



KNOW THE CHAIN

**ERADICATING FORCED LABOR  
IN ELECTRONICS:** What do  
company statements under the  
UK Modern Slavery Act tell us?

March 2018

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# EXECUTIVE SUMMARY

The information and communications technology sector (ICT) is at high risk of forced labor. A significant number of workers in electronics supply chains are migrant workers who are particularly vulnerable to exploitation. The US Department of Labor [lists](#) China and Malaysia as countries where electronics may be produced using forced labor. In fact, a 2014 Verité study found that nearly a third of migrant workers in Malaysia's electronics sector are in situations of forced labor.<sup>1</sup>

To mark the third anniversary of the passage of the UK Modern Slavery Act, this report analyzes how companies in this at-risk sector are responding to this legislative requirement. The UK Modern Slavery Act is the most far-reaching global legislation on forced labor and human trafficking currently in effect, as it affects any global company that has a turnover of £36 million or more and carries out business in the UK. Most notably, it is the first piece of legislation that requires not only annual reporting on the steps taken to address modern slavery in a company's own operations and supply chains, but also board approval and a director's signature on the company's public statement – ensuring that senior management, as well as boards, pay attention to the issue of forced labor.

To understand to what extent the sector is aware of and responding to this legislation, we analyzed large- and

medium-size global ICT companies and identified 102 companies from Asia, Europe, and the United States required to report under the Modern Slavery Act. We reached out to 23 of those companies that had not published a statement. We also assessed compliance among published statements with the minimum requirements of the Modern Slavery Act: the statement must be linked on the homepage of the company's website, signed by a director or equivalent, and approved by the board.

We additionally evaluated all the identified ICT companies' statements against [KnowTheChain's benchmark methodology](#), which comprises seven themes: commitment and governance, traceability and risk assessment, purchasing practices, recruitment, worker voice, monitoring, and remedy. All statements receive a score out of 100. Disappointingly, 85% of the analyzed statements scored below 25. This report highlights promising practices, as well as gaps identified against our methodology, and makes recommendations to companies.

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<sup>1</sup> Verité (2014), "[Forced labor in the production of electronic goods in Malaysia](#)," p. 173.

## Our key findings include:

- Most large and medium global ICT companies were aware of their obligations under the legislation and had published a statement. However, by our assessment, overall compliance with the minimum requirements of the legislation was found to be low. We believe only 18% of the statements (14 out of 79) analyzed are compliant with the three minimum requirements of the Act.
- Disclosure relating to traceability of company supply chains was poor, with only 5% of statements (four out of 79) reporting information such as where their supply chains are located or what their supply chain workforce looks like.
- The majority of company statements did not address forced labor risks specific to the electronics sector, even though risks such as exploitation of migrant workers through recruitment agencies are well documented. Leading companies highlighted these risks in their statements and outlined how they seek to address them.
- Companies made strong commitments to address modern slavery in their business and supply chains, but most failed to disclose policies or actions taken in relation to worker voice or remedies for workers impacted by forced labor. Very few companies disclosed whether a grievance mechanism is available to workers in their supply chains.



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# INTRODUCTION: FORCED LABOR RISKS IN ELECTRONICS SUPPLY CHAINS

According to the International Labour Organization (ILO), an estimated 24.9 million people are victims of forced labor around the world. The ILO defines forced labor as “situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers, or threats of denunciation to immigration authorities.”<sup>2</sup>

The production of electronics and their parts takes place mostly in Asia and Southeast Asia. The US Department of Labor [lists](#) China and Malaysia as particularly at risk of forced labor in the electronics sector.

Manufacturers of electronics are especially exposed to risks of forced labor, as workers in these parts of supply chains are often migrant workers. A Verité study in 2014 found that nearly a third of migrant workers in Malaysia’s electronics sector are in situations of forced labor.<sup>3</sup> Migrant workers are rendered particularly vulnerable as they may not be familiar with the culture and language of the country in which they are working, and may not be aware of or able to exercise their labor rights.<sup>4</sup> Student and intern workers are equally vulnerable, as they may be coerced into working on

a production line not relevant to their subject of study, under threat of not graduating.<sup>5</sup>

Workers hired by labor agencies that demand agency fees may end up working in situations of bonded labor due to the large sums of debt they incur. Additionally, it is common practice for employers or agencies to withhold workers’ identification documents, such as passports, thereby limiting their freedom of movement. Verité found that 94% of migrant workers who took part in their study reported that their passports were being held by their labor agent, and an additional 71% reported it was “impossible or difficult to get their passports back when they wanted or needed them.”<sup>6</sup> A female Vietnamese worker in the electronics industry in Malaysia described how her employer restricted their freedom of movement: “After work, the employer locks us in the hostel. Every week he just chooses a few of us to go out to the market for a few hours, then back to the hostel. The guard supervises us closely. We can’t go out; if we don’t listen to him, he will beat us.”<sup>7</sup>

An additional risk known to exist in the electronics sector is in the sourcing of commodities. The [US Department of Labor](#)

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<sup>2</sup> International Labour Organization, “[Forced labour, modern slavery and human trafficking](#).” Accessed 20 February 2018.

<sup>3</sup> Verité (2014), p. 173.

<sup>4</sup> “Electronics and Electrical,” Verité. “Responsible Sourcing Tool,” <http://www.responsiblesourcingtool.org/visualizerisk>. Accessed 7 December 2017.

<sup>5</sup> Verité. “Responsible Sourcing Tool.” See also, for example, Good Electronics and Danwatch (2015), “[Servants of servers: rights violations and forced labor in the supply chain of ICT equipment in European universities](#).”

<sup>6</sup> Verité (2014), p. 11.

<sup>7</sup> Verité (2014), p. 124.

reports that tungsten, tin, tantalum (coltan), and gold – all used in electronics products – are produced with forced labor in the Democratic Republic of the Congo (DRC).

Given these risks are known to exist in the sector, we expect ICT company statements made under the Modern Slavery Act to outline steps they have taken to address these sector-specific risks. Companies may consider using the indicators in the [KnowTheChain ICT benchmark methodology](#) as guidance.



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# COMPANY SELECTION

The UK Modern Slavery Act requires companies that carry out business in the UK and have a turnover of £36 million or more to publish a statement outlining the steps they have taken to address slavery and trafficking in their business and supply chains.

KnowTheChain assessed global large- and mid-cap technology hardware companies and identified 102 publicly listed companies from Asia, Europe, and North America that

we believe are obliged to publish a statement under the UK Modern Slavery Act.<sup>8</sup>

Only six of the 102 organizations we identified are UK companies. Other companies captured by the analysis are based in Japan, South Korea, Taiwan, Finland, France, Germany, Ireland, Netherlands, Sweden, Switzerland, and the United States, demonstrating the global reach of the legislation.

Number of ICT companies required to report under the UK Modern Slavery Act



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<sup>8</sup> See Appendix 1 for the full list of companies.

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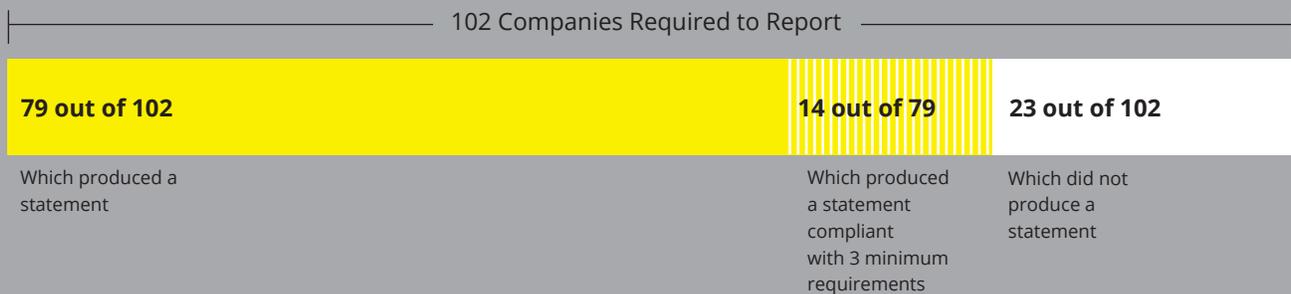
# COMPLIANCE WITH THE UK MODERN SLAVERY ACT

Out of the 102 companies, 79 had published statements at the time of the analysis. In general, statements were published by a parent company, and covered their global business. However, several statements were published by UK or European subsidiaries. While most statements were published either on the company's homepage, or obvious locations such as Sustainability or Supply Chain Responsibility sections of company websites, a few

statements were published in less-obvious places and could only be identified after contacting the companies.

Twenty-three of 102 companies identified by KnowTheChain did not publish a statement at all.<sup>9</sup> Therefore, we reached out to those companies. Eight companies published a statement following our outreach, and one additional company committed to publishing a statement.

## Compliance of ICT Companies with UK Modern Slavery Act

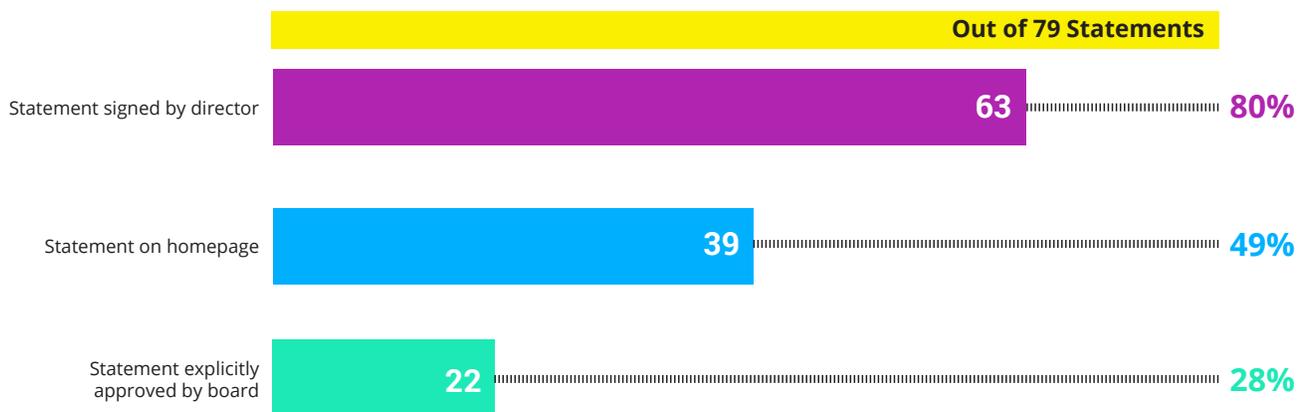


<sup>9</sup> For a list of companies that have not published a statement, please see the website of the [Business & Human Rights Resource Centre](#).

When companies had published a statement, we assessed whether the statements were compliant with the three minimum requirements of the Modern Slavery Act: the statement must be published on the company’s website with a link to the statement on the homepage of the website; approved by the board of directors (or equivalent); and signed by a director (or equivalent).<sup>10</sup>

According to our analysis,<sup>11</sup> there was a poor level of compliance with the three minimum requirements for statements made under the Modern Slavery Act. Of the 79 statements analyzed, we identified 18% that were compliant with all three requirements (14 out of 79). The compliance rates with each of the minimum requirements of the Act individually were:

### Compliance with Minimum Requirements



These findings are broadly consistent with data compiled by the [Modern Slavery Registry](#), which capture more than 5,000 statements and show that the overall compliance rate of all statements on the Registry is 20%.<sup>12</sup> However, this is a much lower rate of compliance than that of the FTSE 100 companies analyzed by the Business & Human Rights Resource Centre, which states a 57% compliance rate.<sup>13</sup>

<sup>10</sup> UK Home Office (2015), "[Transparency in Supply Chains etc. A Practical Guide](#)." See also Modern Slavery Act, section 54.

<sup>11</sup> Assessment of compliance with minimum requirements was conducted using the same approach as the Business & Human Rights Resource Centre in their analysis of FTSE 100 statements. Board approval must have been explicitly mentioned in statements (and not delegated by the board); statements must be signed by a director evidenced by name and title; and a link to the statement must have been on the company’s homepage or a drop-down menu on the homepage. See Business & Human Rights Resource Centre (2017), "[First year of FTSE 100 reports under the UK Modern Slavery Act: towards elimination?](#)" p. 7.

<sup>12</sup> The Modern Slavery Registry records data on statement compliance with the three minimum requirements of the Modern Slavery Act.

<sup>13</sup> Business & Human Rights Resource Centre (2017), "[First year of FTSE 100 reports under the UK Modern Slavery Act: towards elimination?](#)" p. 2.

Statements under the UK Modern Slavery Act can be a powerful tool, demonstrating to investors and other stakeholders not only compliance with the law but also whether ICT companies take forced labor risks seriously. While compliance with the three minimum requirements is not an end in itself – ultimately, the actions taken by companies to address forced labor are crucial – a statement posted on the homepage, signed by a director, and explicitly approved by the board, makes the statement easily accessible to stakeholders and demonstrates senior buy-in as well as accountability. It is disappointing that 51% of the companies (40 out of 79) had yet to post their statement on their homepage, and 72% (57 out of 79) did not provide evidence of discussing their compliance with the Act (including their statement) with their board.



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## WHAT ACTIONS HAVE COMPANIES TAKEN?

The UK Modern Slavery Act does not require companies to report specific actions taken. However, the UK government suggested several recommended reporting areas, such as providing information on policies and due diligence processes.<sup>14</sup> We wanted to go beyond these cross-sectoral recommendations and understand how ICT companies address sector-specific risks. We, therefore, evaluated company statements against KnowTheChain's benchmark methodology, which comprises seven themes: commitment and governance, traceability and risk assessment, purchasing practices, recruitment, worker voice, monitoring, and remedy. Each company received a score out of 100 possible points. This section gives an overview of our findings.

**The highest-scoring statement received a score of 52 out of 100. All other statements scored below 50, with 85% of statements (67 out of 79) scoring below 25 out of 100.**

Commitment and governance was the highest-scoring theme, bolstered by the fact that the majority of companies disclosed having a supply chain standard that addresses forced labor. Worker voice and remedy were the lowest-scoring categories: no company described how it works with suppliers to protect and promote freedom of association, and no company provided concrete examples of outcomes of remedy for workers in its supply chains.

The 10 top-scoring companies comprise one European company, two Asian companies, and seven US companies. This may be influenced by the fact that the US companies analyzed are on average much larger than the European and Asian companies analyzed, and may, therefore, have greater resources dedicated to this issue.<sup>15</sup> The 10 lowest-scoring companies do not reveal much of a regional distinction; they include three European, four Asian, and three US companies. As companies based in Asia typically publish less public information relating to forced labor, it is encouraging that there were no distinctive regional trends found in this analysis, and statements published by companies based in Asia were no less compliant than those published by companies in other regions.<sup>16</sup>

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<sup>14</sup> UK Home Office (2015), p. 27-37.

<sup>15</sup> The average market capitalization of US companies analysed was \$72bn, compared to \$20bn for European companies, and \$26bn for Asian companies.

<sup>16</sup> Based on years of the Business & Human Rights Resource Centre observing global companies' human rights policies and practices.

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## Understanding Supply Chains

Although the UK government recommends that each company statement include information on the complexity of its supply chains, and countries from which it sources its goods or services,<sup>17</sup> only 5% of the statements analyzed (four out of 79) included any information on the traceability of company supply chains, such as a supplier list, or sourcing countries of raw materials at risk of forced labor.

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## Assessing Risks

Only 22 out of 79 company statements detailed risk assessment processes that included forced labor or human rights more broadly, and only 19 out of 79 of statements included information on forced labor risks identified in companies' supply chains. This supports the findings of the Business & Human Rights Resource Centre in its FTSE 100 report, which found that the majority of company statements fail to disclose details on the risks identified in their supply chains and next steps taken to address the risks they have identified.<sup>18</sup>

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## Addressing Sector-Specific Risks

Only 23 out of 79 statements that we analyzed demonstrated companies' awareness of sector-specific risks of modern slavery related to the sourcing of raw materials, production

of ICT products, and vulnerable groups such as migrant workers. This is consistent with CORE Coalition's finding<sup>19</sup> that two-thirds of statements do not refer to the risks of slavery in the specific raw material supply chain, or the specific sector in which the company operates.

Fourteen of the 79 statements analyzed specifically identified vulnerable groups in their supply chains. **Samsung** reported identifying apprentices in India as a particularly vulnerable group, and **Hewlett Packard Enterprise** stated that it is focusing on addressing the risks associated with migrant workers and with student and dispatch workers in China. Some companies report implementing initiatives to address sector-specific risks: for example, by providing training on identifying and addressing forced labor risks to suppliers and recruitment agencies in high-risk countries. Thirty statements disclose having a policy or Supplier Code of Conduct in place which protects the rights of migrant workers; however, only seven provided some evidence that companies actively work with suppliers to ensure that migrant workers' rights are respected. Measures included delivering supplier training on slavery and human trafficking and best practice sharing with suppliers and recruitment agencies that hire migrant workers. Only one company, **HP**, said in its statement that it requires direct employment in its supply chains – thereby eliminating the risk of exploitation of migrant workers by employment agencies.

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<sup>17</sup> UK Home Office (2015), p. 27.

<sup>18</sup> It should be noted that while this analysis was conducted using KnowTheChain's benchmark methodology, the analysis of FTSE 100 statements was conducted using a different methodology, which placed statements in 10 scoring tiers. Based on the UK government's guidance, statements were scored against six recommended reporting areas: organizational and supply chain structure, company policies, due diligence processes, risk assessments, effectiveness of measures in place, and training.

<sup>19</sup> CORE Coalition (2017), "[Risk averse? Company reporting on raw material and sector-specific risks under the Transparency in Supply Chains clause in the UK Modern Slavery Act 2015](#)," p. 6.

# FINDINGS BY THEME: GAPS AND GOOD PRACTICE EXAMPLES

## 1. Commitment and Governance, including Training

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

Commitment and governance was the highest-scoring theme of this analysis, with an average score of **40 out of 100**. Notably, all companies demonstrate a commitment to tackling forced labor in their business and supply chains in their modern slavery statements. The majority of statements disclosed having a supply chain policy that included the elimination of forced labor and having training programs on forced labor in place for their employees. Training for employees was generally based on a company's Code of Conduct or Supplier Code of Conduct, covering forced labor or human trafficking, with some companies delivering training on the risks and indicators of human trafficking. However, only 26 of the 79 statements disclosed having such training in place for their suppliers. A few companies said that they provided targeted training for suppliers, depending on their perceived risk.

### Good Practice Examples:

**Apple** provides targeted training on the risks of forced labor for suppliers that it identifies as high risk, such as those that are known to use migrant contract workers.

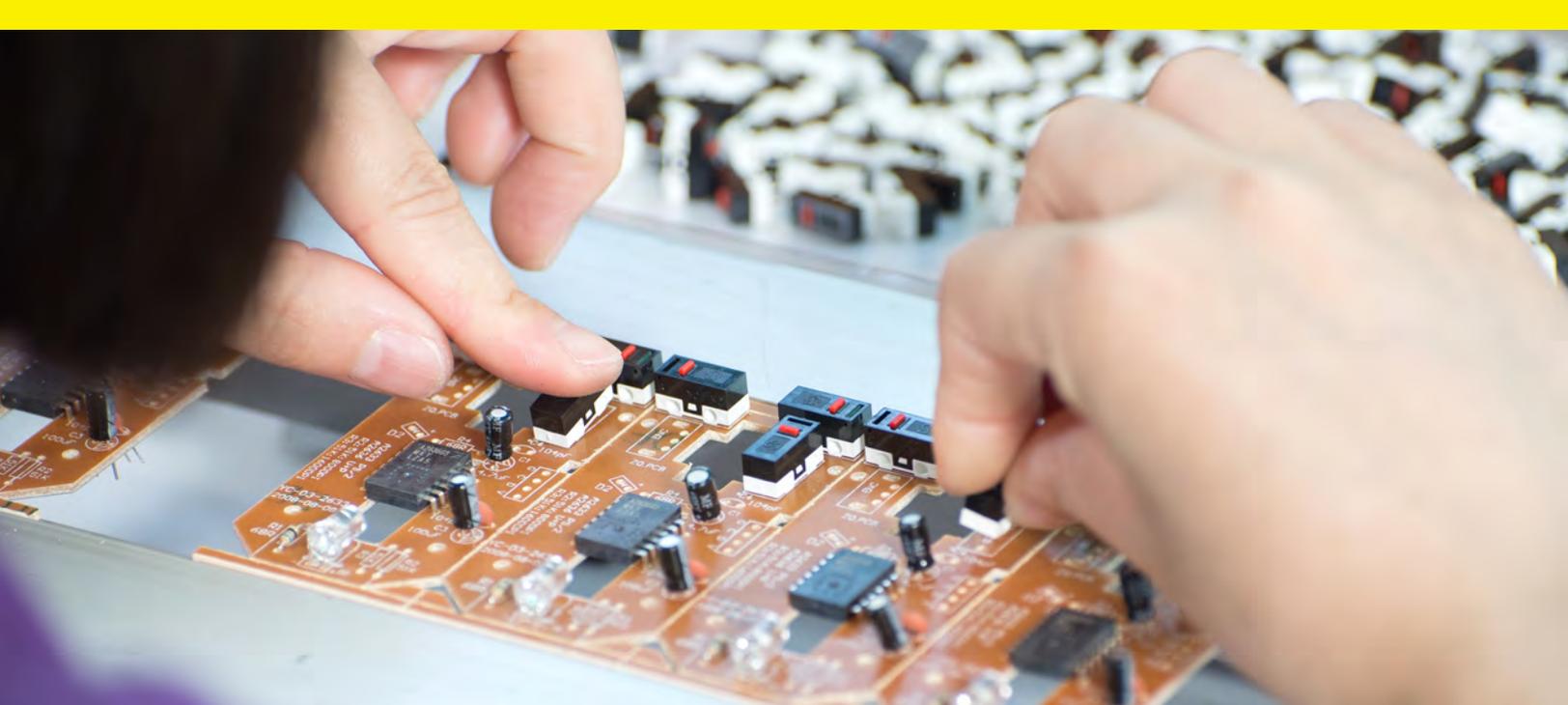
**Hewlett Packard Enterprise** discloses that it has delivered training workshops with **Intel**, **Google**, **Dell**,

and **NVIDIA**, which were facilitated by the ethical trade consultancy Impactt Limited. These trainings focused on misconceptions about forced labor, provided practical guidance on developing policies on forced labor, assessed key risks in the supply chains, and reviewed relevant legal and [Responsible Business Alliance](#) requirements. The trainings were delivered in three countries in Asia deemed to be at high risk of forced labor.

**Samsung** has initiated a training program with a view to managing the risks of forced labor in high-risk regions. Workshops have been delivered to first-tier suppliers, labor sourcing companies, and recruitment agencies in Malaysia and Thailand.

Twenty-four US companies reported participating in stakeholder initiatives focused on eradicating forced labor and trafficking, compared with a much smaller proportion of eight Asian companies and three European companies. The most common initiative referenced was the Responsible Business Alliance (RBA). However, companies generally did not explain specifically how they work with the RBA to address forced labor. Other collaborations included partnering with external stakeholders to deliver training internally or to suppliers, such as the International Organization for Migration.

Reporting on internal accountability relating to supply chain policies and standards on forced labor was poor, with only seven out of 79 company statements giving a clear indication of board-level oversight of policies relating to forced labor. Equally, companies did not generally report on how they



were evaluating their effectiveness in addressing modern slavery in their supply chains.<sup>20</sup> Six companies disclosed key performance indicators (KPIs) that they were using to measure their own progress or their suppliers' progress in addressing modern slavery.

#### Good Practice Examples:

**Arrow** disclosed the following indicators used to measure its effectiveness in ensuring slavery and human trafficking are not taking place in its business or supply chains: "the building of relationships / partnerships with the next link in the supply chain and their understanding of, and compliance with, applicable laws... and expectations; measuring completed / outstanding trainings; and the corresponding increase in employees' awareness of risk."<sup>21</sup> The company also reported monitoring the use of its grievance mechanism.

**Hewlett Packard Enterprise** requires certain suppliers that it has identified as high risk to provide monthly reporting on indicators, including working hours and the use of vulnerable workers.

## 2. Traceability and Risk Assessment

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

Traceability and risk assessment had an average score of **nine out of 100**, placing it among the lowest-scoring themes.

KnowTheChain assesses traceability by looking at information that companies publish on their supply chains, such as supplier locations or sourcing countries of raw materials at risk of forced labor. **Our analysis found that only 5% of statements (four out of 79) analyzed disclosed any information on the traceability of supply chains**, despite the fact that the UK government recommends that statements include information on the complexity of company supply chains.<sup>22</sup> Companies generally did not include information on the sourcing countries of raw materials at risk of forced labor in their statements, or countries where their lower-

<sup>20</sup> This is not assessed by KnowTheChain's framework, but has been analyzed as it is recommended by the UK government as a reporting element in modern slavery statements.

<sup>21</sup> Arrow Electronics, Inc. (2016) "[Slavery and Human Trafficking Statement for the Year Ended December 31, 2016](#)," p. 3.

<sup>22</sup> UK Home Office (2015), p. 27.

tier suppliers were based. **Hewlett Packard Enterprise** and **Microsoft** specifically stated that they had a list of suppliers' names and addresses and provided a hyperlink to their supplier list within their statement. No company reported information on their suppliers' workforce, such as the number of workers in their supply chains or information on the age or gender of the workforce in their supply chains. This kind of information would provide evidence that a company knows who the workers in their supply chains are and allow it to evaluate associated risks.

Less than a third of the company statements (22 out of 79) detailed risk assessment processes that included forced labor, and **only 19 out of 79 disclosed forced labor risks in their supply chains or the results of their risk assessments.** Identified risks in supply chains included the use of migrant workers and recruitment agencies or high-risk sourcing countries. The most commonly cited risk in company statements was vulnerable groups of workers, with 14 companies highlighting that migrant workers or students and interns were at risk in their supply chains. However, given the known risks associated with migrant labor in ICT supply chains, it is surprising that so few companies identified such risks in their statements or explained how they sought to protect these workers. Five companies identified at-risk materials in their supply chains, including gold, tin, tantalum, and tungsten.

#### **Good Practice Examples:**

**NXP Semiconductors** conducts an annual risk assessment on its 9,000 suppliers. The assessment uses Maplecroft data to identify countries at high risk of forced labor and examines indicators related to migrant

workers and decent wages. The company uses this data to assess which suppliers are critical to its products and annual spend.

**Sony** contracted the sustainability consultancy BSR to undertake a human rights risk assessment of their operations and supply chains, including evaluating the risk of slavery and trafficking. The company also engaged BSR to conduct an assessment of the risks associated with migrant workers in Malaysia in 2016. The assessment covered the whole hiring process and included interviews with workers from Indonesia, Nepal, Myanmar, Vietnam, and Bangladesh.

### **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 cascades them down the supply chain.*

Purchasing practices received an average score of **22 out of 100**, placing it as the second highest-scoring theme. This was mostly due to many companies integrating standards relating to forced labor into their contracts with suppliers and requiring their supply chain standards to be communicated to lower-tier suppliers.

The majority of companies did not address purchasing practices in their modern slavery statement, and they failed to demonstrate action taken to adapt any purchasing practices that might exacerbate the risks of forced labor. This lack of reference to procurement policies and purchasing practices is disappointing, particularly given that the UK government's guidance recommends that companies review their internal business procedures to ensure that they do not make demands of suppliers through insufficient payments, late

orders, or tight deadlines.<sup>23</sup> However, this finding is consistent with that of the CORE Coalition's report, which found that company statements are failing to address how their business models can create risks of labor rights abuses.<sup>24</sup>

#### Good Practice Examples:

**HP and Hewlett Packard Enterprise** use scorecards to incentivize suppliers to improve their social and environmental responsibility performance. The scorecards are tied directly to procurement decision-making.

**HP** has multi-year agreements in place with major manufacturing suppliers, as longer-term contracts and relationships allow it to build awareness and capability to meet supply chain responsibility expectations, including the implementation of policies and processes addressing the risks of modern slavery.

A few companies stated that they assessed potential suppliers for risks of forced labor before entering into contract with those suppliers. Eight out of 79 statements said that companies were taking steps towards responsible raw materials sourcing. **However, almost half of the companies (38 out of 79) disclosed in their statements that they had integrated standards on forced labor and human trafficking into their contracts with suppliers**, including in some cases, within purchase-order terms and conditions. This stronger area of disclosure in company statements may be influenced by the fact that the government guidance provides good practice examples.

Equally, almost half of companies (38 out of 79) had a system in place for requiring suppliers to communicate the standards

in their Supplier Code of Conduct to their suppliers. The majority of these companies are members of the Responsible Business Alliance and would, therefore, have a Supplier Code of Conduct in place that requires their suppliers to communicate the Code to the next tier of suppliers.

#### Good Practice Examples:

**Samsung** states that it holds first-tier suppliers contractually responsible for managing the work environment of lower-tier suppliers. The company may offer consultative support to second-tier suppliers if there are reports that management is below standards.

## 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.*

Recruitment had an average score of **10 out of 100**. This low score is concerning in that the ICT sector is particularly exposed to forced labor risks associated with recruitment practices in supply chains, since hiring migrant contract workers through labor agencies is common.

Only one company, **HP**, disclosed having a policy requiring direct employment of workers in its supply chains, thus avoiding any exploitation that may occur when workers are employed by recruitment or employment agencies. More than a third of statements (31 of the 79) disclosed that they prohibit worker-paid recruitment fees, or that their

<sup>23</sup> UK Home Office (2015), p. 30.

<sup>24</sup> CORE Coalition (2017), p. 6.

Supplier Code of Conduct prohibits worker-paid recruitment fees. A similar proportion of companies commented on the reimbursement of recruitment fees, but **Apple** was the only company statement that included data on the number of workers in its supply chains who had fees reimbursed, and the total cost of those reimbursed fees.

No company disclosed information on the recruitment agencies used by their suppliers. Only seven companies said that they had taken steps towards ensuring recruitment agencies in their supply chains were audited.

We also looked at actions taken by companies to protect the rights of migrant workers, a group of workers who are particularly vulnerable due to linguistic, cultural, and legal barriers. US statements had the strongest disclosure protecting the rights of migrant workers, with 20 out of 38 companies noting that they have a Supplier Code of Conduct that contains some provisions on protecting the rights of migrant workers. However, only seven out of 79 companies gave evidence in their statement of working with their suppliers to ensure respect for migrant workers' rights.

These results reflect the increasing attention companies are paying to having policies in place to protect migrant workers' rights. This may be linked to increasing resources and initiatives in this area, such as the [Leadership Group for Responsible Recruitment](#) (a collaboration between companies and expert organizations seeking to drive change in the recruitment of migrant workers, including committing to the Employer Pays Principle that no worker should pay for a job) and the RBA's [Responsible Labor Initiative](#) (a multi-stakeholder initiative focused on responsible recruitment and employment practices and the protection of the rights of vulnerable workers in company supply chains). These

initiatives are relatively new; we would expect to see further detail on participation in these initiatives in future company statements.

#### Good Practice Examples:

**Samsung** has delivered training workshops on forced labor to its first-tier suppliers, labor sourcing companies, and recruitment agencies in Malaysia and Thailand.

**NXP Semiconductors** requires labor agents acting on its behalf to conduct due diligence with recruitment agencies and their sub-agents in "relevant countries of operation" to ensure their compliance with its Code.

## 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.*

Worker voice was the lowest-scoring of all the themes, with an average score of **six out of 100**.

No company described how it promotes freedom of association, beyond disclosing that it is protected in a Code of Conduct.

The majority of statements did not report on how companies engaged with workers in their supply chains to educate or train them on their rights. Only three companies gave examples of how they have worked with independent experts or stakeholders to educate workers in their supply chains on their rights.

#### Good Practice Examples:

**Apple** partnered with an external stakeholder to educate migrant workers in its supply chains in three different countries; it reported that it trained more than 300 migrant workers on their rights, terms, and conditions of

employment contracts and how to report violations of their rights.

HP's supply chain capability programs have included training on worker-management communications, which provide workers with access to mechanisms to raise issues with management or superiors.

Twenty-seven out of 79 of the analyzed statements disclosed having a grievance mechanism in place, although it was not always clear whether the mechanism was available to suppliers' workers. Only three out of 79 companies disclosed any further detail on the operation of the grievance mechanism or explained how the mechanism is communicated to suppliers' workers.

European companies' statements had the strongest disclosure regarding grievance mechanisms, with 11 out of 19 stating that they had a mechanism available to suppliers and external stakeholders, compared with 11 out of 38 US companies and five out of 22 companies based in Asia. However, it is typically unclear whether the mechanism is available to suppliers' management only, or also available to suppliers' workers. No statement provided evidence that such mechanisms are used by the suppliers' workers or offered data on the operation of grievance mechanisms, which would allow analysis of whether the mechanism is effective.

#### **Good Practice Examples:**

**Microsoft** reports that its Business Conduct Hotline has been implemented at five first-tier suppliers and one second-tier supplier.

## **6. Monitoring**

*This theme evaluates a company's process for auditing suppliers (including whether it performs non-scheduled visits, reviews relevant documents such as wage slips or contracts, and interviews workers) and providing disclosure on the outcomes of the supplier audits.*

This theme had an average score of **11 out of 100**.

**More than half of the statements (47 out of 79) indicated that companies had an audit process, but significantly fewer companies provided detail on that process, their audit findings, or whether the audits included forced labor.** Only six out of 79 of company statements disclosed using unannounced audits as part of their audit process. Ten statements provided some information on audit findings, ranging from disclosing that they found no non-conformances relating to forced labor to naming the specific non-conformances found. **HP**, for example, stated that non-conformances found in its supply chains included document retention and worker payment of recruitment fees. **NXP Semiconductors** reported that it used its audit findings to form the basis of training delivered to suppliers.

Only four company statements – from **NXP Semiconductors, Apple, Microsoft, and Lenovo** – reported auditing below the first tier of the company supply chain; Lenovo reported that its audit program covers its third-tier suppliers.

Several companies also stated that they had updated, or were updating, their audit processes to include indicators specifically relating to the use of vulnerable workers or raw materials at risk of forced labor or human trafficking.

### Good Practice Examples:

**Samsung** conducts non-scheduled audits depending on the risk status of the supplier, such as if the supplier uses student workers or interns.

**Intel** reports that they have discovered 144 violations of their anti-trafficking policy via audits of their suppliers. Eighty-four of those non-conformances are closed, 24 are described as “on track” for closure, and 36 are still being managed for compliance.

## 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 who are victims of forced labor.<sup>25</sup>*

Remedy had an average score of **nine out of 100**.

Less than half of the company statements (35 out of 79) report having a corrective action process in place, and only 19 out of 79 statements disclosed that there would be consequences for suppliers that failed to implement corrective actions. The proposed consequences typically involve terminating the business relationship with the supplier in question.

**No company disclosed a process for providing remedy to workers in their supply chains in their modern slavery statement**, let alone details of such a process, such as timeframes, engagement with affected stakeholders, responsible parties, or approval procedures. Further, **Intel** was the only company that reported on concrete outcomes for workers, indicating that such a remedy process is in

place. The lack of disclosure on remedy is disappointing, in particular as the UK government’s guidance emphasizes that the steps outlined in a modern slavery statement should address and remedy modern slavery.<sup>26</sup>

### Good Practice Examples:

**Intel** discloses that its audit team discovered issues relating to foreign workers with one of its suppliers. These issues included excessive recruitment fees, withholding workers’ passports, and substandard living conditions. The company monitored the supplier closely to ensure corrective action was implemented and that remedy was provided to workers, including provision of new contracts, reimbursement of worker-paid recruitment fees, provision of more suitable accommodation, and return of passports to workers.



<sup>25</sup> [KnowTheChain's methodology](#) also assesses how companies respond to allegations of forced labor, but this was not assessed as part of this analysis of modern slavery statements.

<sup>26</sup> UK Home Office (2015), p. 12.

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# RECOMMENDATIONS FOR ELECTRONICS COMPANIES

**Based on these findings, we recommend that relevant ICT companies:**

Publish a modern slavery statement, which is linked on the homepage, signed by a director, and approved by the board, to demonstrate to stakeholders that forced labor risks are taken seriously, including at the senior level, as required by the legislation.

We further recommend that all ICT companies take into consideration [KnowTheChain's ICT benchmark methodology](#) to identify steps to address forced labor risks in their supply chains. In particular, ICT companies may wish to take the following steps, and disclose the processes put in place and outcomes thereof, for example, in a modern slavery statement:

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## TRACEABILITY

Publish information on the traceability of your supply chains, including where first- and lower-tier suppliers are located, sourcing countries of raw materials, and details on your suppliers' workforce.

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## RISK ASSESSMENT

Describe steps taken to assess and address risks specific to the ICT sector, such as the protection of migrant and other vulnerable workers, the risks associated with labor agencies, and the sourcing of raw materials linked to the risk of forced labor.

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## WORKER VOICE

Ensure workers in your supply chains are aware of and empowered to exercise their rights. Enable workers in supply chains to voice concerns related to labor rights by ensuring effective grievance mechanisms are available to them.

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## REMEDY

Put in place a process to ensure remedy is provided in case the human rights of supply chain workers are violated and disclose examples of remedies you have provided or would provide to supply chain workers impacted by forced labor.

# APPENDIX 1: ICT COMPANIES REQUIRED TO REPORT UNDER THE UK MODERN SLAVERY ACT

(see also section on Company Selection, p. 7)

Company Name	Headquarters	Market Cap (USD)
Advanced Micro Devices	US	\$11.5bn
Amazon	US	\$458.3bn
Amphenol Corporation	US	\$24.5bn
Analog Devices	US	\$29.2bn
Apple	US	\$825.3bn
Applied Materials	US	\$46.6bn
Arrow Electronics	US	\$6.8bn
ASML Holding	Netherlands	\$11.1bn
ASUSTeK Computer	Taiwan	\$5.9bn
Avnet	US	\$4.6bn
Axis	Sweden	\$2.8bn
Broadcom	US	\$103.8bn
Brother Industries	Japan	\$6.2bn
Canon	Japan	\$46.5bn
Casio	Japan	\$3.7bn
Ciena Corporation	US	\$3.4bn
Cisco Systems	US	\$156.4bn
Corning Inc.	US	\$25.7bn
Dell Technologies Inc.	US	\$14.9bn
Delta Electronics Inc.	Taiwan	\$13.9bn
Dialog Semiconductor	UK	\$3.3bn
Dover Corporation	US	\$13.2bn
Eaton Corporation	Ireland	\$32.0bn
Electrocomponents	UK	\$3.6bn
Emerson Electric	US	\$37.3bn
Ericsson	Sweden	\$19.5bn
Fanuc Corporation	Japan	\$39.7bn

<b>Company Name</b>	<b>Headquarters</b>	<b>Market Cap (USD)</b>
Flex	US	\$8.7bn
Fujikura	Japan	\$2.3bn
Fujitsu	Japan	\$15.5bn
Glory Ltd	Japan	\$2.3bn
Halma plc	UK	\$5.4bn
Hangzhou Hikvision Digital Technology	China	\$44.1bn
Hewlett Packard Enterprise	US	\$28.7bn
Hexagon	Sweden	\$16.0bn
Hirose Electric	Japan	\$5.7bn
Hitachi	Japan	\$31.8bn
HP Inc.	US	\$32.0bn
IBM	US	\$131.4bn
Illinois Tool Works (ITW)	US	\$47.5bn
Infineon Technologies	Germany	\$25.7bn
Ingenico	France	\$6.1bn
Intel	US	\$162.8bn
Keyence	Japan	\$63.6bn
Keysight Technologies	UK	\$7.5bn
KLA-Tencor Corporation	US	\$14.7bn
Koito Manufacturing	Japan	\$9.9bn
Konica Minolta	Japan	\$4.1bn
Kyocera	Japan	\$23.1bn
L3 Technologies	US	\$14.1bn
Lam Research Corporation	US	\$26.6bn
Landis+Gyr	Switzerland	\$2.3bn
Legrand	France	\$18.6bn
Lenovo	US	\$6.2bn
Logitech	Switzerland	\$6.0bn
Maxim Integrated	US	\$12.5bn
MediaTek Inc.	Taiwan	\$14.1bn
Microchip Technology	US	\$19.9bn
Micron Technology	US	\$33.9bn

<b>Company Name</b>	<b>Headquarters</b>	<b>Market Cap (USD)</b>
Microsoft	US	\$570.0bn
Minebea Mitsumi	Japan	\$7.2bn
MKS Instruments	US	\$4.5bn
Motorola Solutions	US	\$14.1bn
Murata Manufacturing	Japan	\$35.2bn
NetApp	US	\$10.5bn
Nikon	Japan	\$6.6bn
Nokia Corporation	Finland	\$36.4bn
NVIDIA Corporation	US	\$96.7bn
NXP Semiconductors	Netherlands	\$38.0bn
OMRON Corporation	Japan	\$10.7bn
ON Semiconductor	US	\$6.8bn
Panasonic	Japan	\$32.8bn
Pentair	US	\$11.1bn
Qualcomm	US	\$72.3bn
Renesas Electronics	Japan	\$16.2bn
Renishaw plc	UK	\$4.3bn
Rexel	France	\$4.5bn
Ricoh Company	Japan	\$7.5bn
ROHM Company	Japan	\$8.8bn
Samsung	South Korea	\$271.2bn
Schneider Electric	France	\$48.0bn
Seagate Technology	US	\$9.4bn
Seiko Epson	Japan	\$10.4bn
Shimadzu Corporation	Japan	\$5.4bn
Siemens AG	Germany	\$111.0bn
Silicon Laboratories	US	\$3.2bn
SK Hynix	South Korea	\$46.5bn
Skyworks Solutions	US	\$18.9bn
Sony	Japan	\$49.2bn
Spectris plc	UK	\$3.6bn
Stanley Electric Co.	Japan	\$5.9bn

<b>Company Name</b>	<b>Headquarters</b>	<b>Market Cap (USD)</b>
<b>STMicroelectronics</b>	Switzerland	\$15.1bn
<b>TDK Corporation</b>	Japan	\$8.8bn
<b>TE Connectivity</b>	Switzerland	\$27.9bn
<b>Teledyne Technologies</b>	US	\$6.9bn
<b>Texas Instruments</b>	US	\$80.0bn
<b>Tokyo Electron Limited</b>	Japan	\$23.1bn
<b>Trimble</b>	US	\$9.7bn
<b>ViaSat</b>	US	\$3.7bn
<b>Western Digital Group</b>	US	\$25.2bn
<b>Xilinx</b>	US	\$16.4bn
<b>Yaskawa Electric Corporation</b>	Japan	\$8.3bn

# APPENDIX 2: BENCHMARK METHODOLOGY – INFORMATION AND COMMUNICATIONS TECHNOLOGY

## Benchmark Methodology – Information & Communications Technology (ICT)

Version 2 (October 2017)

Indicator Name	Indicator Description	Indicator Elements
<b>1.0 Commitment and Governance</b>		
<b>1.1 Commitment</b>	The company publicly demonstrates its commitment to addressing human trafficking and forced labor.	The company: (1) has publicly demonstrated its commitment to addressing human trafficking and forced labor.
<b>1.2 Supply Chain Standards</b>	The company has a supply chain standard that requires suppliers throughout its supply chain to uphold workers' fundamental rights and freedoms (as articulated in the ILO Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor. The 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.	The company's supply chain standard: (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; (2) has been approved by a senior executive; (3) is easily accessible from the company's website; (4) is updated regularly, following internal review and input from external stakeholders; and (5) is communicated to the company's suppliers.
<b>1.3 Management and Accountability</b>	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 board level.	The company: (1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies and standards that addresses human trafficking and forced labor; and (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.

Indicator Name	Indicator Description	Indicator Elements
1.4 Training	The company has training programs in place to ensure that relevant decision-makers within the company and its supply chain 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 Stakeholder Engagement	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.

## 2.0 Traceability and Risk Assessment

2.1 Traceability	The company demonstrates an understanding of the suppliers and their workers throughout its supply chain, 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.
2.2 Risk Assessment	The company has a process to assess forced labor risks, and it publicly discloses forced labor risks identified in different tiers of its supply chain.	The company discloses: (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

Indicator Name	Indicator Description	Indicator Elements
2.2 Risk Assessment (cont'd)		(2) details on forced labor risks identified in different tiers of its supply chain.
<b>3 . 0 P u r c h a s i n g P r a c t i c e s</b>		
3.1 Purchasing Practices	The company is taking steps towards responsible raw materials sourcing. It is adopting responsible purchasing practices in the first tier of its supply chain, and provides procurement incentives to first-tier suppliers to encourage or reward good labor practices.	Purchasing practices and pricing may both positively impact labor standards in the company's supply chain, and increase risks of forced labor and human trafficking. The company: (1) is taking steps towards responsible raw materials sourcing; (2) is adopting responsible purchasing practices in the first tier of its supply chain; and (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).
3.2 Supplier Selection	The company assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.	The company: (1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.
3.3 Integration into Supplier Contracts	The company integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.	The company: (1) integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.
3.4 Cascading Standards through the Supply Chain	The company extends its supply chain standards beyond its first tier by requiring that its first-tier suppliers ensure that their own suppliers implement standards that are in-line with the company's standards.	The company: (1) requires its first-tier suppliers to ensure that their own suppliers implement standards that are in-line with the company's supply chain standards addressing forced labor and human trafficking.

Indicator Name	Indicator Description	Indicator Elements
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## 4 . 0 R e c r u i t m e n t

<b>4.1 Recruitment Approach</b>	The company has a policy that requires direct employment in its supply chain, and requires employment and recruitment agencies in its supply chain 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 chain; (2) requires employment and recruitment agencies in its supply chain 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 chain—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 chain, the company ensures that such fees are reimbursed to the workers.	The company: (1) requires that no worker in its supply chain 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 chain.
<b>4.3 Monitoring and Ethical Recruitment</b>	The company ensures employment and/or recruitment agencies used in its supply chain are monitored to assess and address risks of forced labor and human trafficking, and provides details of how it supports ethical recruitment in its supply chain.	The company: (1) ensures employment and/or recruitment agencies used in its supply chain are monitored to assess and address risks of forced labor and human trafficking; and (2) provides details of how it supports ethical recruitment in its supply chain.
<b>4.4 Migrant Worker Rights</b>	To avoid the exploitation of migrant workers in its supply chain, 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	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;

<b>Indicator Name</b>	<b>Indicator Description</b>	<b>Indicator Elements</b>
<b>4.4 Migrant Worker Rights (cont'd)</b>	they raise grievances. The company provides evidence of how it works with suppliers to ensure migrant workers' rights are respected.	(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.

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

<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 chain.	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 chain.
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<b>5.2 Worker Voice</b>	The company works with relevant stakeholders to engage with and educate workers in its supply chain 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 chain, and it provides evidence of the positive impact of worker engagement in its supply chain.	The company: (1) works with relevant stakeholders to engage with and educate workers in its supply chain on their labor rights; (2) ensures that there are worker-to-worker education initiatives on labor rights in its supply chain; (3) provides evidence of the positive impact of worker engagement in its supply chain; and (4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.
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<b>5.3 Freedom of Association</b>	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 chain. 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.	The company: (1) describes how it works with suppliers to improve their practices in relation to freedom of association and collective bargaining; (2) works with local or global trade unions to support freedom of association in its supply chain; (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
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Indicator Name	Indicator Description	Indicator Elements
5.3 Freedom of Association (cont'd)		association; and (4) provides at least two examples covering different supply chain contexts of how it improved freedom of association for supply chain workers.
5.4 Grievance Mechanism	The company ensures a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chain is available to its suppliers' workers and relevant stakeholders. The company ensures that the mechanism is effective across its supply chain.	The company: (1) ensures a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chain is available to its suppliers' workers and relevant stakeholders; (2) ensures that the existence of the mechanism is communicated to its suppliers' workers; (3) ensures that workers or an independent third-party are involved in the design or performance of the mechanism, to ensure that its suppliers' workers trust the mechanism; (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 (5) provides evidence that the mechanism is available and used by workers below tier one in its supply chain, or by relevant stakeholders in key supply chain contexts.
<b>6 . 0 M o n i t o r i n g</b>		
6.1 Auditing Process	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.	The company has a supplier audit process that includes: (1) non-scheduled visits; (2) a review of relevant documents; (3) interviews with workers; (4) visits to associated production facilities and related worker housing; and (5) supplier audits below the first tier.

Indicator Name	Indicator Description	Indicator Elements
<b>6.2 Audit Disclosure</b>	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.	The company discloses: (1) the percentage of suppliers audited annually; (2) the percentage of unannounced audits; (3) the number or percentage of workers interviewed during audits; (4) information on the qualification of the auditors used; and (5) a summary of findings, including details regarding any violations revealed.

## 7 . 0 R e m e d y

<b>7.1 Corrective Action Plans</b>	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.	The company's corrective action plans include: (1) potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision; (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot-checks, or other means; (3) potential consequences if corrective actions are not taken; and (4) a summary or an example of its corrective action process in practice.
<b>7.2 Remedy Programs and Response to Allegations</b>	The company has a process to provide remedy to workers in its supply chain in cases of human trafficking and forced labor.  If no allegation regarding forced labor in the company's supply chain has been identified, the company discloses examples of outcomes for workers of its remedy process.	A. If no allegation regarding forced labor in the company's supply chain has been identified in the last three years, the company discloses: (1) a process for responding to complaints and/or reported violations of policies and standards; and (2) at least two examples of outcomes for workers of its remedy process in practice, covering different supply chain contexts.

Indicator Name	Indicator Description	Indicator Elements
<b>7.2 Remedy Programs and Response to Allegations (cont'd)</b>	<p>If one or more allegations regarding forced labor in the company's supply chain have been identified, the company discloses a public response to the allegation, and outcomes of the remedy process, including evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.</p>	<p>B.1. If one or more allegations regarding forced labor in the company's supply chain 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 case of the allegation(s); and</li> <li>(4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.</li> </ul>
	<p>If one or more allegations regarding forced labor in the company's supply chain have been identified, 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 chain have been identified in the last three years, and the company denies the allegation, 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) a description of what actions it would take to prevent and remediate the alleged impacts; and</li> <li>(4) that it engages in a dialogue with the stakeholders reportedly affected in the allegation, or requires its supplier(s) to do so.</li> </ul>



## 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](http://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](http://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](http://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](http://business-humanrights.org)

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