

Shenzhou International Group Holdings Ltd.

TICKER
 HKG:2313

MARKET CAPITALIZATION
 US\$19 billion

HEADQUARTERS
 Hong Kong

DISCLOSURES
UK Modern Slavery Act: Not applicable

California Transparency in Supply Chains Act: Not applicable

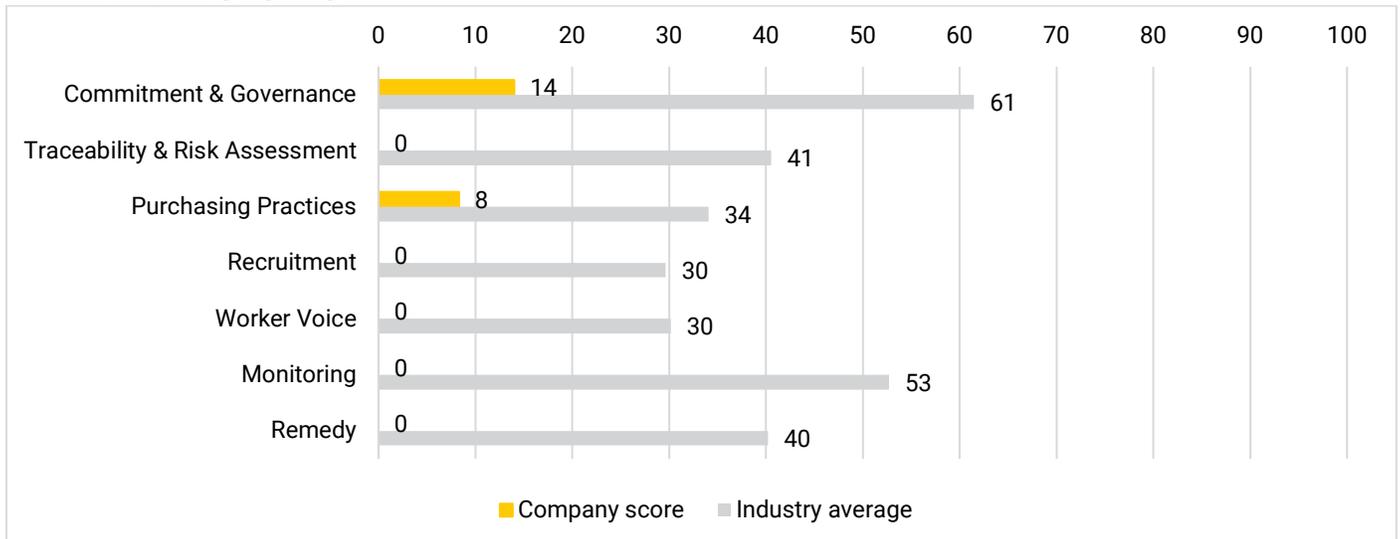
TARGETS
 None

OVERALL RANKING
37 out of 37

(2018 Rank: 38 out of 43)

OVERALL SCORE
3 out of 100
SUMMARY

Shenzhou International Group Holdings Ltd. (Shenzhou International), a leading Chinese clothing manufacturer and Nike's largest apparel supplier,¹ ranks last out of 37 companies and discloses significantly less information on its forced labor policies and practices than its peers. Shenzhou International maintained its 2018 score despite a strengthened methodology that makes it harder to achieve the same score. This is because the company states that it began requiring suppliers to comply with a code of conduct that addresses forced labor, child labor, and discrimination (though the code itself is not publicly disclosed), and that it assesses supplier performance on the implementation of this code to determine future procurement. The company does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. It is encouraged to improve its performance and disclosure on the themes of Commitment & Governance, Traceability & Risk Assessment, and Recruitment.

THEME-LEVEL SCORES


KEY DATA POINTS**SUPPLIER LIST**

No

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton and viscose

DATA ON PURCHASING PRACTICES

No

REMEDY FOR SUPPLY CHAIN WORKERS

No

LEADING PRACTICES

None.

NOTABLE FINDINGS

Supply Chain Standards: Shenzhou International states that its suppliers are required to sign and comply with its “Supplier Behaviour Undertaking Letter,” which includes a prohibition of forced labor, child labor, and discrimination.

Purchasing Practices: The company discloses that it is a member of the Better Cotton Initiative (BCI), which requires farms to adhere to a set of Principles and Standards that align with the ILO core conventions. It also states that it rates suppliers on their performance in implementing its code of conduct, which includes a prohibition of forced labor, to ensure compliance and determine future procurement.

OPPORTUNITIES FOR IMPROVEMENT

Commitment & Governance: The company is encouraged to publicly disclose its supplier code of conduct that addresses the ILO core labor standards. It is further encouraged to establish responsibilities and accountability for the implementation of such a standard and train internal staff and suppliers on this standard.

Traceability & Risk Assessment: To demonstrate a strong understanding of its supply chains, the company may consider disclosing the names and addresses of at least its first-tier suppliers, information on its below-first-tier suppliers, the countries from which it sources raw materials at high risk of forced labor, and several data points on its suppliers’ workforce. The company is further encouraged to assess forced labor risks across its supply chains and disclose the risks identified.

Recruitment: To address the risk of exploitation of migrant workers through recruitment agencies in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are not charged fees during any recruitment-related process. The company may further consider taking steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers. The company is also encouraged to take steps to ensure that the rights of workers in vulnerable conditions, such as women or migrant workers, are respected (e.g., to verify workers’ passports and other personal documents are not retained).

ENGAGED WITH KNOWTHECHAIN³Yes ([Sent Links](#)).

¹ Xinhuanet (6 March 2019), "[Leading Chinese textile maker starts to build huge factory in Cambodia.](#)"

² For further details on high-risk raw materials see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).