worker rights organizations, or local NGOs on the issue of forced labor is low, especially in local supply chain contexts.

Thirty out of 38 companies have stated their commitment to addressing forced labor in their supply chains, and an additional four highlight their awareness of the issue. The majority of companies (34 out of 38) have a supplier code of conduct in place that prohibits forced labor. However, only 28 of these supply chain standards incorporate standards on the fundamental rights and freedoms articulated in the ILO Declaration on Fundamental Rights and Principles at Work. **Almarai, FEMSA,**<sup>36</sup> **Inner Mongolia Yili Industrial Group, Monster Beverage, and WH Group,** the five lowest scoring companies in the benchmark, do not disclose a supply chain standard.

Twenty-six out of 38 companies disclose a team, program, or officer with responsibility for human rights in their supply chains, while 16 of those companies specified that the responsibility included their supply chain standard covering forced labor. Fewer companies report on board-level oversight,

<sup>35</sup> This includes engagement with policy makers, non-governmental organizations, workers' rights organizations, other relevant stakeholders, and multi-stakeholder initiatives on the issue of forced labor. Engagement with suppliers alone is not credited under this theme, but is included in other themes throughout the benchmark such as Recruitment and Worker Voice.

<sup>36</sup> FEMSA notes that it has a code and summarizes its content, but the code is not publicly available.

with ten companies disclosing detail on board oversight of their supply chain standards on forced labor.

Twenty-nine out of 38 companies disclose that they deliver training on forced labor risks and policies to their employees. However, only 18 of these companies make clear that key employees such as procurement staff are included in such training. **Associated British Foods** has delivered training on modern slavery to all procurement and corporate responsibility employees. Further, it provides training to the human resources, audit, and sustainability teams of its sugar division.

However, fewer companies disclose training their suppliers on forced labor risks or policies. Thirteen out of 38 companies report that they deliver training on forced labor to their suppliers, and only eight of them disclose details of delivering that training across sourcing countries or supply chain tiers. For instance, **Walmart** has provided training to suppliers of Thai shrimp on improving labor conditions; **Lindt** discloses that it delivers training on its supplier code, which includes forced labor, to farmers of cocoa beans; and **Unilever** has delivered training to more than 1,000 suppliers in Turkey, Dubai, India, Bangkok, and Malaysia on eradicating forced labor and responsible management of migrant labor.

Companies most often report engaging with stakeholders on forced labor in relation to seafood, such as through membership on the [Seafood Task Force](#), an initiative that was formed to tackle forced labor and human trafficking in Thailand's seafood supply chain. Other commodity-focused stakeholder engagements included efforts focused on palm oil, sugar, tea, beef, and tomatoes.

Only nine out of 38 companies provide examples of engaging with policy makers, workers' rights organizations, local non-governmental organizations or other relevant stakeholders on forced labor in countries in which their suppliers operate. For example, **Woolworths** discloses that it appeared before the Joint Standing Committee on Foreign Affairs and Trade of the Australian government to support the introduction of a Modern Slavery Act in Australia. **Kellogg** discloses that it co-sponsored supplier capability building focused on human rights and forced labor, which also included several participants from the Mexican government. Four companies were able to provide more than one example, covering different supply chain contexts.



Companies more commonly report engaging in multi-stakeholder initiatives which focus on forced labor, such as the [Ethical Trading Initiative](#) or the [Leadership Group for Responsible Recruitment](#). Twenty-three out of 38 companies disclose participation in such an initiative, which commonly includes the [Consumer Goods Forum](#), with reference to supporting or implementing the initiative's Priority Industry Principles on forced labor. Seventeen of these companies described their active participation in these initiatives. For instance, **Smucker** discloses that it is actively involved in the Consumer Goods Forum through membership on its Board, Social Sustainability Steering Committee, and working groups on implementing the Forum's Priority Industry Principles throughout the seafood and palm oil sectors.

## Notable Company Action

### MANAGEMENT AND ACCOUNTABILITY

**Coca-Cola European Partners**<sup>37</sup> discloses that its Board of Directors is briefed at least twice a year on sustainability and corporate responsibility topics, including human rights and modern slavery.

### TRAINING

**Kellogg** discloses that it has worked with the non-profit organization BSR, **Wilmar**, and other palm oil buyers to provide training to small and medium suppliers in two regions in Indonesia to support the implementation of responsible labor practices further down its supply chains.

### STAKEHOLDER ENGAGEMENT

**Coca-Cola** discloses that it collaborated with four other companies to launch the Leadership Group for Responsible Recruitment in 2016, focused on promoting ethical recruitment and combatting the exploitation of migrant workers in global supply chains. As such, it is committed to the Employer Pays Principle, and to continue promoting the principle in its sector. As a member, it must also map its supply chains for recruitment risks.

<sup>37</sup> [Coca-Cola European Partners](#) is an independent Coca-Cola bottler.

## Recommended Company Action

**Stakeholder Engagement:** Consult with local stakeholders such as unions, policy makers, or workers' rights organizations on the issue of forced labor in countries in which suppliers operate.

**Training:** Ensure suppliers across sourcing countries and supply chain tiers are trained on forced labor risks, indicators, and relevant standards.

## 2. Traceability and Risk Assessment

This theme measures the extent to which a company demonstrates an understanding of its suppliers and their workforce by disclosing relevant information (such as supplier names or sourcing countries) and assesses and discloses forced labor risks across its supply chains.

Average company score

**28/100**

Companies across the benchmark score poorly on traceability, with no company achieving a full score of 100. Nine companies do not disclose any information related to the traceability of their supply chains. The number of companies disclosing that they conduct human rights risk assessments on their supply chains is also low; with only half of the companies disclosing that they have carried out such risk assessments. A company should conduct risk assessments on its supply chains and disclose details of those assessments in order to demonstrate that it has a comprehensive understanding of where its supply chains are located as well as the associated risks.

Traceability efforts, where relevant, focus predominantly on palm oil, with 14 out of 38 companies disclosing either the names of their palm oil suppliers, countries where below first-tier suppliers

are located, or the sourcing countries of palm oil. Sugar and cocoa are the next most commonly referenced commodities that companies are making efforts to trace (12 companies and nine companies, respectively).

While some companies disclose the names of some of their suppliers, **Wilmar** is the only company to disclose a list of its first-tier supplier names and addresses, publishing this information on both its palm oil and sugar first-tier suppliers. Since 2016, **Mondelēz**, **Nestlé**, and **Unilever** have published the names of their palm oil suppliers. Less than a third of the companies (11 out of 38) disclose the countries where lower-tier suppliers are located (excluding commodity sourcing countries). **Unilever**, for instance, has published an interactive map showing the countries in which palm oil mills in its supply chains are located, with a list of mill names and locations, representing 73% of its core volumes. Twenty-six out of 38 companies disclose the sourcing countries of at least one commodity which is at risk of forced labor, while six companies give a more comprehensive overview of their sourcing countries.

Only three companies disclose information on their supply chain workforce (**Nestlé**) or explain how they are seeking to gather information on suppliers' workers (**Kellogg** and **Woolworths**). **Nestlé** worked with the Fair Labor Association in 2016 to generate a profile of workers in its hazelnut harvesting supply chains and reported on the workforce of its two main first-tier suppliers in Turkey, including data on workers' gender, age, literacy, languages, land-ownership, marital status, and other demographic characteristics.

Half of the companies (19 out of 38) disclose conducting a human rights risk assessment on their supply chains. Only nine of these companies disclose detail on their human rights risk assessment and make clear that it includes assessment of forced labor risks. This is disappointing given that forced labor risks are pervasive throughout numerous commodities and countries in food and beverage supply chains.

Leading companies disclose their risk assessment framework or methodology, such as sources used to inform their assessment, and describe risk assessments conducted on specific high-risk locations or commodities. Four companies (**Coca-Cola**, **Nestlé**, **Tesco**, and **Unilever**) achieve a full score for risk assessment, and each gives examples of risk assessments conducted in specific supply

chain contexts. These companies also disclose forced labor risks identified in multiple tiers of their supply chains. **Tesco** describes the risk assessment criteria it uses for determining the vulnerability of workers in its supply chains, including country of origin, the type of work being undertaken, the type of labor (such as seasonal or agency labor), known cultural or community issues, and supply chain capability. It discloses that it has conducted a risk assessment on its seafood supply chain specifically. **Tesco** also makes clear that it is paying attention to emerging trends by noting that there is a decline in the number of workers applying to work in food supply chains (based on a report from the Association of Labor Providers in 2018). It states that it will monitor this risk, as where there is a shortage of labor, there is an increased risk of exploitation.

Twenty-one out of 38 companies disclose forced labor risks identified in their supply chains, though only five name risks identified in different tiers of their supply chains. Companies identify at-risk commodities across their supply chains: palm oil is the most commonly named commodity, followed by sugar, cocoa, seafood, and coffee. Beef, tea, soy, and tomatoes are cited as high risk by only a few companies. **Nestlé** discloses 12 commodities that it has identified as having significant labor risks, and states that forced labor risks have been identified in palm oil, cocoa, and seafood supply chains. Thirteen companies explicitly identify migrant workers or recruitment practices as a risk identified in their supply chains, either in particular countries or commodity supply chains. For example, **Coca-Cola** highlights risks associated with the payment of recruitment fees for migrant workers in Taiwan.

Notably, companies included in both the 2016 and 2018 benchmark have improved their average score for risk assessment, since 2016 from 35/100 to 45/100. **Danone**, **Kellogg**, and **PepsiCo** all significantly improved their public disclosure relating to risk assessments in their supply chains. Since 2016, **Danone** discloses that it has conducted a risk assessment on 20 purchasing categories, with a strong focus on forced labor issues. It states that it is now targeting priority commodities and services; it has highlighted palm oil, cocoa, and sugar as high-risk commodities and disclosed the risks associated with workers employed through labor agencies. Since 2016, **PepsiCo** has collaborated with the non-governmental organization [Shift](#) to map the potential impacts its business has had from the perspective of rights-holders in its supply chains.



## Notable Company Action

### TRACEABILITY

**Tesco** discloses the main sourcing countries of seven raw materials that are at risk of forced labor in its supply chains (bananas, prawns, cane sugar, coffee, palm oil, cocoa, and tea).

### RISK ASSESSMENT

**Nestlé** describes using information from its own programs, human rights impact assessments, certification and verification schemes, and engagement with stakeholders to ascertain its priority areas for labor rights due diligence. This includes information from Verité's Responsible Sourcing Tool, data from the US Department of Labor, Bureau of International Affairs, and the Social Hotspot Database. The company additionally discloses working with the Danish Institute for Human Rights to conduct human rights impact assessments, and with Verité to assess recruitment practices in its supply chains operations in Thailand.

## Recommended Company Action

**Risk Assessment:** Undertake risk assessments which evaluate supply chains for forced labor, for example on specific raw materials, regions, and/or groups of workers.

**Traceability:** Disclose a full list of sourcing countries for each commodity and information on the supply chain workforce (such as number of workers, or gender or migrant worker breakdown).

## 3. Purchasing Practices

This theme assesses to what extent a company adopts responsible purchasing practices and integrates supply chain standards into supplier selection and supplier contracts, and whether it cascades them down its supply chains.

Average company score

**37/100**

Purchasing practices is the second-highest scoring theme of the benchmark. Most companies are moving toward the responsible sourcing of raw materials and working to incorporate their supply chain standards into supplier contracts. The number of companies with provisions in place to push standards on forced labor to lower tiers of suppliers has increased since 2016, but remains low.

Three-quarters of companies (30 out of 38) disclose that they are taking steps toward responsible raw materials sourcing, including addressing the risks of forced labor. These steps may include using certifications that cover forced labor, participating in collaborative initiatives that include due diligence on labor issues at the raw material level, or engaging with farmers or working with third parties to improve working conditions at the commodity level. Companies frequently disclose taking part in certifications for commodities such as palm oil, cocoa, sugar, coffee, seafood, and tea. **Associated British Foods** reports that its tea business, Twinings, has signed a Memorandum of Understanding for the Revitalization of the Malawi tea sector with producers, brokers, tea packers, and development agencies. It discloses that the aim of this initiative is to improve the wage-setting process through greater worker representation and that, based on the introduction of a new quality-based pricing structure, its tea sources are achieving independent certifications such as Rainforest Alliance, UTZ Certified, or Fairtrade, or are monitored in line with the Ethical Tea Partnership standards. Schemes such as these provide actionable road maps for companies to address concerns in the agricultural sector in relation to pricing and worker representation.

However, other commodities and other areas of purchasing practices are not marked by the same improvements. Only four out of 38 companies (**General Mills, Kellogg, Nestlé, and Wesfarmers**) describe their adoption of responsible purchasing practices in the first tier of their supply chains, such as sharing plans with suppliers or improving forecasting alignments.<sup>38</sup> **Nestlé**, for example, has a supply chain standard that prohibits suppliers from conducting business “using production targets of performance indicators that lead to forced labor or work above reasonable limits.”

Similarly, companies do not report on how they incentivize suppliers by rewarding or supporting good practices, with nine out of 38 companies giving some information on how they seek to provide

---

<sup>38</sup> The definition of “Responsible purchasing practices” from the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) is used (p. 69-70). Further examples of responsible purchasing practices can be found in the [Ethical Trading Initiative’s \(ETI\) Principles of Implementation](#) and the [Fair Labor Association’s \(FLA\) Principles of Fair Labor and Responsible Sourcing](#).

procurement incentives (such as price premiums and longer-term contracts). **Costco** reports that it provides Fair Trade premiums to help cover living costs for workers. It also discloses that, in collaboration with Fair Trade USA, it engages with farmworkers directly to provide training on food safety and quality, labor rights, and health and safety.

Fifteen out of 38 companies disclose a supplier selection process that includes an assessment of the risks of forced labor prior to entering into contract with a new supplier. However, only three companies give detail on this process or report on the outcomes of their selection processes (**Kellogg**, **Unilever**, and **Walmart**).

Twenty-six out of 38 companies report that they require suppliers to adhere to their supplier code of conduct by incorporating it within supplier contracts or purchase order terms and conditions, and eight companies disclose the language of such contracts.

The number of companies ensuring that their standards are cascaded further down their supply chains has increased since 2016, when only five companies required their suppliers to cascade standards; 14 out of 38 companies now disclose a supplier code of conduct that requires suppliers to communicate the policy requirements to lower-tier suppliers. A further ten companies encourage their suppliers to cascade standards, but do not include this requirement in their supply chain policy.

## Notable Company Action

### PURCHASING PRACTICES

**Kellogg** states that it has begun to establish a “joint business planning process” with its key suppliers that includes an evaluation of their responsible sourcing practices, including on human rights. It says that this process includes discussions regarding purchasing practices, orders, lead-time expectations, production schedule changes, and specialized specifications for ingredients. It reports that suppliers are also encouraged to share their feedback on Kellogg’s practices as part of this process.

**Walmart** discloses that it is a member of the Coalition of Immokalee Workers’ Fair Food Program, and sources from suppliers who best reflect these principles. The program includes legally binding agreements between the Coalition and participating buyers and ensures that a premium is paid to workers.

## Worker Driven Social Responsibility

The [Fair Food Program](#) (FFP) is an example of successful implementation of the [Worker Driven Social Responsibility](#) (WSR) model, which is worker-driven, enforcement-focused, and uses the purchasing power of companies to drive changes in working conditions in supply chains. The model requires companies to sign legally binding agreements with worker organizations, which ensure that companies provide financial support to suppliers to help them meet specific labor standards. Companies must agree to do business only with suppliers who meet these standards.

Under the FFP, buyers agree to buy the relevant produce only from farms that meet the standards of the Program. Buyers pay to growers a price premium, which is referred to as a “penny-per-pound,” but varies depending on the amount and type of produce.<sup>39</sup> Participating growers agree to a wage increase for farmworkers, which is supported by the price premium paid.<sup>40</sup> This has resulted in demonstrable change for workers: the FFP reports that participating buyers had paid \$26,000,000 in price premiums as of 2017.<sup>41</sup> The FFP has also achieved a 10% wage increase for workers by prohibiting the practice of “topping off” picking buckets, whereby workers would be required to overfill their buckets, and would not be paid for the extra pounds of produce that they had picked.<sup>42</sup>

The Program has resulted in tangible improvements in working conditions and helped to address some of the systemic challenges facing agricultural workers, including quota-based pay and wage deductions.

---

<sup>39</sup> WSR, “[Fair Food Program](#).” Accessed 14 August 2018.

<sup>40</sup> WSR, “[Fair Food Program](#).”

<sup>41</sup> Fair Food Program (2017) “[Annual Report](#),” p. 19.

<sup>42</sup> Fair Food Program (2017), p. 19, 60.



## Recommended Company Action

**Purchasing practices:** Take steps to mitigate the risks resulting from purchasing practices such as not providing purchasing forecasts to suppliers, and incentivize good labor practices, for example, through longer-term contracts and price premiums. Participate in schemes that ensure a stable price for farmers and a fair wage for workers.

**Supplier selection:** Implement a process for assessing suppliers for risks of forced labor prior to selection, and report on the outcomes of the selection process.

## 4. Recruitment

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

Average company score

**16/100**

Given that the agricultural sector is known to rely on seasonal workers who are often hired using third-party labor agencies and are vulnerable to exploitation, it is concerning that recruitment is the lowest scoring theme in the benchmark. Less than half of the companies in the benchmark have policies in place prohibiting worker-paid recruitment fees in their supply chains (18 out of 38). Although 13 companies identified migrant workers or recruitment practices as high risk in their supply chains,<sup>43</sup> a disappointingly low number of companies have processes in place protecting migrant workers' rights and prohibiting exploitative recruitment practices. This demonstrates that while companies may identify risks, their disclosure fails to show how they are taking steps to address those risks.

<sup>43</sup> See thematic findings on Traceability and Risk Assessment.

Less than a quarter of the companies described their approach to recruitment in their supply chains (eight out of 38). No company discloses a policy that requires the direct employment of workers in its supply chains, thereby eliminating the risks associated with employment agencies. Only five of 38 companies disclose that they require employment and/or recruitment agencies to adhere to policies upholding labor rights. **Nestlé** and **Kellogg** make clear that recruitment and employment agencies used by suppliers are required to adhere to their supply chain standard, which prohibits forced labor. Companies do not disclose information on the recruitment agencies used in their supply chains. While some disclose membership in the Leadership Group for Responsible Recruitment, which requires members to map their supply chains for recruitment risks, companies do not publish the outcomes of such mappings.

Eighteen out of 38 companies disclose a policy prohibiting worker-paid recruitment fees in their supply chains. Looking at the companies benchmarked in both 2016 and 2018, this is an improvement as the number of companies with policies in place prohibiting recruitment fees has increased from seven to ten. However, this is still notably low, given that migrant labor is inherent in the agricultural sector and, therefore, a risk all companies in the benchmark should be addressing. Moreover, despite having this policy in place, half of these companies (nine out of 38) fail to specify who must be responsible for bearing recruitment-related costs.

Additionally, only four out of 38 companies disclose a policy that requires fees to be reimbursed to workers (**Coca-Cola**, **Nestlé**, **Unilever**, and **Walmart**). No company gave evidence that fees were reimbursed to workers in their supply chains.

Less than a quarter of the companies (eight out of 38) disclose that they are taking steps to ensure that labor practices of employment and recruitment agencies in their supply chains are monitored. Furthermore, only six out of 38 companies explain how they support ethical recruitment in their supply chains (for example, by having screening and selection processes in place for recruitment agencies, by supporting the development of ethical recruitment schemes, or by working with suppliers to provide capacity-building for recruitment agencies). **Coca-Cola**, **Kellogg**, and **Unilever** provide guidance and training for suppliers on the subject of ethical recruitment and discuss their collaboration with [AIM-PROGRESS](#).

Less than a third of the companies (12 out of 38) take steps to ensure that migrant workers in their supply chains understand the terms and conditions of their recruitment and employment. Policies more frequently prohibit passport retention: 21 out of 38 companies disclose a policy prohibiting the withholding of workers' identification documents. Both **Unilever** and **Wilmar** additionally report instances when they have returned passports to suppliers' workers, but otherwise, company efforts tend to be limited to having policy provisions in their codes, without explaining how these are implemented in practice.

While policies protecting migrant workers' rights are few, examples of how migrant workers' rights are protected in practice are even more scarce. Only two out of 38 companies, **Unilever** and **Kellogg**, give examples of how they have worked with suppliers to ensure that migrant workers' rights are protected. **Kellogg** discloses that it has partnered with one of its Turkish apple suppliers to gather data on migrant workers.

## Notable Company Action

### MIGRANT WORKERS' RIGHTS

**Wilmar** discloses that it reached out to its suppliers in Malaysia and encouraged them to give migrant workers full control of their passports by providing lockers. It states that one major supplier has taken this step, in July 2017.

### ETHICAL RECRUITMENT

**Coca-Cola** discloses that it is co-chairing AIM-PROGRESS' work stream on implementing principles on responsible recruitment, including raising awareness among suppliers and industry peers, conducting training, and sharing best practices. Coca-Cola reports two supplier events in Dubai and Thailand, where the principles on responsible recruitment have been implemented.

## Recommended Company Action

**Recruitment Fees:** Ensure that no fees are charged to workers in supply chains and incorporate the [Employer Pays Principle](#) into policies to ensure that the costs of recruitment are borne by the employer and not the worker. Require fees to be repaid when charged and publish evidence that these policies are being implemented.

**Migrant Workers' Rights:** Work with suppliers to ensure migrant workers' rights are respected, for example, by working with suppliers to provide training programs to lower-tier suppliers or labor agents.

## 5. Worker Voice

This theme measures the extent to which a company engages with workers in its supply chains, enables freedom of association, and ensures access to effective and trusted grievance mechanisms.

Average company score

19/100

Worker voice scores poorly across the benchmark, as companies demonstrate little to no effort to engage with workers in their supply chains or to support freedom of association in their supply chains, beyond policy requirements. Although more than half of the companies disclose a grievance mechanism is in place that can be used by suppliers' workers (25 out of 38), only eight make clear how they communicate the mechanism to them. However, despite low scores overall, companies that are taking action on worker voice are demonstrating good practices. **Unilever** and **Tesco**, which score highest in the theme, achieve a score more than four times higher than the average theme score. Additionally, although engagement with workers in agricultural supply chains is challenging due to the isolated nature of the work, some companies have demonstrated ways to reach such workers. Teams from **Walmart**, for example, disclose that they have interviewed and engaged with workers at the far end of its supply chains (e.g., workers on tuna boats in Southeast Asia).



However, the majority of companies do not disclose any efforts taken to engage with workers in their supply chains on their labor rights. Six out of 38 companies disclose engaging with their suppliers' workers on the issue of labor rights specifically. **Wilmar** discloses that it has been working with unions in Indonesia to help workers understand their rights. Notably, **Unilever** discloses evidence of the positive impact of engaging with suppliers' workers. Following training delivered to workers at its largest tea supplier in Kenya in collaboration with the Ethical Tea Partnership, it reports that 97% of the supplier's staff had an understanding of the issues and policies to prevent discrimination and harassment (a 77% improvement), and 80% understood grievance procedures (a 40% improvement).

Only five out of 38 companies disclose how they work with suppliers to improve their practices concerning freedom of association, either by providing guidance to suppliers or giving examples of how they have worked with suppliers to improve their practices, beyond policy-level commitments. **Tesco** reports working with suppliers to ensure that trade union representatives are not discriminated against and actively participates in bilateral negotiations to resolve disagreements where there are complaints of discrimination. **Unilever** reports that it worked with its suppliers to ensure that trade union members are not retaliated against. After discovering non-conformances relating to freedom of association, **Unilever** required the suppliers in question to develop policies that allowed the formation of workers' unions, train staff on those policies, and ensure the agreed-outcomes meetings with unions were documented and addressed. Three companies report working with local or global trade unions (**Coca-Cola**, **Tesco**, and **Unilever**) to improve freedom of association in their supply chains. **Unilever** conducts a biannual consultation forum with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations. It states it focuses on key commodities such as palm oil and tea and pays close attention to working conditions for women in those sectors.

Twenty-five out of 38 companies disclose a grievance mechanism which is available to suppliers' workers and external stakeholders. For companies included in the 2016 benchmark, the number of companies disclosing a grievance mechanism for suppliers' workers has increased from 11 to 15. **PepsiCo** has developed a grievance mechanism specifically for third parties in its agricultural commodity supply chains to raise social and environmental concerns, and **Wesfarmers** discloses a wages and conditions hotline for farm and factory workers, with a view to ensuring that workers in

its supply chains are treated fairly. However, only three companies demonstrate how the mechanism is communicated to workers in their supply chains. For example, **Coca-Cola** uses supplier audits to determine whether grievance mechanisms are in place and if worker satisfaction with grievance mechanism outcomes is tracked.

Only four companies disclose data on the practical operation of their grievance mechanism (**Archer Daniels Midland, Nestlé, Tesco, and Wilmar**), including the type or number of grievances by suppliers' workers or their representatives. Five companies state that their mechanism is available to workers below the first tier of their supply chains, but **Wilmar** was the only company to provide evidence that its mechanism is used by such workers further down its supply chains. Without providing such evidence, companies cannot show that, in practice, workers are able to use their voice and access trusted grievance mechanisms, which is especially important given the difficulties faced by agricultural workers in relation to worker voice.

Despite methodology changes which make it more difficult to achieve a higher score, companies included in the 2016 and 2018 benchmark have improved their disclosure on grievance mechanisms. In particular, **Danone, Kraft Heinz, and Wilmar** have significantly improved their score on grievance mechanisms. Wilmar now discloses a list of grievances filed, including stakeholders involved and the date and type of grievance. It additionally makes clear that its grievance mechanism is available to and used by workers below the first tier of its supply chains by disclosing a complaint made by an NGO on behalf of workers in Malaysian grower plantations. **Danone** and **Kraft Heinz** have established a grievance mechanism for their suppliers' workers since 2016.

Less than half of the companies (17 out of 38) state that their supply chain standards are available in the languages of their suppliers' workers. Thirteen companies make language versions available on their website. However, only eight companies disclose how they ensure that their supply chain standards are communicated to workers in their supply chains. **Walmart**, for example, requires suppliers to display posters, which include signs of forced labor and human trafficking, excessive working hours, discrimination, and unsafe working conditions, in its facilities. The posters also include details of Walmart's grievance mechanism and have been produced for over 50 countries. **Campbell Soup** states that it requires suppliers to communicate the standards in its supplier code

to their workers, and suggests doing so by posting the code in a prominent place in the workplace, hosting meetings or trainings on the standards of the code, or communicating it through online channels. No company provided details on how it ensured communication of the code beyond posters.

## Notable Company Action

### WORKER VOICE

**Walmart** discloses that members of its teams, including merchants, responsible sourcing managers, and sustainability specialists, have interviewed fishermen on tuna boats in Southeast Asia, spoken with tomato farmers in fields and greenhouses, and smallholders and ranchers in Brazil, and have held working sessions with small producers in Mexico during on-site visits. It states that it uses this opportunity to listen to workers “at the far end of the chain.”

### FREEDOM OF ASSOCIATION

**Tesco** states that it monitors all sites in Latin America to ensure workers are able to elect representatives to worker committees democratically. It also states that five years ago none of its suppliers in Peru had democratically elected worker representatives, but all Tesco suppliers in the country now have free and fair elections to elect their representatives. It reports that this covers a number of its supply chains in Peru including cherries, grapes, and avocados.

### GRIEVANCE MECHANISM

**Wilmar** discloses it has a public grievance procedure in place that states that any external stakeholder, including individuals, governments, and non-governmental organizations, can raise concerns against Wilmar or its suppliers regarding the implementation of its policies. The company describes that the mechanism has been developed in cooperation with “a range of stakeholders” and it will continue to integrate feedback further. It discloses a regularly updated list of grievances received through its mechanism, as well as the complaints mechanism of the Roundtable on Responsible Palm Oil.

## Recommended Company Action

**Worker Voice:** Work with stakeholders to engage with workers in supply chains to ensure they understand and are able to exercise their labor rights. Engagement could be undertaken in collaboration with suppliers, local labor NGOs, and/or unions. When using technologies such as mobile phone apps to engage suppliers' workers, companies may wish to consider the [WEST Principles](#) to ensure meaningful engagement.

**Grievance Mechanism:** Ensure grievance mechanisms are in place and communicated to both suppliers' workers and external stakeholders such as local NGOs. Demonstrate their effectiveness by disclosing data on the operation and use of the mechanism.

## 6. Monitoring

This theme evaluates a company's process for auditing suppliers (including whether audits include non-scheduled visits, review relevant documents such as wage slips or contracts, interview workers, and audit lower-tier suppliers) and providing disclosure on the outcomes of supplier audits.

Average company score

**27/100**

Most companies in the benchmark disclose an audit process they have in place for suppliers, which includes a review of labor standards. However, the disclosures reveal a disparity between reporting on the audit process and reporting on audit outcomes (e.g., the percentage of audits or a summary of audit findings).

The majority of companies (34 out of 38) disclose a supplier audit program, which includes an assessment of forced labor criteria. Fifteen out of 38 companies state that they conduct, or may



conduct, unannounced audits on suppliers. However, no company discloses the percentage of unannounced audits they had undertaken on suppliers. Eight companies disclose auditing some second-tier suppliers.

Audits typically include interviews with workers, which 21 out of 38 companies disclose conducting. **Coca-Cola** gives detail on how worker interviews are conducted as part of its supplier audits, stating that interviews are carried out with randomly selected employees and contract workers from different production lines, and include people of different genders, ethnic and religious backgrounds, employees who look very young, and union representatives. However, no company reported the number or percentage of workers interviewed as part of audits.

More than half of the companies (22 out of 38) disclose that they conduct site visits as part of their audits, but only seven make clear that such visits include a review of worker housing.

Although the majority of companies disclose an audit process, less than a quarter (eight out of 38) disclose a summary of their audit findings or details on violations found. Only three companies provide the number or percentage of suppliers audited on an annual basis. **Ahold Delhaize**, for example, reports that it has audited 59% of its suppliers' own-brand production facilities in high-risk countries. Thirteen out of 38 companies disclose information on the expertise of their auditors in relation to forced labor. Without disclosing this information, companies cannot make clear that audits conducted on suppliers are effective and conducted by auditors who understand forced labor issues.

## Notable Company Action

### AUDIT PROCESS

**Tesco** states that its ethical audits focus on first-tier suppliers, but that it extends audits to lower-tier suppliers depending on risk, including to the grower level for produce products.

**Nestlé** states that, in relation to its hazelnut and cocoa supply chains, it cooperates with the Fair Labor Association, which conducts audits on hazelnut gardens and at randomly selected cocoa-growing cooperatives in Côte d'Ivoire. Additionally, it discloses that a third party has audited 10% of the vessels in its seafood supply chains in Thailand.

#### AUDIT DISCLOSURE

**Unilever** discloses comprehensive detail on its supplier audit findings. It reports that it found 272 non-conformances relating to forced labor. More than 70% were from Asia. Forty-four percent of the total non-conformances related to missing policies and procedures, 26% were issues relating to indicators of possible forced labor, and 39 cases concerned suppliers requiring deposits and fees from their workers. Nine percent of non-conformances related to retention of workers' identification documents.

### Recommended Company Action

**Audit Process:** Undertake unannounced audits and audit suppliers below the first tier.

**Audit Disclosure:** Disclose the number or percentage of suppliers audited and workers interviewed as part of those audits, thus demonstrating that workers form an integral part of audits, increasing their effectiveness. Publish a summary of audit findings, including the number and type of violations per category.

## 7. Remedy

This theme measures the extent to which a company has corrective action plan processes for non-compliant suppliers and ensures remedy is provided to workers in its supply chains who are victims of forced labor. Publicly available allegations of forced labor in a company's supply chains that occurred in the past three years, and how a company has responded to and addressed those allegations, are also assessed as part of this theme.

Average company score

**28/100**

While most companies disclose that they have a corrective action process in place for their suppliers, only three companies, **Unilever**, **Kellogg**, and **Coca-Cola**, achieve the full score for their corrective action disclosure by comprehensively outlining their corrective action process, including a means to verify the implementation of corrective actions, consequences for suppliers, and providing an example of their corrective action process in place.

Thirty out of 38 companies give some information on their corrective action process. However, only 18 out of 38 companies describe how they verify that corrective actions have been implemented by suppliers. For example, **Kroger** conducts follow-up audits within 60 days, and **Lindt** varies the number of visits to a farm that it conducts each year, depending on the corrective actions the farm is supposed to be implementing.

Twenty out of 38 companies describe the potential consequences for suppliers who fail to implement corrective actions. This mostly includes terminating the business relationship with the supplier. **Tesco**, however, provides more detail on these consequences and discloses that suppliers who fail to implement corrective actions are provided with a three-month notice period before ending the business relationship, with a view to ensuring that workers' rights are not impacted by canceling orders on short notice.

Only four out of 38 companies provided a summary or example of their corrective action process in practice. After requiring a supplier to implement corrective actions, which included documentation of payment processes and worker signatures to ensure workers received their wages, **Kellogg** followed up and interviewed workers to make sure that they were aware of the new payment processes and their entitlements.

We identified 12 companies in the 2018 benchmark with one or more allegations of forced labor in their supply chains. A total of 41 allegations were identified, and 15 met KnowTheChain's threshold.<sup>45</sup> Seven allegations involved seafood supply chains, four involved palm oil, two involved lettuce, one involved beef, and one involved coffee.

Across the benchmark, 11 out of 38 companies gave some detail on their remedy process, including

---

<sup>45</sup> See Appendix 2 for further information on our methodology for assessing allegations of forced labor.

timelines for dealing with grievances, responsible parties, or engagement with affected stakeholders. **PepsiCo** discloses that it forms a working group to deal with grievances, including staff from procurement, human rights, public policy, and sustainable agriculture, who advise on the grievance and decide on steps to take with the supplier involved. Additionally, it reports that it has a Grievance Committee comprising senior management, which meets quarterly to review individual cases and the operation of its grievance mechanism. **Archer Daniels Midland** outlines its process in detail and discloses that, upon receiving reports of violations, it evaluates the issue and, within four weeks, assigns it to a regional team that engages with the stakeholders involved. The next four weeks are scheduled for investigation and development of an action plan, during which the team compiles a report and communicates the issue to the company's public register. The company reserves the final phase for monitoring and reporting on the implementation of the action plan.

Of the companies for which no forced labor allegations were identified, only one company discloses outcomes for workers of its remedy process. **Coca-Cola** discloses that, upon discovering that migrant workers at a sugar supplier in Côte d'Ivoire were in situations of debt bondage, the mill returned documentation materials to the workers, and the supplier received training to ensure full compliance with labor laws and the company's policy.

Of the companies for which KnowTheChain identified allegations of forced labor, ten out of 12 published a public response to the allegation. However, public responses generally fail to address the allegation comprehensively, omitting to describe the steps taken to address each aspect of the allegation. Only three out of 12 companies disclose the steps taken to address the allegation. Only one company, **Wilmar**, explains in detail how it addressed the allegation and discloses outcomes of the remedy process with respect to the allegation. Concrete remedy outcomes for workers included the establishment of a top-up system in order to achieve at least minimum wage earnings for workers otherwise not receiving this pay (within the established piece rate system), the conversion of all contracts to permanent employment contracts, and the immediate removal of a discriminatory leave policy. **Tesco** and **Nestlé** do not disclose outcomes for workers but go further than other companies by providing some information about how they addressed allegations. **Tesco** provided training to its Spanish suppliers on ethical standards, guidance on the monitoring of labor agencies, and effective grievance procedures. **Nestlé** responded by engaging expert organizations to undertake assessments of its seafood supply chains and committed to using the findings to develop and implement a time-bound action plan.



Notably, despite the severe nature of the allegations and although some companies disclose that their process includes engagement with affected stakeholders, no company discloses evidence that any remedies provided were satisfactory to the victims of the allegation, or the groups representing the victims.

## Notable Company Action

### PROCESS FOR RESPONDING TO GRIEVANCES

**Wilmar** discloses that, in response to allegations and findings of labor rights violations, a dedicated “grievance coordinator” from its sustainability department will be made responsible for handling the reported concern. It states that it reaches out to the reporting party, conducts field assessments of the affected workplaces or locations, publicly responds to the allegation where applicable, and monitors progress. It reports that, for allegations involving its suppliers, it will prepare a case file within three weeks of the grievance being filed and submit an action plan within two months. The grievance raiser will be contacted once the company begins to investigate the allegation and will also have the action plan communicated to them once it has been developed.

### OUTCOMES OF REMEDY

**Tesco** discloses that, where it has identified shortfalls in wages paid by suppliers to their workers, it ensures they are remediated. It states that 26,723 workers received a total of US\$1,005,400; in another payment dispute, workers received US\$1,267,242.

## Recommended Company Action

**Remedy Process:** Establish a process of providing remedy to workers in supply chains with clear responsibilities, engagement with affected stakeholders, and timeframes.

**Remedy Outcomes:** Disclose examples of outcomes of remedy for suppliers’ workers and evidence that remedial actions taken are satisfactory for affected workers.

---

# COMMITMENTS AND COMPLIANCE

## with Regulatory Transparency Requirements

---

This section looks at whether companies make specific, time-bound commitments to address forced labor in their supply chains, including, where relevant, whether they comply with the minimum requirements of the UK Modern Slavery Act and the California Transparency in Supply Chains Act. This assessment was not taken into account in the benchmark scores. However, this information is intended to provide context for what additional steps a company is taking and the degree to which the company is complying with relevant laws.

Fourteen companies in the benchmark make clear commitments of specific actions they will undertake in the future to address forced labor in their supply chains, of which ten are time-bound. **Nestlé** makes a series of commitments including a commitment to continue to address forced labor in its Thai seafood supply chains and its palm oil supply chains in Indonesia and Malaysia. More specifically, it commits to conducting issue-specific trainings that reach beyond first-tier suppliers, including conducting workshops in Indonesia which focus on wages, employment contracts, grievance mechanisms, forced labor, and working hours. **Nestlé** also commits to conducting six human rights impact assessments on its supply chains by 2018. **Campbell Soup** commits to implementing a broader responsible sourcing program based on its supplier code, including social audits, a corrective action follow-up process, and internal training for its procurement staff. **Wilmar** discloses a commitment to involve an Indonesia-based union affiliated with the International Union of Food Workers in its future supplier training workshops to facilitate direct engagement between the union and its suppliers, with a view to improving their labor practices.

As part of assessing company disclosure, KnowTheChain determined whether companies are required to report under the UK Modern Slavery Act and/or the California Transparency in Supply Chains Act. Both pieces of legislation require companies to publish a statement outlining the steps they are taking to address slavery and human trafficking in their supply chains.

## The UK Modern Slavery Act

The UK Modern Slavery Act has three minimum requirements:

- A link on the company's homepage.
- A director's signature.
- Board approval.

KnowTheChain identified 18 out of 38 companies in the benchmark that are required to publish a statement under the UK Modern Slavery Act, and several others that have UK subsidiaries that are required to report. Not all statements identified are compliant with the legislation. By our

assessment<sup>45</sup> only six statements are fully compliant with all three minimum requirements of the Act. Statements are generally signed by a director; however, companies frequently do not link to their statement on the homepage, and the six compliant statements are the only statements which are explicitly board approved.

## **The California Transparency in Supply Chains Act**

The California legislation requires companies to:

- Place a conspicuous link to the statement on the homepage.
- Cover five areas of disclosure: verification, audits, certification, internal accountability, and training.

KnowTheChain identified 17 out of 38 companies that are required to report under the California Transparency in Supply Chains Act. All 17 companies have published a statement; however, only 11 are fully compliant with the requirements of the Act. The statements that are non-compliant with the legislation all fail to include a conspicuous link to the statement on their homepage.

---

<sup>45</sup> Compliance with these requirements has been assessed using the methodology of the [Modern Slavery Registry](#).



# CONSIDERATIONS FOR INVESTOR ACTION

KnowTheChain ranks some of the largest publicly listed food and beverage companies across markets on their efforts to address forced labor in their supply chains. Many global investors are invested in these companies or will be presented with these companies as potential investment opportunities.

Where forced labor risks are not addressed, they can result in legal, reputational, or financial repercussions. For example, in 2015, US marine services company Signal International LLC had to pay US\$20 million in compensation to former employees who were victims of human trafficking. The company eventually filed for bankruptcy. Two public pension funds, the Teachers' Retirement System of Alabama and the Employees' Retirement System of Alabama, owned more than 47% of Signal, and lost approximately US\$70 million.<sup>46</sup> Lawsuits on forced labor and human trafficking continue to emerge around the world.<sup>47</sup>

To address exposure to these risks and ensure investments are used as an opportunity to support the realization of the Sustainable Development

<sup>46</sup> ShareAction (2016), "[Forced labour. What investors need to know.](#)"

<sup>47</sup> Business & Human Rights Resource Centre and Liberty Asia, "[Legal Case Map.](#)" Accessed 2 August 2018.

**“Issues such as modern-day slavery...can be material to the financial performance of these companies and they may risk restricted access to capital due to reputational damage and regulatory backlash.”<sup>48</sup>**

— Steve Waygood, Chief Responsible Investment Officer, Aviva Investors.

Goals (SDGs), in particular **SDG 8.7**, investors may wish to integrate KnowTheChain’s findings into their investment decision-making and active ownership practices. In particular, investors are encouraged to ask companies about their practices regarding **recruitment** and **worker voice**. These themes make the most difference to workers’ lives, yet companies have often taken limited, if any, steps on them. Investors should ask companies how they are creating value by reducing business exposure of forced labor. Investors can further ask how companies are working to ensure migrant workers are not exploited, and how they engage with workers in their supply chains to empower them to exercise their labor rights, while ensuring an early warning system is in place for when abuses occur.

Active investors may want to consider integrating KnowTheChain’s findings into their investment decision-making. For example, the US investment manager Caravel Management modeled a scenario where the share price for a company that does not address labor risks in its supply chains would fall from US\$100 to US\$49 due to downtime, lost contracts, higher personnel costs, and victim compensation.<sup>49</sup>

**Active investors** can further engage companies or file shareholder resolutions to effect change. The following resources can be used as tools for engagement:

- **Understanding company practices:** KnowTheChain’s company scorecards provide an analysis of each company’s disclosure and performance, in comparison to industry peers. It also identifies a company’s compliance with legislation as well as its forward-looking commitments. Where a company was also ranked in 2016, the scorecard provides an overview of changes in company

---

<sup>48</sup> Financial Times (14 May 2018), “[Human rights activists name and shame giant companies](#).” Accessed 2 August 2018.

<sup>49</sup> PRI (2017), “[ESG integration: How are social issues influencing investment decisions?](#),” p. 33.

practices over time. The scorecard highlights leading practices and provides three company-specific recommendations for improvement.

- **Understanding what good looks like:** This report provides good practice examples for each theme.
- **Defining expectations:** [KnowTheChain's investor statement](#), which has been developed with the support of investors and is co-sponsored by the Investor Alliance for Human Rights, defines the expectations of global investors representing over \$3 trillion in assets under management for how companies should address forced labor risks in their supply chains as part of broader human rights due diligence, and in line with international frameworks such as the ILO core labor standards and the UN Guiding Principles on Business and Human Rights. The indicators of [KnowTheChain's benchmark methodology](#) provide an overview of the steps that global companies should take to address forced labor risks in their supply chains.

**Passive investors** may wish to tilt their portfolios toward companies with strong policies and practices in place to address forced labor or companies with time-bound and measurable commitments in place. Passive investors who do not track an entire index, but use a partial replication approach, may further consider excluding companies that continue to perform poorly in analyses of forced labor in supply chains and that show no signs of improvement.

Finally, both active and passive investors may wish to publicly demonstrate their commitment to address forced labor by [signing the KnowTheChain Investor Statement](#).

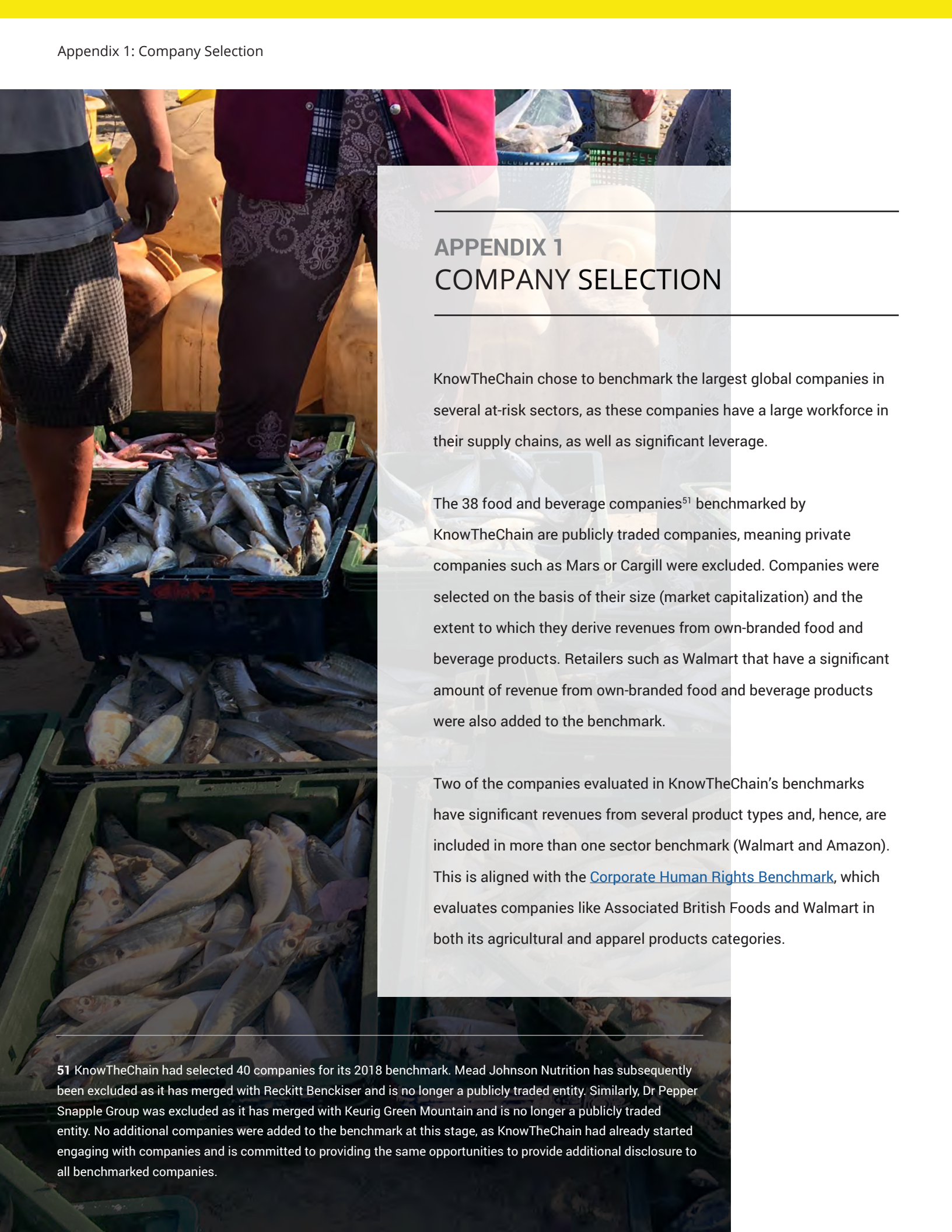
For further information, investors can visit [KnowTheChain's resource section for investors](#) and [sign up for KnowTheChain's quarterly investor newsletter](#).

---

The information provided in this report by KnowTheChain and accompanying material is for informational purposes only. The information in this report should not be considered legal or financial advice, nor an offer to buy or sell or a solicitation of an offer to buy or sell any security, product, service, or investment.

KnowTheChain is committed to providing factual information on the companies that are discussed. However, KnowTheChain does not make any guarantee or other promise, representation, or warranty as to the completeness of the statements of fact contained within, or any results that may be obtained from using our content. Neither this content, nor any examples cited, should be used to make any investment decision without first consulting one's own financial advisor and conducting one's own research and due diligence. KnowTheChain does not receive any payment, compensation, or fee for the use or citation of any information included in this content. To the maximum extent permitted by law, KnowTheChain disclaims any and all liability in the event any information, commentary, analysis, opinions, advice, and/or recommendations prove to be inaccurate, incomplete or unreliable, or result in any investment or other losses.





## APPENDIX 1 COMPANY SELECTION

KnowTheChain chose to benchmark the largest global companies in several at-risk sectors, as these companies have a large workforce in their supply chains, as well as significant leverage.

The 38 food and beverage companies<sup>51</sup> benchmarked by KnowTheChain are publicly traded companies, meaning private companies such as Mars or Cargill were excluded. Companies were selected on the basis of their size (market capitalization) and the extent to which they derive revenues from own-branded food and beverage products. Retailers such as Walmart that have a significant amount of revenue from own-branded food and beverage products were also added to the benchmark.

Two of the companies evaluated in KnowTheChain's benchmarks have significant revenues from several product types and, hence, are included in more than one sector benchmark (Walmart and Amazon). This is aligned with the [Corporate Human Rights Benchmark](#), which evaluates companies like Associated British Foods and Walmart in both its agricultural and apparel products categories.

<sup>51</sup> KnowTheChain had selected 40 companies for its 2018 benchmark. Mead Johnson Nutrition has subsequently been excluded as it has merged with Reckitt Benckiser and is no longer a publicly traded entity. Similarly, Dr Pepper Snapple Group was excluded as it has merged with Keurig Green Mountain and is no longer a publicly traded entity. No additional companies were added to the benchmark at this stage, as KnowTheChain had already started engaging with companies and is committed to providing the same opportunities to provide additional disclosure to all benchmarked companies.

The 2018 food and beverage benchmark includes four Asian companies, two Australian companies, ten European companies, one Middle Eastern company, 18 North American companies, and three Latin American companies. KnowTheChain has benchmarked the following companies:

Company	Market Cap in US\$ billion	Headquarters	2016 benchmark	<a href="#">Provided additional disclosure</a>
Ahold Delhaize	28	Netherlands	No	Yes
Almarai	15	Saudi Arabia	No	No
Archer Daniels Midland Co.	24	United States	Yes	Sent link
Associated British Foods plc	31	United Kingdom	Yes	Yes
BRF S.A.	9	Brazil	Yes	No
Campbell Soup Co.	14	United States	No	Yes
Carrefour SA	18	France	No	Yes
Chocoladefabriken Lindt & Sprüngli AG	17	Switzerland	No	Yes
Coca-Cola European Partners plc	19	United Kingdom	No	Yes
Conagra Brands Inc.	15	United States	Yes	No
Costco Wholesale Corp.	86	United States	No	No
Danone S.A.	54	France	Yes	Yes
Fomento Económico Mexicano S.A.B. de C.V. (FEMSA)	33	Mexico	Yes	No
General Mills Inc.	33	United States	Yes	Yes
Hershey Co.	23	United States	Yes	Yes
Hormel Foods Corp.	18	United States	No	No
Inner Mongolia Yili Industrial Group Co. Ltd.	25	China	No	No
JBS S.A.	9	Brazil	Yes	Sent link



Company	Market Cap in US\$ billion	Headquarters	2016 benchmark	<a href="#">Provided additional disclosure</a>
Kellogg Co.	24	United States	Yes	Yes
Kerry Group plc	19	Ireland	No	Yes
Loblaw Companies Ltd.	21	Canada	No	Yes
Mondelēz International Inc.	66	United States	Yes	Yes
Monster Beverage Corp.	38	United States	Yes	Yes
Nestlé S.A.	259	Switzerland	Yes	Yes
PepsiCo Inc.	171	United States	Yes	Yes
Suntory Beverage & Food Ltd.	15	Japan	No	Yes
Tesco plc	24	United Kingdom	No	Yes
The Coca-Cola Company	203	United States	Yes	Yes
The J. M. Smucker Company	14	United States	No	Yes
The Kraft Heinz Company	74	United States	Yes	Yes
The Kroger Co.	27	United States	No	Yes
Tyson Foods Inc.	29	United States	Yes	Yes
Unilever plc	156	United Kingdom	Yes	Yes
Walmart Inc.	260	United States	No	Yes
Wesfarmers Limited/Coles	40	Australia	No	Yes
WH Group Ltd.	18	Hong Kong	No	No
Wilmar International Ltd.	15	Singapore	Yes	Yes
Woolworths Ltd.	28	Australia	No	Yes

---

## APPENDIX 2

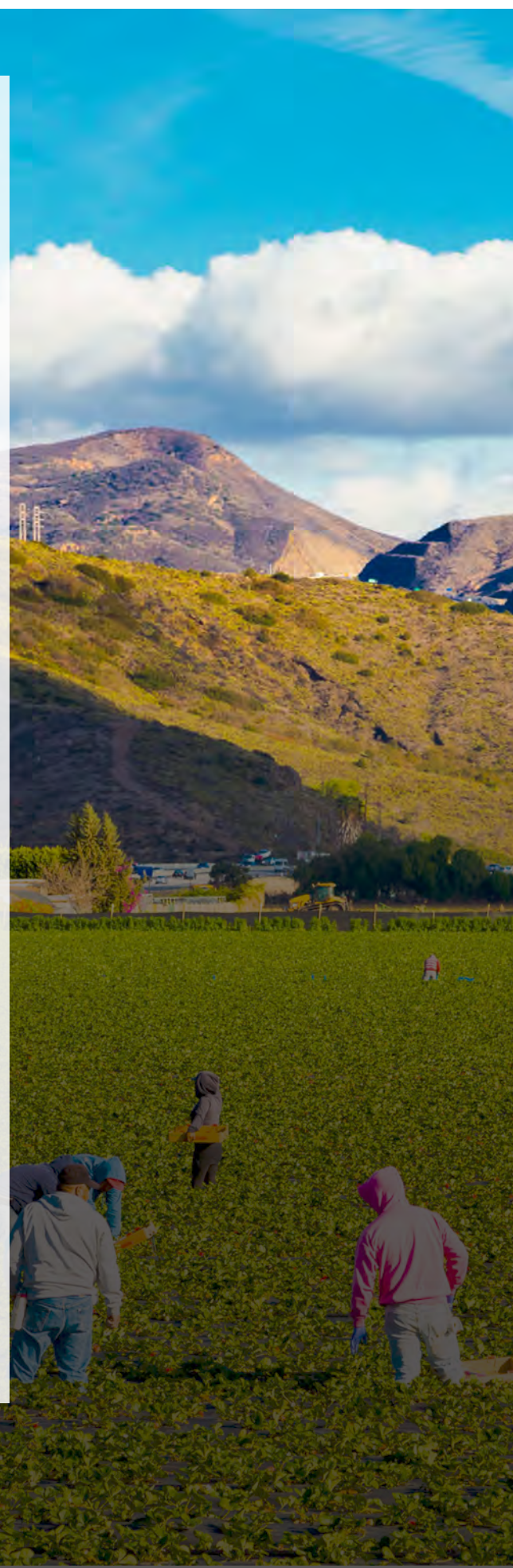
# BENCHMARK METHODOLOGY, METHODOLOGY CHANGES, AND SCORING

---

KnowTheChain will review and, where relevant, update its methodology ahead of every benchmark to integrate emerging good practices and respond to the dynamic nature of the issue. Further, KnowTheChain is aiming to decrease the reporting burden for companies and increase the objectivity of the benchmark by integrating third-party information in addition to corporate disclosure.

The main revisions of the 2018 food and beverage benchmark methodology include:

1. Looking deeper into the supply chains and focusing on a systematic integration of processes across supply chains.
2. Focusing on performance over policies and process (for example, through the integration of forced labor allegations, and by asking for implementation examples or evidence of impact).
3. Aligning with updates of relevant frameworks and initiatives, such as the Corporate Human Rights Benchmark.
4. Strengthening the worker voice and recruitment themes.
5. Increasing flexibility on what can be reported (for example, a company has to ensure that workers in its supply chains have access to effective grievance mechanisms, but those mechanisms can either be provided by the company itself, by the supplier, by a third party, or a group of companies).



Because of these changes in methodology, comparisons are best made at the individual indicator level, or by looking at the change in a specific company's score. This report, therefore, provides some commentary on changes in company practices since 2016, though the majority of the analysis is concerned with the status of companies' action on forced labor in 2018.

To paint a fuller picture of a company's performance and where it is heading, compliance with the California Transparency in Supply Chains Act and the UK Modern Slavery Act were assessed, along with time-bound commitments to address forced labor. Further, companies were given the option to provide additional information on their business model. This information is provided on a company's scorecard, but not included in a company's benchmark scores.

Benchmarked companies were given the opportunity to review the research findings, and to disclose additional information. In addition to English language information on each company's website, KnowTheChain evaluated [additional public disclosure](#) that 28 out of 38 companies provided. Companies receive some credit for participating in initiatives which focus on addressing forced labor and are transparent about their membership requirements, such as the Coalition of Immokalee Workers' Fair Food Program, the Fair Labor Association, and the Leadership Group for Responsible Recruitment.

Lastly, KnowTheChain undertook comprehensive desktop research for allegations of forced labor. KnowTheChain also invited selected stakeholders, such as local and global labor NGOs and trade unions, to submit relevant allegations. KnowTheChain only included allegations that met at least the [threshold of the Corporate Human Rights Benchmark](#) and several of the forced labor [indicators of the International Labour Organization](#).

For most indicators, KnowTheChain requires disclosure on action taken within multiple commodities for companies to achieve full credit. For example, to achieve full credit for indicators such as monitoring or grievance mechanisms, these processes must be available within multiple commodities or sourcing regions. Companies that disclose commodity-specific information for such processes can still demonstrate action taken across commodities and achieve full credit if the process applies to three or more commodity supply chains at high risk of forced labor. There are a few instances where full credit will be given for companies that disclose information related to one

commodity only, such as under the indicator of worker voice, as these indicators are more advanced and KnowTheChain aims to give credit for action taken.

Each company receives an overall benchmark score, which may range from zero to 100. To determine this score, each of the seven themes is weighted equally (i.e., each theme counts one-seventh toward the highest possible benchmark score of 100). Within each theme, each indicator is weighted equally, and within each indicator, each indicator element is weighted equally. In some cases, a company may receive partial points toward an indicator element.

KnowTheChain's analysis is largely based on corporate disclosure, however the benchmark also includes allegations of forced labor as part of the analysis to give some indication of working conditions on the ground. It should be noted that such allegations are not indicative of all labor issues occurring within food and beverage supply chains. For this reason, KnowTheChain's benchmarks are best read alongside other information on labor practices in the sector.



**KTC Food & Beverage Methodology version 2 (December 2017)**

Indicator Name	Indicator Description	Indicator Elements
<b>1. Commitment and Governance</b>		
1.1	<b>Commitment</b>	<p>The company publicly demonstrates its commitment to addressing human trafficking and forced labor.</p> <p>The company:</p> <ul style="list-style-type: none"> <li>(1) has publicly demonstrated its commitment to addressing human trafficking and forced labor.</li> </ul>
1.2	<b>Supply Chain Standards</b>	<p>The company has a supply chain standard that requires suppliers throughout its supply chains 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 standard has been approved by a senior executive, is easily accessible on the company's website, is regularly updated, and is communicated to the company's suppliers.</p> <p>The company's supply chain standard:</p> <ul style="list-style-type: none"> <li>(1) requires suppliers to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor;</li> <li>(2) has been approved by a senior executive;</li> <li>(3) is easily accessible from the company's website;</li> <li>(4) is updated regularly, following internal review and input from external stakeholders; and</li> <li>(5) is communicated to the company's suppliers.</li> </ul>
1.3	<b>Management and Accountability</b>	<p>The company has established clear responsibilities and accountability for the implementation of its supply chain policies and standards relevant to human trafficking and forced labor, both within the company and at the board level.</p> <p>The company:</p> <ul style="list-style-type: none"> <li>(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies and standards that address human trafficking and forced labor; and</li> <li>(2) has tasked a board member or board committee with oversight of its supply chain policies and standards that address human trafficking and forced labor.</li> </ul>



	Indicator Name	Indicator Description	Indicator Elements
1.4	<b>Training</b>	The company has training programs in place to ensure that relevant decision-makers within the company and its supply chains are aware of risks related to human trafficking and forced labor and are effectively implementing the company's policies and standards.	The company undertakes programs which include: (1) the training of all relevant decision-makers within the company on risks, policies, and standards related to human trafficking and forced labor; and (2) the training and capacity-building of suppliers on risks, policies, and standards related to human trafficking and forced labor, covering key supply chain contexts.
1.5	<b>Stakeholder Engagement</b>	The company engages with relevant stakeholders on human trafficking and forced labor. This includes engagement with policy makers, worker rights organizations, or local NGOs 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 engaged relevant stakeholders by: (1) providing at least two examples of engagements on forced labor and human trafficking with policy makers, worker rights organizations, local NGOs, or other relevant stakeholders in countries in which its suppliers operate, covering different supply chain contexts; and (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.
<b>2. Traceability and Risk Assessment</b>			

2.1	<b>Traceability</b>	The company demonstrates an understanding of the suppliers and their workers throughout its supply chains; the company publicly discloses the names and addresses of its first-tier suppliers, the countries of below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor and human trafficking, and some information on its suppliers' workforce.	The company discloses: (1) the names and addresses of its first-tier suppliers; (2) the countries of below-first-tier suppliers (this does not include raw material suppliers); (3) the sourcing countries of raw materials at high risk of forced labor and human trafficking; and (4) some information on its suppliers' workforce.
-----	---------------------	---	---

Indicator Name	Indicator Description	Indicator Elements
<b>2. Traceability and Risk Assessment Cont'd</b>		
<b>2.2</b>	<b>Risk Assessment</b>	<p>The company has a process to assess forced labor risks, and it publicly discloses forced labor risks identified in different tiers of its supply chains.</p> <p>The company discloses:</p> <ul style="list-style-type: none"> <li>(1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks, or assessments that focus specifically on forced labor risks; and</li> <li>(2) details on forced labor risks identified in different tiers of its supply chains.</li> </ul>
<b>3. Purchasing Practices</b>		
<b>3.1</b>	<b>Purchasing Practices</b>	<p>The company is taking steps toward responsible raw materials sourcing. It is adopting responsible purchasing practices in the first tier of its supply chains, and provides procurement incentives to first-tier suppliers to encourage or reward good labor practices.</p> <p>Purchasing practices and pricing may both positively impact labor standards in the company's supply chains, and increase risks of forced labor and human trafficking. The company:</p> <ul style="list-style-type: none"> <li>(1) is taking steps toward responsible raw materials sourcing;</li> <li>(2) is adopting responsible purchasing practices in the first tier of its supply chains; and</li> <li>(3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).</li> </ul>
<b>3.2</b>	<b>Supplier Selection</b>	<p>The company assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.</p> <p>The company:</p> <ul style="list-style-type: none"> <li>(1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.</li> </ul>
<b>3.3</b>	<b>Integration into Supplier Contracts</b>	<p>The company integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.</p> <p>The company:</p> <ul style="list-style-type: none"> <li>(1) integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.</li> </ul>

Indicator Name	Indicator Description	Indicator Elements
<b>3. Purchasing Practices Cont'd</b>		
<b>3.4 Cascading Standards through the Supply Chain</b>	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.
<b>4. Recruitment</b>		
<b>4.1 Recruitment Approach</b>	The company has a policy that requires direct employment in its supply chains, and requires employment and recruitment agencies in its supply chains to uphold workers' fundamental rights and freedoms. The company discloses information on the recruitment agencies used by its suppliers.	The company: (1) has a policy that requires direct employment in its supply chains; (2) requires employment and recruitment agencies in its supply chains to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor; and (3) discloses information on the recruitment agencies used by its suppliers.
<b>4.2 Recruitment Fees</b>	In its relevant policies or standards, the company requires that no fees be charged during any recruitment process in its supply chains—the costs of recruitment should be borne not by the worker but by the employer ("Employer Pays Principle"). In the event that it discovers that fees have been paid by workers in its supply chains, the company ensures that such fees are reimbursed to the workers.	The company: (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment should be borne not by the worker but by the employer ("Employer Pays Principle"); and (2) ensures that such fees are reimbursed to the workers, in the event that it discovers that fees have been paid by workers in its supply chains.
<b>4.3 Monitoring and Ethical Recruitment</b>	The company ensures employment and/or recruitment agencies used in its supply chains are monitored to assess and address	The company: (1) ensures employment and/or recruitment agencies used in its supply chains are monitored to assess and address risks of

Indicator Name	Indicator Description	Indicator Elements
<b>4. Recruitment</b>		
	risks of forced labor and human trafficking, and provides details of how it supports ethical recruitment in its supply chains.	forced labor and human trafficking; and (2) provides details of how it supports ethical recruitment in its supply chains.
<b>4.4 Migrant Worker Rights</b>	To avoid the exploitation of migrant workers in its supply chains, the company ensures migrant workers understand the terms and conditions of their recruitment and employment, and also understand their rights. It further ensures its suppliers refrain from restricting workers' movement, and that migrant workers are not discriminated against, and not retaliated against, when they raise grievances. The company provides evidence of how it works with suppliers to ensure migrant workers' rights are respected.	The company: (1) ensures migrant workers understand the terms and conditions of their recruitment and employment, and also understand their rights; (2) ensures its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; (3) ensures migrant workers are not discriminated against, and not retaliated against, when they raise grievances; and (4) provides evidence of how it works with suppliers to ensure migrant workers' rights are respected.
<b>5. Worker Voice</b>		
<b>5.1 Communication of Policies</b>	The company ensures its human trafficking and forced labor policies and standards are available to supply chain workers in their native languages, and that its human trafficking and forced labor policies and standards are communicated to workers in its supply chains.	The company ensures: (1) its policies and standards, which include human trafficking and forced labor, are available in the languages of its suppliers' workers; and (2) its human trafficking and forced labor policies and standards are communicated to workers in its supply chains.
<b>5.2 Worker Voice</b>	The company works with relevant stakeholders to engage with and educate workers in its supply chains on their labor rights. To ensure scalability and effectiveness, the company ensures that there are worker-to-worker education initiatives on labor rights in its supply chains, and it provides evidence of	The company: (1) works with relevant stakeholders to engage with and educate workers in its supply chains on their labor rights; (2) ensures that there are worker-to-worker education initiatives on labor rights in its supply chains;

Indicator Name	Indicator Description	Indicator Elements
<b>5. Worker Voice Cont'd</b>		
	the positive impact of worker engagement in its supply chains.	<p>(3) provides evidence of the positive impact of worker engagement in its supply chains; and</p> <p>(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.</p>
<b>5.3</b>	<b>Freedom of Association</b>	<p>To support collective worker empowerment, the company works with suppliers to improve their practices in relation to freedom of association and collective bargaining, and with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company ensures workplace environments in which workers are able to pursue alternative forms of organizing.</p> <p>The company:</p> <p>(1) describes how it works with suppliers to improve their practices in relation to freedom of association and collective bargaining;</p> <p>(2) works with local or global trade unions to support freedom of association in its supply chains;</p> <p>(3) ensures workplace environments in which workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and</p> <p>(4) provides at least two examples covering different supply chain contexts of how it improved freedom of association for supply chain workers.</p>
<b>5.4</b>	<b>Grievance Mechanism</b>	<p>The company ensures a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and relevant stakeholders. The company ensures that the mechanism is effective across its supply chains.</p> <p>The company:</p> <p>(1) ensures a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and relevant stakeholders;</p> <p>(2) ensures that the existence of the mechanism is communicated to its suppliers' workers;</p> <p>(3) ensures that workers or an independent third party are involved in the design</p>



Indicator Name	Indicator Description	Indicator Elements
<b>5. Worker Voice Cont'd</b>		
		<p>or performance of the mechanism, to ensure that its suppliers' workers trust the mechanism;</p> <p>(4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and</p> <p>(5) provides evidence that the mechanism is available and used by workers below tier one in its supply chains, or by relevant stakeholders in key supply chain contexts.</p>
<b>6. Monitoring</b>		
<b>6.1</b>	<b>Auditing Process</b>	<p>The company audits its suppliers to measure compliance with applicable regulations and with its supply chain standards. The process includes non-scheduled visits, a review of relevant documents, interviews with workers, and visits to associated production facilities and related worker housing. The company also audits suppliers below the first tier.</p> <p>The company has a supplier audit process that includes:</p> <p>(1) non-scheduled visits;</p> <p>(2) a review of relevant documents;</p> <p>(3) interviews with workers;</p> <p>(4) visits to associated production facilities and related worker housing; and</p> <p>(5) supplier audits below the first tier.</p>
<b>6.2</b>	<b>Audit Disclosure</b>	<p>The company publicly discloses information on the results of its audits. This includes the percentage of suppliers audited annually, the percentage of unannounced audits, the number or percentage of workers interviewed, information on the qualification of the auditors used, and a summary of findings, including details regarding any violations revealed.</p> <p>The company discloses:</p> <p>(1) the percentage of suppliers audited annually;</p> <p>(2) the percentage of unannounced audits;</p> <p>(3) the number or percentage of workers interviewed during audits;</p> <p>(4) information on the qualification of the auditors used; and</p> <p>(5) a summary of findings, including details regarding any violations revealed.</p>

Indicator Name	Indicator Description	Indicator Elements
<b>7. Remedy Cont'd</b>		
7.1	<p><b>Corrective Action Plans</b></p> <p>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; and potential consequences if corrective actions are not taken.</p>	<p>The company's corrective action plans include:</p> <ul style="list-style-type: none"> <li>(1) potential actions taken in case of noncompliance, such as stop-work notices, warning letters, supplementary training, and policy revision;</li> <li>(2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot checks, or other means;</li> <li>(3) potential consequences if corrective actions are not taken; and</li> <li>(4) a summary or an example of its corrective action process in practice.</li> </ul>
7.2	<p><b>Remedy Programs and Response to Allegations</b></p> <p>The company has a process to provide remedy to workers in its supply chains in cases of human trafficking and forced labor. If no allegation regarding forced labor in the company's supply chains has been identified in the last three years, the company discloses examples of outcomes for workers of its remedy process.</p> <p>If one or more allegations regarding forced labor in the company's supply chains have been identified in the last three years, the company discloses a public response to the allegation, and outcomes of the remedy process, including evidence that the remedy or remedies are satisfactory to the victims or groups representing the victims.</p>	<p>A. If no allegation regarding forced labor in the company's supply chains has been identified in the last three years, the company discloses:</p> <ul style="list-style-type: none"> <li>(1) a process for responding to complaints and/or reported violations of policies and standards; and</li> <li>(2) at least two examples of outcomes for workers of its remedy process in practice, covering different supply chain contexts.</li> </ul> <p>B.1. If one or more allegations regarding forced labor in the company's supply chains have been identified in the last three years, the company discloses:</p> <ul style="list-style-type: none"> <li>(1) a process for responding to the complaints and/or reported violations of policies and standards;</li> <li>(2) a public response to the allegation, which covers each aspect of each allegation;</li> <li>(3) outcomes of the remedy process in the</li> </ul>

Indicator Name	Indicator Description	Indicator Elements
<b>7. Remedy</b>		
		<p>case of the allegation(s); and</p> <p>(4) evidence that the remedy or remedies are satisfactory to the victims or groups representing the victims.</p>
	<p>If one or more allegations regarding forced labor in the company's supply chains have been identified in the last three years, and the company denies the allegation, the company discloses a public response to the allegation, a description of what actions it would take to prevent and remediate the alleged impacts, and that it engages in a dialogue with the stakeholders reportedly affected in the allegation, or requires its supplier(s) to do so.</p>	<p>B.2. If one or more allegations regarding forced labor in the company's supply chains have been identified in the last three years, and the company denies the allegation, the company discloses:</p> <p>(1) a process for responding to the complaints and/or reported violations of policies and standards;</p> <p>(2) a public response to the allegation, which covers each aspect of each allegation;</p> <p>(3) a description of what actions it would take to prevent and remediate the alleged impacts; and</p> <p>(4) that it engages in a dialogue with the stakeholders reportedly affected in the allegation, or requires its supplier(s) to do so.</p>



## ABOUT KNOWTHECHAIN

**KnowTheChain**—a partnership of Humanity United, the Business & Human Rights Resource Centre, Sustainalytics, Verité, and Thomson Reuters Foundation—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.

[knowthechain.org](https://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. Humanity United is part of The Omidyar Group, a diverse collection of organizations, each guided by its own approach, but united by a common desire to catalyze social impact.

[humanityunited.org](https://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. [sustainalytics.com](https://sustainalytics.com)

**Business & Human Rights Resource Centre** is a non-profit that tracks the human rights conduct of more than 7,000 companies worldwide. [business-humanrights.org](https://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 may work with some of the companies covered in this report. Verité was not involved in researching or evaluating company disclosures. [verite.org](https://verite.org)

**Thomson Reuters Foundation** promotes the highest standards of journalism and pro bono legal advice worldwide. The organization runs initiatives that inform, connect, and empower people around the world, including access to free legal assistance, editorial coverage of the world's under-reported news, media development and training, and the Trust Conference.

[trust.org](https://trust.org)