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EXECUTIVE SUMMARY

The Covid-19 pandemic brings into sharp focus the importance of food supply chains. It also exposes and exacerbates pre-existing power inequalities and exploitative working conditions in the food and beverage sector. Deemed “essential” around the world, food workers are reportedly forced to work in exploitative and unsafe conditions: workers in a Nigerian rice mill were locked in and forced to work throughout lockdown; migrant workers in a US meat plant were threatened with termination if they called in sick; and thousands of tea workers in India did not get paid, leaving them facing hunger and hardship. Overall, the industry is failing its workers and, in particular, some of the world’s biggest meat companies have shown an alarming lack of effort to protect supply chain workers during the pandemic.

In its third benchmark on the sector, KnowTheChain finds that the majority of the 43 largest global food and beverage companies fail to address forced labor in their supply chains—a litmus test of minimum fair treatment of workers. The average score in the sector is 28/100, with a score range of 0 to 65. The small cluster of companies scoring more than 50/100 demonstrates that this failure is not inevitable, but, rather, a choice about how they do business. The ranking is based on publicly available information and includes disclosure from companies on steps they are taking to address forced labor, including where available and relevant, steps they are taking to remediate allegations identified by third parties.

The results show that:

As meat companies come under the spotlight across the world for poor working conditions and Covid-19 outbreaks, meat industry giants WH Group (1/100), Tyson (9/100), Hormel (12/100), and JBS (12/100) continue to show little effort to address forced labor in their supply chains. The scores of JBS and Tyson, both suppliers to the international fast food chains Burger King and McDonald’s, have continually worsened since measurement started in 2016, demonstrating disregard for workers’ rights and their minimum welfare.

Tesco (65/100) leads the benchmark, overtaking Unilever (60/100). Tesco reports implementing responsible purchasing practices, such as prompt payment and integration of labor performance, into its tender process with suppliers and is the highest-scoring company on Worker Voice (67/100). The company discloses working with unions and NGOs across its supply chains on worker education and freedom of association, and it reports examples of improved working conditions and wages.

The sector scores lowest on the themes of Purchasing Practices (17/100) and Worker Voice (16/100), highlighting a failure to address central drivers of abuse—the primacy of price combined with worker disempowerment. What is more, while companies benchmarked in both 2018 and 2020 have demonstrated improvement on benchmark themes such as Commitment & Governance and Traceability & Risk Assessment, improvements on the themes of Worker Voice and Purchasing
Practices were limited at best. Yet, especially during the pandemic, prompt payment, longer-term contracts, and incentives such as price premiums are needed for suppliers to continue operations and ensure decent working conditions. Equally, workers’ right to organize, bargain collectively, help shape health and safety, and raise grievances are crucial at a time when workers face greater threats and vulnerability. Low scores in these critical areas indicate that companies are ill-equipped to protect workers during this crisis and to contribute to a just recovery.

Investor action is vital to industry progress. US energy drinks company Monster Beverage has increased its score from 0/100 in 2016 to 26/100 in 2020, following shareholder action in 2018. The company has published information on its supply chain forced labor policies (and provides training on these policies), and it discloses information on internal responsibility and board-level oversight. A shareholder resolution on human rights due diligence at the US-based Tyson Foods, one of the largest global meat processors, gained support from 23% of independent shareholders in 2019. The support increased to 60% in February 2020 when the proposal was supported by proxy advisors ISS and Glass Lewis. The resolution has been refiled for 2021 due to insufficient progress, and support may further increase as the Covid-19 pandemic brings the S in ESG to the forefront of investor attention.

Decisive and long-term action on human rights is needed from companies and investors if they are serious about implementing their commitments to eradicating forced labor and upholding workers’ rights. The highest score in the sector is 65/100, indicating that the entire sector still has a long way to go to address gaps in their efforts to tackle forced labor. Key recommendations for companies, which their investors should hold them accountable against, include:

**Purchasing Practices**

Adopt and disclose responsible purchasing practices in supply chains, such as prompt payment, and incentivize strong labor practices at suppliers, such as price premiums.

**Worker Voice**

Engage with independent local or global unions to support freedom of association in supply chains to ensure workers are able to organize and collectively bargain (or, where restrictions on freedom of association exist, ensure that workers can pursue alternative means of organizing and bargaining). Address increased suppression of this right during the pandemic. Involve workers in the design, implementation, and monitoring of supply chain labor rights programs.

This report analyzes the disclosure and performance of 43 companies against seven benchmark themes and provides good practice examples and more detailed recommendations for companies and for investor action. It also highlights the nature of forced labor risks in the food and beverage sector and explores the role of industry initiatives. Finally, it tracks changes in company practices over time.
COVID-19 AND FOOD & BEVERAGE SUPPLY CHAINS: IMPACT ON WORKERS AND COMPANY RESPONSES

Forced Labor Risks Magnify

Forced labor is defined by the International Labour Organization (ILO) as “situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.”

The Covid-19 pandemic highlights the importance of effective food supply chains. It also shines a light on long-standing power inequalities and exploitative working conditions, which are exacerbated during this crisis. While eight of the largest food and beverage companies paid out over US$18 billion to shareholders between February and July 2020, workers in food supply chains are reportedly at risk of exploitation or even of going hungry, including in developed countries such as Canada. They are also disproportionately exposed to Covid-19, and the sector remains a center of infection in many countries.

Fears have risen for the safety of thousands of essential food workers in an industry that does not easily allow for social distancing, particularly during travel to work and in shared accommodations, but also in food processing plants. In fact, meat and vegetable processing plants, where workers have to shout above the noise of machinery and where temperatures are kept cool, have seen many outbreaks. Further, wearing masks when picking fruit and vegetables during hot weather may not be feasible. The agriculture sector also employs a large portion of migrant workers who tend to lack access to healthcare. In addition to severe health and safety risks, workers in food and beverage supply chains across the world experience indicators of forced labor, as defined by the ILO.
Reported examples of forced labor indicators include:

**Restriction of Movement:** Workers in a rice mill in Nigeria were locked into the mill for nearly three months and forced to work throughout their lockdown.  

**Violence:** Union members in the meat processing sector in Brazil who called for better protection against the pandemic were met with violent police attacks.  

**Intimidation and Threats:** Migrant workers in US meat processing plants were threatened with termination if they called in sick.  

**Withholding of Wages:** Twenty-five thousand tea workers in India have faced hardship and hunger due to unpaid wages.  

**Abusive Working and Living Conditions:** Migrant workers on Spanish farms have lived in cardboard and plastic shelters without food or running water.  

**Excessive Overtime:** Women workers picking bananas in Ecuador have faced excessive working hours and concerns over leaving vulnerable family members alone at home.  

**Deception:** Some workers at a US-based nut producer had to learn from news reports that co-workers did not show up for work because of a rise in Covid-19 cases at the factory; their employer made excuses as to why more and more workers were not reporting to work.

**HOW ARE COMPANIES RESPONDING?**

In a sector where supply chain transparency is limited and where alleged violations often occur in lower tiers, allegations are generally not linked back to buyer companies. Yet even where allegations are related to companies’ overseas subsidiaries, responses are lackluster and dismissive of reports from workers regarding working conditions during the pandemic. For example, Unilever dismissed allegations regarding non-payment of wages at a factory of an Indian subsidiary. Unions in the Philippines accused Coca-Cola of using Covid-19 as pretext to target and dismiss union leaders; while the company claimed the allegations are unfounded, the union noted that the company’s response in a similar previous case demonstrates a “failure to address the substance of the allegations and the absence of any independent effort to investigate the facts.”
IN FOCUS:
Covid-19 and the Meat Sector

Covid-19 has brought to the world’s attention the poor working conditions in meat processing plants—in Australia, Europe, the US, and Brazil.\(^{28}\) Workers are found to work and live in poor conditions, which, together with low temperatures in the facilities, can lead to a spread of the virus.\(^{29}\) Although such working conditions will not always amount to forced labor, The Economist lists many indicators of forced labor when describing the situation at Tönnies, a German processor of pork and beef. The paper notes that workers live in “cramped, infection-prone quarters … a typical shift is 12 hours … at temperatures near freezing, but contractors often pay only for eight. Workers get the minimum wage … but subcontractors charge them for knives, boots and other equipment … [and] make them pay for board (in a squalid room shared with half a dozen others) and transport from their home countries [in Eastern Europe].”\(^{30}\)

Maria, a worker at a US turkey breeder and processor, reported:

“We work shoulder to shoulder. We’re very close to each other … I’ve had a fever and flu symptoms, but I take Tylenol and keep working.” While a tenured employee like María has health insurance, she does not get any other benefits. “If we get sick, or are not allowed to work due to the pandemic, we don’t get paid.”\(^{31}\)

In addition to violating workers’ rights, abusive working conditions in the meat sector have led to increased public health risks and costs for entire regions, and significant operational and financial impacts for companies, such as the shutdown of operations and loss of customers. For example, China, “Brazil’s biggest trading partner,” suspended meat imports from BRF and JBS plants, companies which are “two of Brazil’s largest meat companies.”\(^{32}\)

Yet companies’ responses are lackluster. When the Business & Human Rights Resource Centre reached out to 15 European meat companies to respond to a report from the European Federation of Food, Agriculture and Tourism Trade Unions, which identified poor working, employment, and housing conditions as reasons for the rapid spread of Covid-19 among the industry’s predominantly migrant workforce, nine did not respond at all. The companies that did respond focused on temporary health and safety provisions, ignoring the root causes of working and living conditions that drive workers’ health and safety risks. Danish Crown, one of Europe’s largest pork processors, was the only company to demonstrate a more systematic approach by noting, “Several months prior to the Covid-19 [it was] already evaluating [the] possibility of recruiting more contract workers as permanent workers.”\(^{33}\)

The response from companies in other regions is equally disappointing. Take, for example, Tyson Foods, the largest meat processor in the US.\(^{34}\) In March 2020, the company shared that it will be “eliminating any punitive effect for missing work due to illness.”\(^{35}\) Yet, in April 2020, the Washington Post reported that the company and its peers “failed to provide protective gear and … are [alleged to have] told [some employees] to continue working … even while sick.”\(^{36}\) Earlier that same month, the company responded to a worker organization’s call to provide sick leave by merely pointing to the company’s health and safety measures.\(^{37}\) At the end of April, the company increased its short-term disability coverage, which functions as sick leave. At that time, several workers at the company’s plant had died of the virus.\(^{38}\)

As long as companies fail to address their workers’ health and safety and their working and living conditions, infections will continue to rise. For example, in Australia, following initial infections in meat processing plants in April 2020, new outbreaks occurred in July 2020.\(^{39}\)
Freedom of Association, a Safeguard for Workers’ Rights, Is Under Threat

By using their collective voice and power, workers can effectively tackle health and safety with management, raise grievances, and achieve solutions that work. Yet the International Union of Food (IUF), Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations notes that “union rights are often restricted or repressed [and] few agricultural workers are covered by collective bargaining agreements.”

With the pandemic, the International Trade Union Confederation (ITUC) notes another worrying trend: 56% of countries have restricted labor rights as part of their response to the pandemic. Suppression of workers’ right to organize and bargain collectively has been alleged in many countries, including:

- Union leaders in the Philippines reported their members had been dismissed and disciplinary action has been used against their members, under the pretext of Covid-19.

- In Canada, two Mexican migrant workers who were not allowed to leave the farm they worked on allegedly due to Covid-19 (this rule is not applicable to Canadian workers), were dismissed for inviting migrant worker activists to their accommodation.

- Workers at a biscuit factory in Argentina were met with intimidation and threats by the police when meeting to discuss safety measures.

Increased suppression of freedom of association during times of crisis is not new. In 2018, Zimbabwean authorities used a cholera outbreak to justify banning union demonstrations (despite other gatherings being allowed), which led to legal charges against union members.

But where workers are able to organize, the power of collective action is evident. In May 2020, a Colombian union negotiated an agreement covering comprehensive health and safety measures for 22,000 workers on banana plantations. The new measures are jointly monitored by the union, the employers, and public authorities.
The Importance of Responsible Purchasing Practices Comes Into Sharp Focus

The Covid-19 pandemic had disrupted companies and supply chains across the world, affecting primary producers in Latin America and Africa, and manufacturing supply chains in Asia. While supermarkets and food delivery services have seen increased demand during Covid-19, a shortage of workers and disruptions of transport, in combination with social distancing measures and government restrictions, may lead to reduced production and income for both farmers and food producers.

Responsible purchasing practices are, therefore, as important as ever. In particular smaller and medium-sized suppliers may require support from buyers to continue operations and provide support to their workers during the pandemic.

How do food and beverage companies respond? Despite functioning and profitable supply chains, many companies have reported on health and safety measures and other support for their direct employees only, with very few support measures extended to supply chain workers.

It is positive to see that companies such as Coca-Cola undertake “proactive outreach to understand supplier needs [… during Covid-19 and] recognize that there might be significant impacts on our direct suppliers and further down in the supply chain. […] The company further notes that it is committed to timely payment of invoices and offer[s] support to the cash liquidity of suppliers through our supply chain financing program [and that] one billion dollars has been made available in supplier financing.”

Several companies recognize the importance of prompt payment—a practice that is also crucial to support suppliers beyond the pandemic.

Unilever, for example, discloses “early payments for [its] most vulnerable small and medium sized suppliers,” as part of a €500 million [US$587 million] million relief package that is also focused on retail suppliers in its downstream supply chains.

Tesco reports paying small suppliers immediately for three months, rather than after 14 days. The company further demonstrates an understanding of the specific needs of its suppliers by disclosing that it worked with its suppliers to take the supply produced for restaurant chains that had to close and successfully promoted products for which there was an oversupply.

Morrisons (not assessed as part of the 2020 benchmark) discloses paying its suppliers with a turnover under £1 million [US$1.3 million] immediately, noting that it “has around 3,000 small suppliers including 1,750 farmers that will benefit.” It is particularly positive that the company outlines very clearly both its previous and current practices (exact details on payment times and types of suppliers this affects), as well as how many suppliers this impacts—a level of detail most other companies fall short of, making it difficult to assess the scope and impact of their commitments.

These companies provide clear examples of what can be done to support suppliers and their workers through the pandemic; others should follow suit.
FORCED LABOR RISKS IN FOOD & BEVERAGE SUPPLY CHAINS

An estimated 24.9 million people are in situations of forced labor globally, with approximately 16 million exploited in the private sector, including in agriculture. Forced labor is defined by the ILO as “situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.” More specifically, the ILO details that indicators of forced labor, several of which typically have to be met for a situation to constitute forced labor, include 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, and excessive overtime.

11%  🌾  📈  🛒  🐳  🌊
Percentage of global forced labor cases that take place in agriculture & fishing

20+
Number of commodities classified at risk of forced labor, including staples such as wheat, rice, and corn

US$575,000
Penalty faced by an importer of stevia (a sweetener used in health foods & soft drinks) for importing goods made with forced labor into the US
Agriculture is estimated to employ more than a quarter of the world’s population.60 Workers who harvest, pick, process, and pack food and beverage products are subjected to exploitative and abusive working conditions.

There are several inherent traits within agricultural work that render workers more vulnerable to forced labor risks:

**Precarious Employment Conditions**

Not least due to its seasonal nature, work is frequently informal or temporary, which means that workers are often excluded from legal protection.61 As companies struggle to source “cheap and flexible labor,” the sector relies on workers in vulnerable conditions, such as migrant, undocumented, economically vulnerable, and women workers.62 The Covid-19 pandemic has increased the insecurity of these workers. For example, the Spanish berry sector requires a huge workforce for the harvest, and since the 2000s, the sector has hired temporary workers from Morocco to meet the labor demands.63 In December 2019, only 600 Spanish residents applied for the berry harvest, which needed 10,000 workers. Many who filled those jobs were women migrant workers from Morocco who may have become indebted by paying for visa and food costs before beginning work and who have been left stranded by the Covid-19 pandemic.64 Their vulnerable situation is exacerbated by the temporary nature of their employment, a lack of income due to the pandemic, and their “inhumane living conditions,” as well as the isolation of being based in rural areas.65

In Summer 2018, 18-year-old Yudha was recruited for a fishing job by a labor broker on Facebook. He was promised US$450 per month, plus bonuses on a two-year contract. Only after he left his village in Indonesia did he find out that his salary would be only US$300 and that he was required to pay a US$900 “security deposit” and a US$750 administration fee. Yudha said his passport was confiscated once aboard the vessel, and that shifts lasted for 18 hours a day: “There was no break, except for eating and only five minutes,” said Yudha ... “Sometimes, if a tuna came off a hook and the captain was angry at the missed catch, the crew would not eat at all.” While Yudha, unlike many of his colleagues, did not pay with this life, his pay for ten months at sea amounted to only US$638.66
Poor Working and Living Conditions
Migrant workers are often reliant on their employers for housing, yet they are confronted with poor living and working conditions. An investigation at a coffee farm in Brazil found workers living in “substandard” accommodation that did not have kitchen facilities or proper toilets. The workers also reported working 17-hour shifts. While such living and working conditions may not always amount to forced labor, it is important to note that tackling these abuses is key to addressing more severe exploitation, such as forced labor. As emphasized by the UN Special Rapporteur on trafficking in persons, “a failure to hold companies to account for lesser labor abuses from late wage payments to excessive overtime creates a breeding ground for the worst forms of modern slavery to thrive.”

Low Wages
In Italy, reports indicate that “the going rate is €3.50 [US$4.16] to fill a chest with 300kg of tomatoes, or €5.50 [US$6.50] if they are cherry tomatoes; workers receive €1 [US$1.20] for a huge case of tangerines or 50 cents [US$0.60] for one of oranges.” Quota-based payments may mean lower wages for workers, and they can also result in wage deductions or penalties for those who do not meet the required quotas. In addition, as agricultural work is often remote (such as on fishing vessels, coffee farms, or tea estates), workers rely on their employer for essentials like food and transport. For example, in the Italian tomato industry, workers pay approximately €3 [US$3.60] for transport to work, and “the fields are so remote that, once there, the workers are obliged to buy sandwiches and water for €3-4 [US$3.60-4.80]” and 50 cents [US$0.60] to charge a phone. These costs, combined with low wages, put workers at greater risk of becoming indebted and increase their vulnerability to exploitation. “Even if you work at top speed, it is hard to make much more than €30 [US$35] a day, and that’s before all those deductions.” Additionally, the pandemic has led to a significant increase in food prices in the US, which increases the risk of worldwide price hikes that would disproportionately hit the poorest, including farmworkers.

Debt Bondage
Workers may be indebted before they even begin their work, due to paying recruitment-related fees to exploitative recruitment agents. Such practices are well-documented across commodities in the sector. For instance, the Moroccan women who travel to Spain to work in the strawberry harvest pay “EUR 350 [US$420] for the visa fee and to pre-pay for the food and supplies needed for the first week of their stay.” In the cocoa sector, for example, it has been found that migrant workers from Burkina Faso and Mali who migrate to work in Côte d’Ivoire’s cocoa sector are likely to be in debt for their recruitment and migration.

Lack of Freedom of Association
In a survey of 1,500 global food suppliers, less than one-quarter noted that trade unions were present. In addition, agriculture is cited as one of two sectors having the “greatest frequency, intensity and severity of attacks on human rights defenders.”
Where Are Forced Labor Risks in Food & Beverage Supply Chains?

Forced labor risks are prevalent on a global scale, across commodities and tiers of food and beverage supply chains. The US Department of Labor identifies more than 20 agricultural commodities that are at risk of forced labor. In addition, the US Department of State has cited forced labor risks across numerous countries and commodities, including for example: seasonal berry pickers and workers on fruit farms in Belgium and Finland; strawberry and orange harvesters in Burma; on shrimp farms and tea estates in Bangladesh; and among agricultural workers in the UK, Sweden, and South Africa. Food and beverage companies are also reported to source goods from Xinjiang in China, a region where systemic forced labor of ethnic minorities is alleged to occur.

This high number of at-risk commodities underscores that all companies must exercise due diligence in sourcing their products and that due diligence is important across sourcing countries and commodities. Companies in the benchmark report sourcing six high-risk commodities on average, with some companies sourcing as many as 16 high-risk commodities.

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<th>COMMODITIES THAT MAY BE PRODUCED WITH FORCED LABOR</th>
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<td>CORN</td>
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<td>FISH (FISH, DRIED FISH, TILAPIA)</td>
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<td>PEANUTS</td>
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KnowTheChain’s 2020 benchmark assessed the 43 largest global food & beverage companies on their efforts to tackle forced labor risks in their supply chains.

**Key Gaps in the Sector**

Companies score lowest on the themes of **Purchasing Practices** (17/100) and **Worker Voice** (16/100). This is a dangerous pairing, as suppliers may be driven to cut corners to meet demand and maximize profit, and workers are left without a means of collectively voicing their concerns. The Covid-19 pandemic has highlighted the importance of these themes. At a time when workers are exposed to increasingly exploitative conditions, they must be able to report grievances and use their power to collectively bargain. Additionally, where brands use purchasing practices such as prompt payment and incentives such as price premiums, suppliers can better create decent working conditions.

Moreover, these low-scoring areas indicate a failure by companies to tackle the underlying drivers of abuse. Only eight out of 43 (19%) companies disclose adopting responsible purchasing practices in the first tier of their supply chains, such as paying suppliers promptly, training purchasing staff on responsible sourcing, and integrating responsible sourcing into their purchasing practices. Less than a quarter of the companies disclose that they support freedom of association in their supply chains by engaging with local or global trade unions. An additional concern is that, while 29 out of 43 companies (67%) disclose making available a grievance mechanism for their suppliers’ workers to report concerns or abuses, it is not clear that the mechanism is trusted and used by workers (only ten companies [23%] disclose data evidencing use of the mechanism).
Companies at the Top and Bottom of the Benchmark

The average score for the sector is low, at 28/100, and shows that companies across the sector are not doing enough to address forced labor. This is despite documented forced labor risks across commodities and sourcing countries and during a pandemic when workers’ rights are under increasing threat.

Despite being among the largest global companies in their respective fields, the Saudi Arabian Almarai, which describes itself as “the largest food and beverage manufacturer in the Middle East,” and Haitian, China’s largest soy sauce maker, score zero. The meat industry giants in the benchmark score 12/100 or lower (Hormel, WH Group, Tyson, and JBS), as meat companies around the world share the limelight for their exploitative and unsafe working conditions during the pandemic. In fact, the scores of both Tyson and JBS—which have been assessed by KnowTheChain since 2016—have consistently decreased as they fail to demonstrate any progress in their efforts to address forced labor in their supply chains.

Tesco (65/100) has overtaken Unilever (60/100) to lead the benchmark. Tesco is the highest-scoring company on the theme of Worker Voice, which assesses how companies seek to ensure that supply chain workers understand and are able to exercise their rights. It also discloses that it has implemented responsible purchasing practices, including prompt payment for suppliers, and demonstrates how it integrates responsible sourcing into its procurement practices. The company is one of only four to disclose concrete data points on its purchasing practices. With a high score of only 65/100, the sector has a long way to go to address gaps in its efforts to tackle forced labor.

WHAT DOES A HIGH SCORE IN THE KNOWTHECHAIN BENCHMARK MEAN?

A higher score means that a company publicly discloses stronger efforts to address forced labor risks in its supply chains. It does not mean that a company has “slavery-free” supply chains. In fact, KnowTheChain operates under the assumption that forced labor is likely present in large global supply chains, particularly in high-risk sectors like the food and beverage sector. Therefore, KnowTheChain includes publicly available allegations of forced labor and company response to such allegations, but it also asks companies for which no public allegations could be identified to provide examples of labor-related remedy outcomes for workers in its supply chains.
Investor Action Works

The KnowTheChain benchmarks are supported by more than 160 global investors with US$6 trillion in assets under management. Investor action can send strong signals to current and future portfolio companies on the importance of respecting human rights.

Global investors have engaged food and beverage companies across regions on labor rights in supply chains. For example, the US-based energy drinks company Monster Beverage improved its score from 0/100 in the 2016 benchmark to 26/100 in the 2020 benchmark. This follows a shareholder resolution in 2018, requesting that the company take action on forced labor risks in its supply chains. Since the 2018 benchmark, the company has published a supplier code of conduct prohibiting forced labor and worker-paid recruitment fees and disclosed training for its procurement staff, internal and board oversight of its supplier code, a grievance mechanism for its suppliers’ workers, and a supplier audit and corrective action process.

Similarly, after insufficient progress in 2017, investors filed a second resolution on human rights reporting with the Australian supermarket Woolworths in 2018. Since then, the company has improved its reporting and, subsequently, its benchmark score—from 39/100 to 52/100. The company now discloses forced labor training for its staff and suppliers as well as information on its purchasing practices, outcomes of its supplier selection process, and details of how it supports responsible recruitment in its supply chains. The company also discloses that it established a grievance mechanism for its suppliers’ workers, and it publishes some data on grievances submitted. It further reports that it has facilitated wage repayments to 35 workers who had been underpaid, totaling nearly AUD200,000 (US$143,130).

While these companies have made significant improvements, it should be noted that they still have substantial progress to make.
The Average Food & Beverage Company

The 2020 benchmark follows benchmarks in 2016 and 2018. Despite this, the average score remains low, at 28/100. The highest-scoring company in the benchmark has a score of 65/100, and two companies score zero in the benchmark.

If a company were to adopt the practices of the highest-scoring company in each of the seven themes, it would achieve a score of 72/100. This demonstrates that, while good practices can be identified across themes, they are not systematically implemented by any of the companies. All benchmarked companies need to take further action.

The average company, with a score of 28/100:

Typically has in place:

- Some evidence of steps toward responsible raw material sourcing, typically limited to sourcing some commodities with certifications that include forced labor.
- A policy prohibiting recruitment fees in its supply chains.
- Training for its procurement staff and suppliers on policies addressing forced labor.
- A grievance mechanism for its suppliers’ workers.
- An audit process for monitoring labor conditions and a corrective action process for addressing non-compliances at its suppliers.

Typically lacks:

- Responsible purchasing practices (such as planning and forecasting and prompt payment of suppliers) and incentives such as price premiums to encourage/reward stronger labor standards at suppliers.
- Evidence that a no-fee policy is implemented, for example by disclosing that fees have been repaid to supply chain workers or demonstrating systematic efforts to prevent fees being charged.
- Information on how the company works with global or local unions in its supply chains to address forced labor.
- Evidence that a grievance mechanism is communicated to and used by its suppliers’ supply chain workers.
- Outcomes of remedy for impacted supply chain workers.
From Commitment to Due Diligence and Remedy—Findings on Seven Themes

The benchmark assessed company policies and processes against seven themes. The themes are based on the UN Guiding Principles for Business and Human Rights and cover the principles’ three broad pillars: policy commitments, due diligence, and remedy.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment &amp; Governance</td>
<td>56</td>
<td>This is the highest-scoring theme of the benchmark. The majority of companies disclose a commitment to addressing forced labor and a supplier code of conduct that prohibits the use of forced labor. However, company engagement with stakeholders such as policy makers, worker rights organizations, and local NGOs regarding forced labor remains limited.</td>
</tr>
<tr>
<td>Traceability &amp; Risk Assessment</td>
<td>33</td>
<td>Information on transparency is often piecemeal: first-tier supplier lists or sourcing country disclosures are provided for a single commodity rather than across high-risk commodities such as coffee, palm oil, and seafood. It is more likely for companies to conduct human rights risk assessments on their supply chains, with 70% of companies disclosing such an assessment. However, only 18 companies disclose detail on their assessment, and only eight companies disclose forced labor risks identified across supply chain tiers.</td>
</tr>
<tr>
<td>Purchasing Practices</td>
<td>17</td>
<td>This is the second-lowest-scoring theme of the benchmark. While many companies disclose the use of certifications that include forced labor criteria, it is less common for companies to disclose efforts across commodities and efforts beyond certifications. Far fewer companies disclose adopting responsible purchasing practices in the first tier of their supply chains, such as prompt payment for suppliers and integrating responsible sourcing into their purchasing practices.</td>
</tr>
<tr>
<td>Recruitment</td>
<td>21</td>
<td>Recruitment is among the lowest-scoring themes of the benchmark. While 63% of companies disclose a policy prohibiting recruitment fees, only one company provides a concrete example of fee repayments to supply chain workers, and none disclose a comprehensive process to prevent workers from having to pay such fees in the first place.</td>
</tr>
<tr>
<td>Worker Voice</td>
<td>16</td>
<td>Worker Voice is the lowest-scoring theme of the benchmark. Companies typically disclose a grievance mechanism that can be used by their suppliers’ workers; however, it is less clear that the mechanisms are used and trusted by workers. Only eight out of 43 companies report that they support freedom of association in their supply chains by engaging with local or trade unions, and no company discloses steps taken to ensure alternative forms of organizing in places where there are regulatory constraints on freedom of association.</td>
</tr>
</tbody>
</table>
Monitoring
The majority of companies disclose a supplier monitoring process that includes an assessment of forced labor risks. However, while it is common for companies to disclose some information on their process, less than half of the companies disclose details on the outcomes of supplier monitoring, and very few disclose the use of worker-driven monitoring.

Remedy
Many companies in the sector disclose a corrective action process for non-compliant suppliers; however, only a third of them report on their process for responding to and addressing grievances or allegations of labor rights violations in their supply chains. Of the 13 companies for which KnowTheChain identified allegations of forced labor, only two disclose remedy outcomes for affected workers.

Across themes, the findings show a trend of disparity between disclosure of companies’ policies and information on how they work in practice. For instance:

### POLICY VS. PRACTICE

- **Human Rights Risk Assessment on Supply Chains**: 70%
- **Forced Labor Risks Identified Across Supply Chain Tiers**: 19%
- **Policy Prohibiting Recruitment Fees in Supply Chains**: 63%
- **Grievance Mechanism for Suppliers’ Workers**: 67%
- **Data on Use of Grievance Mechanism**: 16%
CONSIDERATIONS FOR INVESTOR ACTION

"To meet the UN Sustainable Development Goals Target 8.7, we would need to reduce the number of people affected by around 10,000 individuals per day ... The financial sector has unparalleled influence over global business and can invest in and foster business practices that help end modern slavery and human trafficking."

Finance Against Slavery and Trafficking

Investors are increasingly shaping their strategies around the United Nations Sustainable Development Targets (SDGs). SDG 8.7 focuses on the eradication of forced labor by 2030. It should be an important consideration for any investor strategy because forced labor risks are prevalent across food and beverage supply chains and likely exist in investor portfolios.

The Covid-19 pandemic brought social issues to the attention of investors. Cases during the pandemic have demonstrated the risk posed to companies that are exploiting supply chain workers. UK fast fashion brand Boohoo saw its share price drop by almost 50% following allegations that workers at a UK supplier were being paid as little as £3.50 [US$4.65] per hour, and that workers sick with Covid-19 were told to continue coming to work. On the flip side, companies with strong ESG performance have been outperforming their peers in the years before the pandemic and during the current crisis.

Decisive and long-term action on human rights is needed from investors if they are serious about eradicating forced labor and ensuring workers’ rights are respected.

THIS TOOL PROVIDES INVESTORS WITH GUIDANCE ON HOW TO ADDRESS FORCED LABOR RISKS IN THEIR SUPPLY CHAINS

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Assessing the 43 largest food and beverage companies in the world allows analysis of the results through different lenses—for instance, by region or by commodity. Further, having undertaken the benchmark multiple times, KnowTheChain is now able to measure any action taken on more advanced indicators, such as addressing forced labor risks in lower tiers, and evaluate progress over time.
Performance by Region

The benchmark includes seven Asian companies, two Australian companies, ten European companies, two Latin American companies, one Middle Eastern company, and 21 North American companies. On average, European companies in the benchmark score the highest. Asian, European, and North American companies comprise the majority of companies in the benchmark and provide the most representative groups for comparison. While scores vary across regions, it is notable that in each of the three regions, the highest- and lowest-company scores differ vastly—by 45 to 46 points. This indicates that companies in each region have taken considerable steps to address forced labor, while their regional peers have not yet instituted similar good practices.

**Asia**

Singapore-based **Wilmar** achieves the highest score in the region (45/100), followed by its Japanese peers. **Haitian**, China's largest soy sauce maker, is the only company in the region to score zero.

**Europe**

On average, Europe-based companies score higher than their Asian and North American peers, with **Tesco** achieving the highest score at 65/100. However, the region's average score of 38/100 and Dutch retailer **Ahold Delhaize's** low score of 19/100, call into question whether companies are prepared for the forthcoming mandatory human rights due diligence requirements in Europe.

**North America**

While, on average, North American companies score higher than their Asian peers, they still have significant steps to take when it comes to protecting supply chain workers from forced labor. The vast majority of companies score below 50/100, with US-based meat processor **Tyson** having the lowest score in its region, at 9/100. Only three companies score above 50/100 (**Coca-Cola**, **Walmart**, and **Kellogg**). However, even those companies only score a little over half of the possible points, emphasizing that all the North American companies still have a long way to go.
Due Diligence and Commodities

All benchmarked companies source at least one commodity that is at risk of being produced with forced labor. Although some companies source as many as 16 high-risk commodities, including staples such as rice, beans, wheat, and corn, companies do not disclose systematic efforts to conduct due diligence and detect and address forced labor risks across commodities.

Actions taken by companies to identify risks and source raw materials responsibly most commonly relate to coffee, cocoa, palm oil, soy, seafood, and sugarcane. Significantly less focus appears to be given to other commodities, for instance:

- Seventy percent of benchmarked companies disclose sourcing beans, however, only seven companies (16%) disclose efforts to source beans such as soy responsibly.
- Only two companies specifically identify beef as a commodity that is at risk of forced labor in their supply chains, even though 67% of companies report sourcing cattle (such as for milk, dairy, or beef products).
- Similarly, 70% of companies source palm oil, but only ten companies (23%) identify palm oil as a material at risk of forced labor in their supply chains, and only 15 (35%) have made transparency efforts related to their palm oil supply chains.
- Fifteen companies (35%) report sourcing tomatoes, but only two identify tomatoes as being at risk of forced labor, and only three report taking action to address associated risks.

These findings suggest that company approaches to conducting due diligence and addressing forced labor risks are piecemeal. It is crucial that companies tackle risks across commodities if they are to address forced labor in their supply chains effectively. Allegations identified by KnowTheChain in the supply chains of benchmarked companies are also reflective of the fact that risks exist across commodities, with allegations identified in commodities as diverse as beef, coffee, fruit, palm oil, tea, and vegetables.
Addressing Forced Labor Risks in the Lower Tiers of Supply Chains

Although forced labor risks are clearly present across different tiers of food and beverage supply chains, including at the commodity level, the benchmark results show that companies are not taking adequate steps to address risks in their lower tiers:

- **Less than a quarter of the companies (23%)** disclose training of their lower-tier suppliers or building supplier capacity to address forced labor risks in their own supply chains.

- **Only six companies (14%)** report that a grievance mechanism is available to workers below the first tier of their supply chains.

- **Only eight companies (19%)** identify forced labor risks in multiple tiers of their supply chains, despite the fact that risks are known to be prevalent across tiers of food and beverage supply chains.

These gaps demonstrate the lack of visibility in areas where risks tend to be highest. Though lower-tier action is limited, a limited number of companies have reported good practices. For example, Keurig Dr Pepper reports that it has trained second-tier coffee suppliers on forced labor in their operations and how to identify risks. Tesco reports that it conducts audits at the grower level for fresh fruit and vegetable products and collaborates “with our first-tier suppliers who cascade our requirements along the supply chain.”
Changes in the Benchmark Since 2018: Did the Sector Improve?

The average score of companies benchmarked in both 2018 and 2020 is 29/100, slightly higher than the total sector average of 28/100. This represents a drop of one point since the 2018 benchmark when the average sector score was 30/100. This drop is due, in part, to methodology changes that require companies to keep up with emerging good practices to achieve the same or higher scores. Improvements can be seen across multiple themes despite the methodology changes. When looking at the average theme scores of only the companies benchmarked in 2018 and 2020, improvements are evident in Commitment & Governance, Traceability & Risk Assessment, Recruitment, and Remedy.

Some notable improvements in the industry since the 2018 benchmark include:

- Eight more companies disclose training on forced labor for their first-tier suppliers.
- Seven additional companies disclose conducting a human rights risk assessment on their supply chains.
- Three more companies disclose a policy prohibiting worker-paid recruitment fees in their supply chains.
- Six additional companies report on how they support responsible recruitment in their supply chains.

On the other hand, scores on the theme of Purchasing Practices dropped significantly. This is due to more significant methodology changes, which no longer give credit for certain policies and ask for more details on purchasing practices and any action taken regarding lower-tier suppliers. Despite methodology changes, the low scores reflect a lack of improvement on this theme.
Who improved?

While many companies in the benchmark show only limited improvements, some companies—from the lowest- to the highest-scoring—have demonstrated strong improvements since the 2018 benchmark. This shows that significant improvements in disclosure are possible regardless of the progress a company has made to address forced labor risks. For example:

- The score of the US-based energy drinks company Monster Beverage increased from 0/100 in the 2016 benchmark to 26/100 in the 2020 benchmark. Since the 2018 benchmark where the company scored 4/100, it has made improvements, including disclosing a supplier code of conduct that prohibits forced labor, worker-paid fees, and passport retention, as well as disclosing staff and supplier training, information on supplier monitoring, and a grievance mechanism.

- The Irish food ingredient manufacturer Kerry (17/100 to 32/100) has revised its supplier code since 2018. It now prohibits recruitment fees, requires labor providers used by its suppliers to comply with the code, and prohibits the retention of workers’ passports. It also improved by disclosing a human rights risk assessment process for its supply chains and commodities identified as high risk for forced labor.

- Woolworths, one of the largest Australian supermarkets, (39/100 to 52/100) improved by disclosing information on its internal and supplier training, responsible purchasing practices, and details of how it supports responsible recruitment in its supply chains. The company also improved by disclosing a grievance mechanism for its suppliers’ workers and information on remedy outcomes for workers, specifically facilitating wage repayments to underpaid workers.

- The US-based packaged foods companies Hershey and Smucker also demonstrated significant improvements and achieved score increases of 13 and 11 points, respectively.
**Who did not improve?**

Companies scoring in the bottom ten of the benchmark include four Asian companies, one Latin American company, one Middle Eastern company, and four North American companies. Notably, this group includes eight companies that have been benchmarked by KnowTheChain in previous years; they have shown limited or no progress on their efforts to address forced labor. This includes Conagra (United States), Loblaw (Canada), Tyson (United States), Suntory Beverage & Food (Japan), FEMSA (Mexico), Yili Group (China), WH Group (Hong Kong), and Almarai (Saudi Arabia).

Scores for some companies in the benchmark have decreased since the 2016 benchmark. It is particularly notable that companies across regions, specifically the Brazilian meat processor JBS, the Mexican Coca-Cola bottler FEMSA, and the US food companies Tyson and Conagra, remain among the lowest-scoring companies of the benchmark. Since 2016, these companies have demonstrated minimal (if any) progress in addressing forced labor in their supply chains. These companies have failed to keep up with evolving stakeholder and industry expectations reflected in the methodology while operating in a high-risk sector that continues to use exploitative working conditions.
Forced labor is a systemic issue that requires all stakeholders to take action. In addition to engagement with workers and their representatives, suppliers, governments, etc., engagement with peer companies can be a powerful driver for change as it can foster collaboration and learning, enable resource sharing, and increase leverage for improvement beyond a company’s supply chains. However, there is also a risk that companies can hide behind their membership in initiatives, many of which do not include a worker-centric approach nor publicly assess members on their performance or hold members accountable for labor rights abuses that breach the initiative’s standards.

Benchmark Performance of Multi-Stakeholder Initiatives (MSI) and Industry Initiatives—Members and Non-Members

This section focuses on initiatives from AIM-Progress, the Leadership Group for Responsible Recruitment, The Consumer Goods Forum, and the UN Global Compact, as they all have some focus on addressing forced labor in the food and beverage sector, yet are “commodity agnostic.”

The benchmarked companies that participate in any of the aforementioned industry or multi-stakeholder initiatives (particularly those that participate in two or more initiatives) score higher, on average, than companies that are not part of any initiative(s). This demonstrates that companies that take part in these initiatives tend to have stronger policies and processes in place. Still, with average scores between 34/100 and 54/100, companies in this sector continue to fall short when addressing forced labor.

The Leadership Group for Responsible Recruitment specifically addresses the exploitation of migrant workers in the recruitment process—a key focus of the benchmark—so, it is positive that its members score significantly higher than their peer companies. Yet, there remains a considerable gap to the top. For example, only four of the six companies that participate in the Leadership Group for Responsible Recruitment fully integrate the Employer Pays Principle into their supplier code. Only one company, Tesco, discloses details on reimbursing worker-paid fees to supply chain workers, and none of the six companies disclose integrating the Employer Pays Principle into their purchasing practices. Given these disparities, it is encouraging that the initiative is working with an external consultant to develop metrics to measure progress.
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Group for Responsible Recruitment</td>
<td>54%</td>
</tr>
<tr>
<td>AIM-Progress</td>
<td>42%</td>
</tr>
<tr>
<td>UN Global Compact</td>
<td>35%</td>
</tr>
<tr>
<td>The Consumer Goods Forum</td>
<td>34%</td>
</tr>
<tr>
<td>Members of 2+ Initiatives</td>
<td>40%</td>
</tr>
<tr>
<td>Member of No Initiative</td>
<td>19%</td>
</tr>
</tbody>
</table>

Note regarding The Consumer Goods Forum: As of 14 September, the Human Rights Coalition—Working to End Forced Labour of the Consumer Goods Forum included 17 companies, including ten benchmarked companies. The average score of these ten companies is 50/100.102
### Assessment of Initiatives

In relation to addressing forced labor in supply chains, the initiatives publicly disclose the following:

<table>
<thead>
<tr>
<th>Leadership Group for Responsible Recruitment&lt;sup&gt;104&lt;/sup&gt;</th>
<th>The Consumer Goods Forum&lt;sup&gt;105&lt;/sup&gt;</th>
<th>AIM-Progress&lt;sup&gt;105&lt;/sup&gt;</th>
<th>UN Global Compact</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 members benchmarked</td>
<td>24 (10&lt;sup&gt;106&lt;/sup&gt;) members benchmarked</td>
<td>11 members benchmarked</td>
<td>22 members benchmarked</td>
</tr>
</tbody>
</table>

#### Governance and Stakeholder Representation

Ensures that rightsholders help design and implement standards and take part in monitoring and verifying implementation. It ensures immediate feedback and effective solutions that work for rightsholders.

- **Members include** the Migrant Forum in Asia, which includes trade unions of migrant workers (and other NGOs and organizations focused on human and labor rights).
- **Industry initiative**, hence **no involvement of workers (representatives) in governance structure**.<sup>107</sup> The Human Rights Coalition—Working to End Forced Labour (“Coalition”) —is comprised of companies and “partners” of CGF only, including local industry associations and consultancies.<sup>108</sup>
- **Industry initiative**, hence “leadership team” is comprised of companies.
- **The advisory board includes representatives from the ILO (as well as Shift and Humanity United).**<sup>109</sup>
- While no worker representatives are included, it is positive that the initiative includes international stakeholders with labor/human rights expertise.
- **The board includes four civil society and labor organizations, including two union representatives.**<sup>110</sup>

#### Standards

The UN Guiding Principles on Business and Human Rights clearly defines companies’ responsibilities to respect human rights, both in their supply chains and through the ILO core labor standards. Initiatives should clearly support these standards, rather than undermine them by choosing weaker and/or vaguer standards.

- **Requirement to publicly commit to Employer Pays Principle in supply chains.**
- **No requirement for suppliers to adhere to ILO core labor standards.**
- **Forced Labour Priority Industry Principles;** Coalition members commit to “support … disclosure efforts on risks and challenges in addressing forced labour … associated with supply chains.”<sup>111</sup>
- **No requirement for suppliers to adhere to ILO core labor standards.**
- **Members are required to "support the Mission of AIM-Progress.**” Mission is unclear; goal is to “positively impact people’s lives and ensure respect for human rights, while delivering value to our members and their supply chains.” AIM-Progress supports the Forced Labour Priority Industry Principles.
- **No requirement for suppliers to adhere to ILO core labor standards.**
- **The Ten Principles of the UN Global Compact include the ILO core labor standards.**
- **Members must pledge to "operate responsibly, in alignment with" the principles, but members and their suppliers are not required to strictly adhere to the principles.”**<sup>112</sup>
### Accountability Mechanisms

Initiatives that set out to address forced labor should hold themselves and their members accountable. Public reporting on progress and clear consequences for non-adherence to standards ensure credibility.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Membership requirements include supply chain actions.</th>
<th>Unclear how requirements are checked. Mandatory reporting against specific metrics piloted in 2020.</th>
<th>Consequence of non-compliance with standards/membership requirements unclear.</th>
<th>No clear membership requirements and no mechanism for holding companies accountable against Forced Labour Priority Industry Principles, nor the commitments of the Coalition.</th>
<th>Membership requirements include participation in at least one “workstream” (unclear what these are but likely related to human rights in supply chains). “Priorities” include human rights, capability building, and mutual recognition.</th>
<th>Consequence of non-compliance with standards unclear.</th>
<th>Membership requirements include annual reporting on progress (“CoP”), including in the area of labor. CoPs are publicly available.</th>
<th>Reporting does not need to focus on supply chains. Members that do not report on labor can remain in the Global Compact Learner category (member companies self-assign these categories).</th>
<th>The initiative explicitly explains that it “does not police or enforce the behavior or actions of companies [as it is] focused on learning, dialogue and partnerships.”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Group for Responsible Recruitment</td>
<td>![Checkmark]</td>
<td>![Question Mark]</td>
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<tr>
<td>AIM-Progress</td>
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<tr>
<td>UN Global Compact</td>
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</table>

### Grievance Mechanisms

Key part of the UN Guiding Principles and facilitate access to remedy where workers’ rights have been violated.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Not available; however, mandatory reporting on metrics, including grievance mechanism, piloted in 2020. Unclear if mechanism needs to be open to supply chain workers (own operations might be sufficient).</th>
<th>Not available.</th>
<th>Not available, though the human rights and the capacity building priority areas have some focus on grievance mechanisms (e.g., supporting members in establishing grievance mechanisms).</th>
<th>Not available but provides guidance on the topic.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Group for Responsible Recruitment</td>
<td>![Question Mark]</td>
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<td>The Consumer Goods Forum</td>
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### Learning and Engagement

An area where initiatives offer significant value. Should focus on issues where member knowledge tends to be limited, such as worker-driven responsibility approaches.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Provides resources on responsible recruitment and focuses on “advocacy and collaboration.”</th>
<th>Provides (local and global) events and webinars, case studies, and guidance on addressing forced labor.</th>
<th>Priorities include building capacity, training, and providing tools for members on their suppliers’ supply chain human rights practices.</th>
<th>Provides partner and own resources on forced labor, webinars, and a Decent Work in Global Supply Chains Platform.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Group for Responsible Recruitment</td>
<td>![Checkmark]</td>
<td>![Checkmark]</td>
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</table>
Conclusions and Recommendations

The initiatives signal strong commitments on labor rights and support their members with learning and engagement opportunities to advance their practices. Yet, only the Leadership Group for Responsible Recruitment and the UN Global Compact include worker representatives (or associations that include worker groups) in their governance structure, which is critical when aiming to improve conditions for workers, and none of the initiatives has a majority of rightsholders in their governance structure. Further, all the initiatives fall short when it comes to having supply chain standards, holding members accountable against standards, and enabling workers to raise grievances and, ultimately, to access remedy.

MSI Integrity notes that “as robust rights protection or accountability institutions, MSIs have failed [as they] are not rights holder-centric [nor have they] addressed the power imbalances that drive abuse.” MSI Integrity concludes that it is, therefore, important to recognize the role MSIs can NOT play and, equally, the role they CAN play. It summarizes the latter as “building trust and relationships, experimentation, learning and knowledge exchange, engaging corporations.” MSI Integrity further notes that “MSIs should no longer be viewed as institutions that robustly ensure that their corporate members respect rights, provide access to remedy, or hold corporations accountable for abuses … Regulation is needed for these purposes.”

The same limitations hold true for industry associations focused on addressing forced labor. It is important that investors and other stakeholders recognize these limitations and understand that membership in these initiatives does not necessarily equate to taking action or having strong labor practices in place.

What does this mean for the initiatives?

With the participation of workers and/or their organizations, the initiatives can increase their positive impact by focusing on:

**Standards**

Require members and their suppliers to adhere to the ILO core labor standards to support internationally recognized labor standards, even when operating in countries where local rules have yet to be aligned with these higher standards.

**Transparency**

Provide transparency, regularly report on individual member performance, and disclose impact and positive outcomes for workers (rather than just activities).

**Grievance Mechanisms and Accountability**

Ensure that a mechanism is available for workers and their representatives to raise grievances and obtain access to remedy when member companies do not respect the standards of an initiative. Initiatives should also state clear consequences for members that repeatedly breach the initiatives' standards.

**Learning and Engagement**

Support members in efforts to move beyond audits and adopt worker-centric approaches (focused on increasing worker voice and power, including increasing union representation and/or collective bargaining).
Commitment & Governance

This theme evaluates a company's commitment to addressing forced labor, whether it effectively applies supply chain standards that address the ILO core labor standards, and to what extent it has instituted management processes and board oversight, training and capacity-building programs, and engagement with stakeholders on forced labor.

Commitment & Governance is the highest-scoring theme of the benchmark. Most of the benchmarked companies disclose a commitment to addressing forced labor, a supply chain policy that addresses forced labor, and at least some information on internal responsibilities for the implementation of these policies. It is positive to see that the number of companies training their internal decision-makers and their first-tier suppliers on forced labor risks and policies has increased. However, capacity building below the first tier and company engagement with stakeholders such as policy makers, worker rights organizations, and local NGOs regarding forced labor remain limited, especially in local supply chain contexts.

Commitment and Supply Chain Standards

Thirty-seven of the 43 companies (86%) have publicly committed to addressing forced labor. An additional four highlight their awareness of the issue. Almarai and Haitian, the two lowest-scoring companies in the benchmark, disclose no such commitment. However, only 19 out of the 43 companies (32%) disclose on forward-looking targets that address forced labor, and only 12% report progress on previous targets.

The majority of companies (38 out of 43, 88%) have a supplier code of conduct in place that prohibits forced labor. However, only 18 of these supplier policies...
address all four ILO core labor standards: forced labor, child labor, discrimination, and freedom of association and collective bargaining. Many companies limit freedom of association and collective bargaining to conformance with local law, making these enabling rights subject to restriction or suppression in certain contexts, rather than ensuring adherence to international standards; the vast majority are companies headquartered in the US.¹²¹

Thirty-six of the 43 companies (84%) disclose at least some information on how they communicate their code to suppliers. For example, Hershey states that it requires its suppliers to acknowledge its supplier code on an annual basis, that it is included in purchase orders, and that it has a guidebook for suppliers to communicate the contents of its supplier code and provide additional resources for suppliers. Nineteen of the 43 companies (44%) disclose a supplier code of conduct that requires first-tier suppliers to cascade the standards in the code to the next tier of suppliers.

Management and Accountability

Thirty out of 43 companies (70%) disclose that one or several staff members are responsible for implementing their supplier codes of conduct, with less than half (49%) disclosing details. Coles discloses that its supplier code is overseen by its Human Rights Steering Committee, chaired by its legal officer, and includes representatives from its responsible sourcing, procurement, legal, corporate affairs, merchandise, and operations departments. It states that this committee meets monthly to discuss human rights issues in its supply chains and to support strategy development in this area. Tesco reports that it has formed an internal working group on modern slavery, led by the Responsible Sourcing Director, which meets quarterly to monitor progress on its modern slavery strategy. It also discloses that it has 45 dedicated responsible sourcing specialists based in nine key sourcing countries who engage directly with suppliers, workers, and other stakeholders. In addition, it states that commercial and technical staff manage supplier relationships and ethical requirements with the support of the responsible sourcing team and that responsible sourcing is a core part of its technical managers’ work.

It is encouraging that 28 out of 43 companies (65%) disclose information on board-level oversight of policies on human rights in supply chains, and 11 of these companies disclose detail. For example, Wilmar discloses that its chairman and CEO and the board of directors oversee the implementation of its supplier code of conduct, with additional support from its board-level Risk Management Committee. It also states that, in August 2019, all board members attended a training session that covered risks and policies relating to forced labor and human trafficking.
Disclosures Under Reporting Legislation

KnowTheChain analyzes whether companies are required to report under the UK Modern Slavery Act and the California Transparency in Supply Chains Act. Both pieces of legislation require covered companies to publish a statement outlining the steps they are taking to address slavery and human trafficking in their supply chains. Both legislations have extraterritorial reach. Although only four of the benchmarked companies are headquartered in the UK, 57% of them appear to be required to report under this legislation. Similarly, 62% of benchmarked companies appear to be required to report under the California Transparency in Supply Chains Act. All companies that appear to be required to report under the UK Modern Slavery Act, as well as most companies that appear to be required to report under the California Transparency in Supply Chains Act, have published a relevant statement.

That so many benchmarked companies are required to report under these pieces of legislation may explain the high number of commitments to addressing forced labor in the benchmark. Further legislation is on the horizon. Beginning in 2020, companies doing business in Australia with an annual consolidated revenue of at least AUD100 million [US$71.6 million] will be required to report under the Commonwealth Modern Slavery Act 2018. While such legislation leads to an increase in awareness and policy-level commitments, the benchmark results also show the limitations of legislation merely focused on reporting and lacking effective enforcement regimes.
Training

It is positive to see improvements in training on forced labor risks and policies—both internally and for suppliers—by the companies benchmarked in both 2018 and 2020. Since 2018, two additional companies have disclosed training relevant decision-makers within their companies and eight additional companies disclosed training their first-tier suppliers.

In total, **35 of the 43 companies (81%)** disclose conducting training for their staff on forced labor, though only 24 companies (56%) specify that procurement staff receive such training. For example, Campbell states that, in 2019, it trained 100% of its buyers globally on its responsible sourcing program, which is based on its supplier code. It states that the training included recognizing signs of slavery and trafficking within the supply chains. Woolworths states that in addition to its standard training for procurement staff, its produce team has attended two briefings on responsible sourcing. At the first meeting, a worker who had been in debt bondage on an Australian farm shared his experience; at the second meeting, an expert on recruitment from the Fair Hiring Initiative trained staff on the recruitment of migrant workers and forced labor indicators that arise in the recruitment process.

**Twenty-four out of 43 companies (56%)** disclose training their first-tier suppliers on risks and policies that address forced labor. However, only one company also discloses the percentage of its first-tier suppliers trained on such risks and policies. Woolworths discloses conducting “roadshows” to launch its responsible sourcing program for 1,500 suppliers located in Asia, Australia, and New Zealand. It states that 81% of its own-brand first-tier suppliers within its responsible sourcing program have been trained and that 1,841 suppliers fall within the scope of its responsible sourcing program.

It is less common for companies to disclose the training that is conducted in the lower tiers of their supply chains. It is also not typical for companies to disclose that they engage in capacity building to ensure that their first-tier suppliers can effectively cascade their policies on forced labor to their own suppliers. **Ten out of 43 companies (23%)** disclose undertaking such efforts, and only six companies, Nestlé, Unilever, Wilmar, Kellogg, Keurig Dr Pepper, and Coca-Cola, disclose detail on this training. For example, Kellogg discloses supporting its suppliers (including Wilmar) by hosting workshops in Indonesia. It states that an estimated 170 people from Wilmar’s suppliers participated in three workshops held over seven months, which included training on supplier policies and discussions on minimum wage versus living wage, labor laws, “invisible labor,” child labor, worker contracts, casual workers and permanent workers, grievance mechanisms, labor unions, and case studies from across the sector.
Companies commonly disclose engaging in multi-stakeholder or industry initiatives focused on eradicating forced labor, and less typically disclose engaging on forced labor with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which their first-tier and lower-tier suppliers operate. **Only 14 of the 43 companies (33%)** disclose engaging with such stakeholders; five of them (**Nestlé, Unilever, Tesco, Walmart, and Woolworths**) can demonstrate more than one example of such an engagement. However, it is positive to see that, of the companies benchmarked in both 2018 and 2020, two additional companies (**Lindt** and **Smucker**) now disclose such examples.

**Tesco** discloses that it participates in the Ethical Trading Initiative’s Working Group for Italian Agriculture to mitigate risks relating to recruitment practices, including indebtedness and coercion. It states that the group engages with the Italian government for the establishment of a more formal recruitment process and that its suppliers of tinned tomatoes and salads are also part of the group. It further reports that it participated in joint advocacy through the Seafood Ethics Action Alliance in 2018 to engage governments in seafood-producing countries considered to be high risk for labor rights. It also states that it has conducted advocacy with the UK government to increase support for victims of forced labor. **Walmart** reports that it has engaged with government organizations in the Philippines, Thailand, Vietnam, and the Marshall Islands on issues related to migrant worker protections, local policies, recruitment, and labor standards as part of its efforts to address forced labor risks on fishing vessels for tuna.

### STAKEHOLDER ENGAGEMENT

<table>
<thead>
<tr>
<th>Engages with Industry Peers</th>
<th>53%</th>
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<tbody>
<tr>
<td>Engages with Local Stakeholders (such as Worker Groups or NGOs) or Policy Makers</td>
<td>33%</td>
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</table>

**Twenty-three of the 43 companies (53%)** disclose participating in multi-stakeholder or industry initiatives that focus on eradicating forced labor. Companies most frequently demonstrate participation on the issue of forced labor by working with peers in the **Consumer Goods Forum**. For example, **Smucker** states that it is actively involved in the Consumer Goods Forum through membership on its board and Social Sustainability Steering Committee, which identifies key foci and recommends corresponding actions to the board, steers the implementation of the forced labor commitments across the industry, and acts as champion in the fight against forced labor. It also states that it is involved in working groups on implementing the Priority Industry Principles on forced labor throughout the seafood and palm oil sectors.
Companies also cite their membership in the Leadership Group for Responsible Recruitment (which requires active participation to implement the Employer Pays Principle), the Responsible Labor Initiative (focused on ensuring that the rights of workers vulnerable to forced labor in global supply chains are consistently respected), Truckers Against Trafficking (which informs members of the transportation industry of the risks and signs of forced labor and human trafficking), and the Seafood Task Force (which addresses forced labor and human trafficking in Thailand’s seafood supply chain and requires member companies to participate in at least one working group).

### Notable Company Action

**Training**

*Keurig Dr Pepper* states that it trained Brazilian coffee exporters, which are second-tier suppliers to the company, on the risks of forced labor in their operations and how to mitigate risks. It states that the training was led by a consultancy with labor rights expertise and included conducting research on labor conditions and sharing results with suppliers.

**Stakeholder Engagement**

*Tesco* discloses that it participates in the Food Network for Ethical Trade. It reports that this includes three workstreams, one of which focuses on mapping recruitment fees in Thailand, Malaysia, Spain, Italy, and the UK. The company also discloses that it is a member of the Consumer Goods Forum’s Palm Oil Working Group, working to eradicate forced labor in the sector. It is also a participant in the Ethical Trading Initiative’s Working Group for Italian Agriculture, which states it is tackling illegal recruitment practices and working with the Italian government on the development of a more formal recruitment system.

### Recommended Company Action

**Training**

Ensure that suppliers across sourcing countries and tiers are trained on forced labor risks and policies.

**Stakeholder Engagement**

Engage with stakeholders such as policy makers, worker rights organizations, or local NGOs regarding forced labor and human trafficking in countries in which first-tier suppliers and suppliers below the first tier operate. Undertake such engagement in multiple supply chain tiers.
Traceability & Risk Assessment

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

Traceability and Supply Chain Transparency are areas in which companies in the sector have consistently performed poorly. The average score is 20, and no company demonstrates comprehensive efforts across commodities. Companies perform better on conducting human rights risk assessments in their supply chains, with 70% of them disclosing at least limited efforts to address this key aspect of due diligence as part of the UN Guiding Principles on Business and Human Rights. However, there are high risks in the sector, and only 42% of the companies provide detail on this process, highlighting that a significant number are failing to conduct thorough due diligence.

Traceability and Supply Chain Transparency

Twelve companies (28%) disclose information on their first-tier suppliers. Of the companies that do, the information disclosed is ad hoc or commodity-specific, without an indication of the percentage spend of sourcing that this disclosure represents. Companies in the sector fall far behind those in other sectors; none disclose supplier lists that include both the names and addresses of their first-tier suppliers across commodities. Unilever discloses the names of its suppliers of four commodities and information on some of its suppliers’ locations. Wilmar discloses a list of the names and addresses of its sugar and palm oil suppliers.

Seventeen companies (40%) disclose the countries where lower-tier suppliers, excluding commodity-sourcing countries, are located. Companies benchmarked in both 2018 and 2020 have notably improved in this area: seven additional companies disclose information on their lower-tier suppliers. However, only two companies disclose the countries of their below-first-tier suppliers for at least three commodities. Nestlé discloses a list of the sugar mills in its supply chains that includes the city, state, and country in which they are located, as well as a list of its second-tier coffee exporter warehouses. It also discloses a list of palm oil mills, including the company and mill name and the countries in which they are based. Coles discloses a table with its first- and second-tier suppliers’ countries for its own-brand products, disaggregated by product type across tiers.
Why Disclose a Supplier List?

The ability of companies to disclose their supplier lists in the ICT and other sectors indicates that supply chain transparency is possible without any detriment to business. In fact, making a supplier list publicly available can yield benefits, such as identifying unauthorized subcontracting and receiving early and real-life notice from stakeholders when violations in a company’s supply chains arise. It further builds trust among workers, consumers, and other stakeholders and makes commitments to good labor practices more credible.\(^{125}\)

Companies demonstrate that it is viable to do so: Marks & Spencer (not part of the 2020 benchmark), for example, discloses an interactive supplier map, which includes numerous data points on its food and drinks suppliers, including factory names, addresses, the total number of workers, the percentage of female and male workers, and whether a union and worker committee is in a factory.

Twenty-seven companies (63%) disclose the sourcing countries of at least one commodity at risk of being produced using forced labor. Considering that all companies benchmarked source at least one commodity determined to be at high risk of forced labor according to the US Department of Labor,\(^{126}\) and that 38 out of 43 companies (88%) disclose sourcing four or more, this number is comparatively low.\(^{127}\) Five companies disclose a more comprehensive overview of their sourcing countries, with Nestlé, Coles, Hershey, Danone, and Keurig Dr Pepper disclosing the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking.

Traceability efforts, where relevant, focus predominantly on palm oil as well as sugar, cocoa, and coffee. Commodities such as beans and cattle, also sourced by many benchmarked companies, often fall under the radar. Five companies disclose participation in the Seafood Task Force, which requires companies to map all Thai supply chains using fishmeal and other seafood products for private label products.

It is disappointing that only five companies, Nestlé, Mondelez, Hershey, Lindt, and Kellogg, disclose information on their supply chain workforce, such as the number of workers, gender or migrant worker ratio, or level of unionization per supplier. For example, Mondelez discloses that 70,000 people in its Cocoa Life program (73% of whom are women) have taken part in its community savings schemes and that over 74,000 members of these communities have received training on gender awareness. Lindt discloses that at the end of the 2017/2018 cocoa season, 72,528 farmers were participating in its Farming Program; women represented 28% of this number. The limited disclosure on the types of workers in companies’ supply chains is indicative of a lack of understanding of workers who may be in vulnerable conditions.
Risk Assessment

It is positive to see that the average score for this indicator among companies included in both the 2018 and 2020 benchmarks has increased from 36 to 47. However, improvements are focused on having in place a relevant process rather than on disclosing the risks identified through such a process. Seven additional companies disclose conducting a human rights risk assessment on their supply chains.

In total, 30 companies (70%) disclose conducting a human rights risk assessment on their supply chains, and 18 of them (42%) disclose detail on their human rights risk assessment; for example, they include and assess both internal data such as supplier information and external data from media, local workers’ organizations, NGOs, and government bodies. Whereas some companies disclose a process for a broader supply chain risk assessment based on geographic or supplier-specific information, others disclose a risk assessment focused on specific high-risk commodities. For example, in relation to tuna specifically, Walmart discloses that its responsible sourcing associates assessed both the commodity and supply chain workers’ paths in the Marshall Islands and met with key industry stakeholders. It also states that its responsible sourcing associates accompanied seafood merchants and sourcing employees on buying trips and plant visits to India, Indonesia, Vietnam, and Thailand to understand the risks across seafood supply chains. Amazon reports that its assessment included reviewing suppliers for risk factors such as a high-migrant workforce, speaking to workers about recruitment experiences, working conditions, and living conditions, mapping its supply chains against human rights indices, and undertaking desk-based research to identify risks.

Few companies disclose their risk assessment framework or methodology, such as sources used to inform their assessment, or describe risk assessments conducted on specific high-risk locations or commodities. Six companies, Tesco, Unilever, Nestlé, Kellogg, Coca-Cola, and Smucker, disclose details of both a risk assessment that includes forced labor risks and forced labor risks in different tiers of their supply chains. Five of them also provide examples of risk assessments conducted in specific supply chain contexts.

Unilever, for example, reports commissioning a study on migrant workers in Turkey’s tomato industry. It states that the study’s intent was to increase the company’s understanding of recruitment and working conditions and that it worked closely with its supplier in the process. It discloses that this assessment discovered a lack of written contracts, that migrant workers had paid recruitment fees in sending countries or regions, and little awareness of and transparency on wage deductions. In addition, it discovered that earnings did not cover the basic cost of living, and there were few means for workers to report complaints. It states that workers were employed through “crew leaders” by farmers who are the company’s second-tier suppliers.
Twenty-four out of 43 companies (56%) disclose forced labor risks in their supply chains, though only eight disclose risks identified in multiple tiers—thereby demonstrating a stronger understanding of forced labor risks throughout their supply chains. Considering that all companies disclose sourcing at least one commodity at a high risk of forced labor, it is concerning that so few companies disclose associated risks across the commodities they report sourcing. For example, 67% of companies disclose sourcing beans, a commodity that may be sourced using forced labor; yet Carrefour is the only company to disclose and, therefore, acknowledge the associated risks.

Companies identify at-risk commodities across their supply chains. Palm oil is the commodity most commonly identified in this context, followed by cocoa, sugar, seafood, and coffee. Some companies identify fruit and tomatoes as being particularly high-risk agricultural commodities. Tesco identifies forced labor risks in relation to coffee, cocoa, palm oil, prawns, and wild fish and states that these risks are highest in the lower tiers of its supply chains. Additionally, it reports that it pays particular attention to Spanish salads and Italian tomatoes because of known forced labor risks at the farm level in these contexts.

Eighteen out of 43 companies (42%) identify migrant workers or recruitment practices as risks that are present in their supply chains. Wilmar identifies passport retention as an indicator of forced labor risk in its supply chains. It also identifies risks in different tiers among its palm oil suppliers—at both the mill and estate levels. At the mill level, it states that failing to conduct due diligence on the cost of recruitment may increase the risk of migrant workers becoming victims of forced labor. At both levels, it identifies risks of forced labor through passport retention practices without documented consent and the requirement that workers pay a deposit or require a guarantor to access their passports.
Notable Company Action

**Traceability**
*Unilever* discloses the names of its tea, soy, palm oil, and cocoa suppliers as well as information on some of their locations. The company also discloses a list of palm oil mills and the sourcing countries of its tea.

**Risk Assessment**
*Tesco* discloses that it has a bespoke risk assessment used in Thailand and Malaysia, which accounts for industry type, whether work is mechanical or manual, and the type of labor used (i.e., whether it involves seasonal, permanent, or agency labor). It states that it will also take into account known cultural factors, such as endemic gender discrimination. The company identifies forced labor risks associated with coffee, cocoa, palm oil, prawns, and wild fish, particularly in the lower tiers of its supply chains, as well as Spanish salad and Italian tomatoes.

Recommended Company Action

**Traceability**
Disclose a list of the names and addresses of first-tier suppliers, the sourcing countries of lower-tier suppliers and/or commodities, and data points on suppliers’ workforce.

**Risk Assessment**
Conduct a supply chain risk assessment that includes forced labor risks and disclose details on the forced labor risks identified in the different tiers.
Purchasing Practices

This theme measures the extent to which a company adopts responsible purchasing practices, sources raw materials responsibly, and integrates its supplier code of conduct into its supplier selection and contracts.

Purchasing Practices is the second-lowest-scoring theme of the benchmark. While most companies report some efforts to source at least part of one commodity responsibly (typically using a certification that covers forced labor), far fewer disclose responsible purchasing practices adopted in the first tier of their supply chains, such as prompt payment for suppliers. Similarly, though it is more common for companies to integrate their supply chain standards addressing forced labor into contracts with suppliers, less than a third of benchmarked companies disclose a process for assessing potential suppliers for forced labor risks. Overall, improvements on the theme of Purchasing Practices since the 2018 benchmark are very limited.

Purchasing Practices

The majority of companies (84%) disclose taking steps toward responsible sourcing of raw materials in their supply chains. Most commonly, these include efforts to source commodities that are certified against standards that address forced labor. Despite reports on labor violations at certified farms (which indicate that certifications alone are not sufficient for addressing labor rights violations in supply chains), companies rarely disclose taking any steps beyond the use of certifications. They rarely disclose, for instance, participating in collaborative initiatives that include due diligence on labor issues at the raw material level or working with local groups to improve working conditions at the commodity level. Responsible sourcing efforts most frequently focus on palm oil, coffee, cocoa, sugarcane, tea, and seafood (with a smaller number of companies reporting on bananas and tomatoes). Sixteen companies (37%) demonstrate responsible sourcing efforts across multiple commodities, though the percentage of each commodity certified or total coverage of high-risk commodities is not always clear.

For example, Tesco reports that it is part of the ETI Working Group for Italian Agriculture, which it states is working on establishing a grower forum for producers (including one of its “key suppliers” of canned tomatoes) to share best practices in addressing labor risks. The company also states that its Spanish first-tier suppliers and growers partake in the Spanish Ethical Forums—where working groups have been established and developed tools to support growers, including the launch of accommodation guidance. Associated British Foods discloses a pilot project that is assessing working conditions in farming communities with its vine fruit suppliers in Turkey.

It is disappointing that only eight of the 43 companies (19%) disclose adopting responsible purchasing practices in the first tier of their supply chains, such as ensuring that suppliers are paid promptly, sharing purchasing plans with suppliers, and improving their forecasting alignment. While this number remains low, it does mark an improvement. Since 2018, four additional companies have reported adopting new practices, with Unilever, Walmart, and Woolworths reporting training their commercial or sourcing teams on
responsible sourcing. Walmart states that more than 3,300 sourcing staff were trained in 2019 to improve their understanding of how their decisions may influence conditions in their supply chains and how they could "reinforce positive facility working practices with suppliers." Tesco discloses that, in 2019, it sought to align its responsible sourcing and commercial teams and established a new role to integrate responsible sourcing into its purchasing practices and supplier plans.

Only four companies (Carrefour, Danone, Tesco, and Woolworths) disclose data on their purchasing practices, though no company disclosed multiple data points. Such data points might include the average or minimum lengths of supplier contracts, or the percentage of suppliers paid in full in a specific timeframe (i.e., at delivery or within a certain number of days from delivery). Woolworths, for example, discloses its payment terms for small suppliers during Covid-19—stating that certain small suppliers would be paid within 14 days, having a "positive impact" on 1,100 suppliers.

Eleven companies (26%) report some limited information on how they incentivize first-tier suppliers to encourage or reward good labor practices, such as by implementing pricing models that account for the costs of decent work. For example, Walmart is a member of the Fair Food Program, which includes legally binding agreements between the organization and participating buyers and ensures a premium is paid to workers. However, only five companies provide detail on their approach. Tesco reports that it includes key performance indicators on human rights and responsible sourcing in its commercial plans, which are agreed upon with suppliers. The company states that responsible sourcing criteria are also integrated into its commercial reviews with suppliers, with responsible sourcing staff assigned to review supplier performance. Additionally, Tesco discloses that it has entered into long-term contracts with dairy farmers and guarantees prices to ensure stability.

### PURCHASING PRACTICES

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Responsible Sourcing Across Commodities</td>
<td>37%</td>
</tr>
<tr>
<td>Responsible Purchasing Practices</td>
<td>18%</td>
</tr>
<tr>
<td>Data on Purchasing Practices</td>
<td>9%</td>
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Why Are Responsible Purchasing Practices Key to Tackling Worker Abuse?

Without adapting their own business practices to account for the costs of better working conditions in their pricing and assessing the impact of payment terms for suppliers, companies will not be able to drive effective change for their supply chain workers. Where brands use purchasing practices such as prompt payment and incentives such as price premiums, suppliers can better create decent working conditions. Research that included interviews with civil society, the private sector, and 280 workers in the seafood sector found that a failure to integrate social compliance expectations into buyers’ business models can undermine efforts to improve working conditions.

Pushing social compliance initiatives down onto suppliers and thus increasing production costs while continuing to make sourcing decisions based on the cheapest price is an unviable business model ... This business model limits, and can even undermine, efforts to reform working conditions; workers’ reports of increased production quotas, jobs losses, and delayed wage payment suggest that workers are directly affected by sourcing practices.”

This is particularly pertinent where responsible sourcing standards and expectations on suppliers increase, but purchasing practices don’t follow suit. For instance, although 11 companies in the benchmark disclose a policy that incorporates the Employer Pays Principle, not one reports that recruitment-related costs have been integrated into its purchasing practices.

Adopting practices such as price premiums can help to ensure better pay for workers. There are already clear models for success: for example, the Fair Food Program requires that participating buyers pay a “penny-per-pound” premium when they purchase tomatoes from participating growers. These premium payments resulted in a total of almost US$3 million paid to workers in 2018.
Supplier Selection

Only **12 out of 43 companies (28%)** disclose a process for assessing potential suppliers for forced labor risks before contracting with them. This number is surprisingly low, and companies have not shown progress in this area since the 2018 benchmark. **Coles**, one of the companies that has a process in place, discloses that suppliers that are perceived to be at medium or high risk must undergo an audit against its supplier code of conduct, which includes forced labor, before being approved.

Integration Into Supplier Contracts

**More than half of the companies (65%)** disclose that their supply chain standards addressing forced labor are integrated into their supplier contracts or purchase orders with suppliers. **Unilever**, for example, discloses its general terms and conditions, which include a section on its responsible sourcing policy and require companies to comply with the “mandatory requirements” of its policy, including forced labor. However, only six companies give an indication of what proportion of their first-tier suppliers this covers (e.g., **Kellogg** discloses that 100% of its supplier contracts include provisions on the supplier code of conduct). Since 2018, two companies (**Monster Beverage** and **Nestlé**) have reported that their supplier codes addressing forced labor are integrated into supplier contracts.

Notable Company Action

**Purchasing Practices**

**Tesco** discloses steps to address working conditions at the raw material level and reports that its suppliers and growers take part in the ETI Working Group for Italian Tomatoes and Spanish Ethical Forums, where best practices and tools for improving working conditions are shared. The company also reports that it has established a new role within its responsible sourcing team to focus on integrating responsible sourcing (including forced labor) into its purchasing practices. Tesco discloses its payment terms for central European suppliers, reporting that small suppliers are paid within 14 days and medium and large food suppliers are paid within 30 days. **Walmart** discloses that more than 3,300 of its sourcing staff were trained in 2019 to improve their understanding of how their decisions may influence conditions in their supply chains and how they could “reinforce positive facility working practices with suppliers.”

**Recommended Company Action**

**Purchasing Practices**

Adopt and disclose responsible purchasing practices (such as prompt payment) in supply chains and incentivize good labor practices, such as through price premiums.

**Supplier Selection**

Implement a process for assessing suppliers for risks of forced labor before selection and report on the outcomes of the selection process, such as the number or percentage of suppliers rejected.
Recruitment

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

In 2019, the International Labour Organization (ILO) issued guidance clarifying that workers should be charged neither recruitment fees nor any related costs for finding work. Related costs may include the following: outlays for medical expenses, insurance, skills and qualification tests, training and orientation, travel and lodging, and administrative expenses. This is important, as where worker-paid recruitment fees are prohibited, recruiters may charge migrant workers through other means, such as by increasing costs for travel and medical examinations.

When excessive recruitment fees are charged, workers often end up indebted to the recruiter or the employment agent. Further, failure to repay these fees can have severe social and personal consequences. Workers in those situations can be more easily manipulated by the employer (e.g., receiving lower wages than initially anticipated, poor working conditions, or excessive work hours).

Recruitment is amongst the lowest-scoring themes in the benchmark. This comes at a time when the Covid-19 pandemic has brought to light both the dependence of agricultural supply chains on seasonal workers (who are often hired using third-party labor agencies) and the vulnerability of migrant workers to exploitative recruitment and employment practices. Of the companies benchmarked in both 2018 and 2020, improvements can be seen in the number that require that supply chain workers not be charged recruitment fees. There is also more disclosure on monitoring and responsible recruitment, in particular. Six additional companies disclose details of how they support responsible recruitment in their supply chains, and an additional three companies disclose a policy requiring that no worker in their supply chains pays for a job.

Recruitment Approach

No company has a policy in place that requires direct employment in its supply chains, and only six companies (14%) either recommend that suppliers hire workers directly or reduce the number of contract workers where possible, indicating a limited awareness of the risk of worker exploitation through outsourcing employment relationships. Tesco is an example of a company that recommends direct hiring: it expects its Thai and Malaysian suppliers to recruit and employ migrant workers directly, where possible.
The majority of benchmarked companies (77%) fail to extend the requirement that their suppliers adhere to the ILO core labor standards to recruitment agencies. Of the companies benchmarked, only Nestlé includes the ILO core labor standards as a requirement for both employment and recruitment agencies used by suppliers. Nine further companies have more limited requirements for agencies used by suppliers (for example, provisions that apply to either employment or recruitment agencies or those that may fail to protect all four ILO core labor standards).

No company discloses information on the recruitment agencies used by suppliers. Ten companies (23%) disclose some steps taken to map recruitment agencies or provide limited details on the agencies used—four more than in 2018. For example, Nestlé reports that its hazelnut suppliers in Turkey map their local labor contractors, and Coles recommends that its suppliers use a particular certified labor provider.

Recruitment Fees

Twenty-seven out of 43 companies (63%) disclose a policy that prohibits worker-paid recruitment fees in their supply chains; 11 of these policies include the Employer Pays Principle, which specifies that the employer, not the worker, must be responsible for the payment of recruitment-related fees. Kellogg’s supplier code states that “suppliers must follow the Employer Pays Principle” and also specifies that workers shall not pay fees for recruitment-related costs, which may include “legal fees, travel, lodging, passport and visa processing, medical exams, in-country support services, personal protective equipment, and training.” Since 2018, three additional companies have disclosed a no-fee policy (Hershey, Kerry, and Monster Beverage), with two additional companies now requiring fee reimbursement to workers. However, most improvements are limited to the policy level.

Only 12 companies (28%) require suppliers to reimburse worker-paid fees or disclose the steps they take to remediate fees. Tesco is the only company that provides a concrete example of remediation of recruitment fees to supply chain workers. It discloses that it received reports through its grievance mechanism, supplier visits, and other channels, which revealed nine incidents at two sites in Thailand and Malaysia where workers were indebted to labor brokers through the payment of recruitment fees. Tesco worked with suppliers to ensure that the workers were compensated. It states that it requires Thai and Malaysian suppliers to demonstrate an understanding of the costs and processes of migrant worker recruitment through analyzing all fees and costs incurred by migrant workers in the recruitment process in origin, transit, and destination countries. It also requires that its suppliers move to responsible recruitment models through remediation plans instead of repaying fees on an ongoing basis (other than for one-off payment of fees). However, no company has a comprehensive system in place to prevent worker-paid fees.
Monitoring and Responsible Recruitment

While **14 of the 43 companies (33%)** disclose some information on the steps they’ve taken to ensure the employment and recruitment agencies used by their suppliers are monitored to assess and address risks of forced labor and human trafficking, none disclose evidence that audits of recruitment agencies have been undertaken, such as the number or percentage of agencies monitored, a summary of audit outcomes, or details on progress made over time.

Since 2018, three additional companies have disclosed some information on monitoring recruitment agencies (**Costco, Pepsi, and Smucker**), and six additional companies now disclose working on responsible recruitment (**Costco, Danone, Lindt, Nestlé, Smucker, and Woolworths**) (e.g., by engaging with governments to raise awareness around the risks associated with recruitment and to strengthen recruitment standards). Thirteen out of 43 companies (30%) now disclose details of how they support responsible recruitment in their supply chains. For example, **Costco** discloses that it and some of its suppliers partner with the non-profit CIERTO, which provides a no-worker-fee recruitment service for farmworkers in the US. **Nestlé** discloses that its Responsible Sourcing Best Practices Handbook is distributed to labor brokers and that the training it provided to farmers, workers, traders, and recruitment agents resulted in a formal recruitment process being used for the first time with its Turkish hazelnut supply chains. It states that 366 workers, farmers, and labor brokers formed contracts before the hazelnut harvest. It also discloses that almost 5,000 workers at its first-tier suppliers in the seafood sector were newly recruited using recruitment agencies that have undergone responsible recruitment training.
Rights of Workers in Vulnerable Conditions

**Twenty out of 43 companies (47%)** disclose some information on efforts to ensure that migrant workers in their supply chains understand the terms and conditions of their recruitment and employment, and their rights more broadly. Three companies, Nestlé, Smucker, and Woolworths, have taken additional steps by requiring suppliers to provide pre-departure training (or evidence of the implementation of their policies) for migrant workers. Nestlé discloses working with the labor research and consultancy organization Verité on strengthening pre-departure programs for Cambodian workers migrating to Thailand. Smucker states that it is designing and implementing “visual contracts” for workers to ensure that illiterate workers, or those who do not speak Thai, understand the terms and conditions of their employment.

**Thirty out of 43 companies (70%)** disclose having a policy requiring their suppliers to refrain from restricting workers’ movement, including through the retention of passports or other personal documents against workers’ will. However, only six companies disclose efforts that go beyond policy. Unilever states that during a supplier assessment in Malaysia in 2018, it found that workers’ passports were being withheld and that there were poor living conditions in the worker accommodation provided. It reports that it worked with the supplier to ensure that passports were returned and workers were moved to different housing. It reports on a similar situation with a supplier in Saudi Arabia, stating that it worked with the supplier to ensure that workers were provided with a letter in their own language to ensure that both parties understood that documents were to be provided on a voluntary basis. It states that a process was put in place to ensure that workers could access their documents within 24 hours.

Tesco discloses the discovery of withheld passports and work permits of 13 Burmese workers by a factory in Thailand and the identity cards of 44 workers being held by a factory in India. It reports that it worked with the suppliers in these cases to return the documents. It also states that it learned that 15 passports and 25-30 work permits were held by a supplier in Thailand and reports that all the necessary documents were returned and that a document retention policy was introduced.

Covid-19 has highlighted the labor rights violations faced by all workers in vulnerable conditions (including migrant workers, women workers, and seasonal workers), as well as companies’ failure to secure supply chain workers’ rights. Only three companies, Nestlé, Unilever, and Wilmar, can demonstrate an outcome of steps they have taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions. Unilever discloses that it found that workers traveling to a remote location in Brazil had to pay for transport that amounted to 20% of their wages. It states that this was affecting the workers’ ability to earn a wage that covered their basic needs, and it discussed the issue with the supplier. It reports that transport has subsequently been provided to the workers.
Notable Company Action

Responsible Recruitment
Nestlé states that the results of the Worker Voice-Driven Ethical Recruitment Program of the Issara Institute, an NGO working to address forced labor in supply chains, show that workers have verified that informal brokering has been eliminated from its supply chains in the context of its Thai seafood supply chains. It states that all of its Thai seafood suppliers have implemented responsible recruitment initiatives and discloses that, in 2019, almost 5,000 migrant workers of its first-tier suppliers in the seafood sector were recruited from Myanmar using recruitment agencies that have undergone responsible recruitment training.

Recruitment Fees
Unilever reports that it supported a prevention and remediation workshop for a supplier in Malaysia to ensure adherence to the Employer Pays Principle and develop a corrective action plan to reimburse workers’ recruitment fees.

Recommended Company Action

Recruitment Fees
Incorporate the Employer Pays Principle into policies to ensure the employer, not the worker, bears the costs. Take steps to ensure both the remediation of worker-paid fees and the prevention of such fees in the first place. Identify recruitment corridors, as well as recruitment fees and related costs charged in different recruitment corridors, and undertake detailed checks on relevant documentation from suppliers (such as contracts with recruitment agencies or worker visas). Adapt purchasing practices to incorporate the costs of meeting the Employer Pays Principle into payments to suppliers.

Rights of Workers in Vulnerable Conditions
Take steps beyond policy implementation to ensure that migrant workers in supply chains understand the terms and conditions of their recruitment and employment and that suppliers refrain from restricting workers’ movement. Ensure workers in the supply chains, including migrant workers, understand and are able to exercise their rights—this ranges from guaranteeing workers have access to their passports, know their rights (including the Employer Pays Principle), have access to effective grievance mechanisms, and are able to exercise their rights to freedom of association and collective bargaining (and/or can access alternative means of organizing and bargaining).
Worker Voice

This theme measures the extent to which a company engages with workers in its supply chains on labor rights, enables freedom of association and collective bargaining for its supply chain workers, and takes steps to ensure access to effective and trusted grievance mechanisms.

Worker Voice is the lowest-scoring theme of the benchmark. Though a significant proportion of companies disclose a grievance mechanism for their suppliers’ workers, there is a lack of disclosure evidencing that the mechanism is known to and used by workers. Moreover, less than a quarter of companies disclose that they support freedom of association in their supply chains by engaging with local or global trade unions.

Worker Engagement

Only eleven companies (26%) disclose how their supplier code addressing forced labor is communicated to supply chain workers, either by requiring their suppliers to communicate the content of the code to their workers or requiring the display of posters outlining workers’ rights in supplier facilities.

Fifteen out of 43 companies (35%) disclose engaging with supply chain workers on their labor rights or supporting worker-led efforts to educate workers on their rights. For example, Woolworths reports that through engaging with the National Union for Workers, it has heard from migrant workers directly on various issues, including misuse of piece rate payments, labor hire arrangements, and fees charged for transport and housing. Tesco reports that it works with the Issara Institute, which includes a provision for the education of “workers in Tesco’s supply chains on their labor rights.” The company also discloses that it supports Colsiba (the coordinating body of Latin American Banana and Agro-Industrial unions) to “increase women’s participation as worker representatives and specifically in national trade unions and collective bargaining forums in Latin America through labor rights education.” It is encouraging that among the 36 companies benchmarked in both 2018 and 2020, five companies (Danone, Lindt, JM Smucker, PepsiCo, and Woolworths) disclose having taken some steps to engage supply chain workers since 2018.

Three companies (ABF, Tesco, and Unilever) demonstrate the positive impact of engaging with workers. Unilever reports that it realized a 77% improvement in workers’ understanding of the issues and policies on discrimination and harassment following the training of 1,000 staff, supervisors, and managers on these topics at its largest tea supplier in Kenya. It also states that it saw a 40% improvement in staff understanding of grievance procedures. It additionally reports improvements related to the representation of women, disclosing that 54 of the supplier’s 66 factories now have women on their boards—and 55% of supervisors and 33% of managers are now women.
What Do We Mean by Worker Voice?

To ensure that labor rights in supply chains are respected, it is critical that worker participation and engagement, through the meaningful promotion and protection of worker voice, be at the core of a company’s operational procedures and strategies. Worker voice and agency refer to approaches that allow workers to contribute to the development, implementation, and monitoring of business policies and decisions that affect them. Companies should be actively engaged in any decision that affects their workers, ranging from grievance mechanisms to working conditions, training and growth opportunities, work safety and health standards, and monitoring compliance—but also changes in employment, including furloughs and dismissals.

Without worker voice, the fundamental power imbalance between companies and workers perpetuates the suppression of workers’ voices and rights.

In order to recognize and promote worker voice and agency, companies must protect and promote the channels through which workers exercise fundamental rights and express their concerns, views, and grievances. Companies can do this by allowing workers to exercise their rights through trade unions, worker organizations, other forms of collectives, or sometimes individually. The right to freely associate is a fundamental enabling right that allows workers to challenge abusive conditions; it is a necessity if forced labor is to be eradicated. Ensuring that workers in the supply chains are able to organize into independent, democratically elected trade unions is one critical way to engage workers. Note that unions may not always exist as they may be restricted in some national contexts. In these instances, engagement may need to be reinforced with other worker interactions. In some contexts, groups of workers (like women or migrant workers) may be underrepresented within trade unions, or trade unions and freedom of association may be politically controlled or prohibited.

The Worker Driven Social Responsibility (WSR) Model demonstrates the impact that programs in which workers and worker organizations are the driving force (as creators, monitors, and enforcers) can have on wages and working conditions. The Fair Food Program is an example of the WSR model—the program includes worker-to-worker education, which provides workers with information on identifying and reporting abuses in the workplace. Workers are paid at an hourly rate for their participation in education sessions.
Only three companies (Nestlé, Tesco, and Walmart) show that worker engagement efforts are implemented more systematically in their supply chains, by disclosing multiple examples of engaging workers across supply chain contexts. Nestlé discloses that it has worked with Thai Union and Verité on a demonstration boat with the Thailand Department of Fisheries "to address labor and human rights issues in the Thai fishing industry." It reports that 116 boat owners, captains, and crew were given training on living and working conditions on the vessel. The company also discloses that workers, farmers, and labor brokers in its Turkish hazelnut supply chains were trained on the company’s responsible sourcing best practices handbook and on responsible employment practices, and migrant workers were also trained on working conditions, labor rights, and grievance and support procedures.

**Freedom of Association**

Efforts to support freedom of association remain low in the sector. Only eight out of 43 companies disclose engaging with local or global unions to support freedom of association in their supply chains. While only 19% of companies in the sector disclose such engagement, it reflects an increase of two companies since the 2018 benchmark. Associated British Foods and Carrefour. Unilever reports that it runs biannual consultation forums with IndustriALL and IUF, where it states local and global issues (including concerns with its suppliers) are discussed with unions and worker representatives. Coles discloses that it formed an Ethical Retail Supply Chain Accord in 2019 with Australia’s three largest unions with a view to improving workers’ rights; the particular focus is on labor hire organizations and farming activities. Tesco and Unilever are the only companies in the benchmark to disclose multiple examples, across sourcing countries and commodities, of improving freedom of association and collective bargaining for supply chain workers.

**FREEDOM OF ASSOCIATION**

Has a Policy Requiring Respect for Freedom of Association and Collective Bargaining in Its Supply Chains

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Works With Unions to Support Freedom of Association in Its Supply Chains

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<td>19%</td>
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Why Is Freedom of Association Important to Address Forced Labor Risks?

Forced labor thrives in situations of inequality and discrimination, impacting workers in the most vulnerable conditions, such as migrant and women workers. Freedom of association is an effective tool for addressing forced labor as it gives power to the workers. Where workers can exercise their right to freely associate and bargain collectively, strong improvements in wages and working conditions have been evidenced, across sectors and sourcing countries. The International Trade Union Confederation notes that “freedom of association is an enabling right, and organising is the most effective instrument to tackle slavery and forced labour.”

Yet workers in food and beverage supply chains often see their rights to freedom of association and collective bargaining restricted. Migrant workers face particular challenges in organizing. The UN's Special Rapporteur on the rights to freedom of peaceful assembly and of association notes that migrant workers, and in particular women migrant workers, "are often denied their freedoms of peaceful assembly and of association because of their irregular status or by structural barriers in legal channels that systematically disempower workers.” In Thailand, for example, migrant workers are prohibited from forming or holding leadership positions in unions.

Further, four of the largest agriculture-producing countries in the world (Brazil, China, India, and the United States) are also among the world’s worst in terms of their respect for labor rights. As of 2020, Brazil and India are listed as among the ten worst countries in the world for workers, and these two countries, along with China, are ranked as having “no guarantee of rights,” while the United States is recorded as having “systematic violations of rights.”

For example:
- Union members working on improving working conditions and wages on banana plantations in the Philippines were detained.
- Labor organizers at melon plants in Honduras have been met with threats, beatings, and some have been fired after speaking out regarding non-payment of wages and poor working conditions.
- A migrant worker and trade unionist challenging poor working conditions in citrus fields in Italy was killed.

The suppression of unions and union leaders has worsened during the Covid-19 pandemic. In Indonesia, food workers reported a new agreement, but a meeting to discuss the new terms with the workers reportedly could not be held due to social distancing. Union members in Brazil’s meat processing sector calling for better protection against the pandemic were met with violent police attacks. Workers at a biscuit factory in Argentina were subject to intimidation and threats when meeting to discuss safety measures. Increased suppression of freedom of association during times of crisis is not new: In 2018, Zimbabwean authorities used a cholera outbreak to justify banning union demonstrations (despite other gatherings being allowed) and filed legal charges against union members.

Despite strong evidence for action, food and beverage companies are not yet taking sufficient steps to ensure workers are able to organize. According to an analysis of the seafood sector, one of the commodities where companies have taken the strongest action to combat forced labor risks, "buyer engagement with migrant workers and with CSOs in Thailand stops short of consulting workers on supply chain policy changes or supporting unionisation."
Walmart is the only company in the benchmark to disclose that it is party to an enforceable labor rights agreement with worker organizations. The company is a member of the Fair Food Program and is therefore party to a binding agreement with the organization, which requires it to suspend purchases from growers who do not comply with the Program’s code of conduct.

Only two companies, Unilever and Tesco, report at least two examples of how they improved freedom of association for workers in their supply chains. Unilever reports that it recently addressed issues associated with workers’ freedom of association at a supplier in Turkey and worked with a North American supplier to change its policy on allowing trade unions. The supplier in question had not previously recognized trade unions and did not allow audit teams to interview workers. Ensuring trade union rights are not suppressed is particularly important during the pandemic, when such rights are increasingly under attack.

No company reports taking steps to ensure alternative forms of organizing in places where there are regulatory constraints on freedom of association.

Grievance Mechanism

Grievance mechanisms appear to be relatively common in the sector, with 29 out of 43 companies (67%) disclosing that a grievance mechanism is available for their suppliers’ workers to report concerns or abuses. This may include requiring suppliers to have a mechanism available for supply chain workers, requiring suppliers to provide a grievance mechanism, and/or working with third-party initiatives that provide a grievance channel (for workers in specific commodities or countries). Since 2018, FEMSA, Monster Beverage, and Woolworths have disclosed grievance mechanisms, which are available to their suppliers’ workers. Some companies disclose specific grievance mechanisms available for workers in specific commodities—for instance, Nestlé discloses grievance channels for supply chain workers in seafood, hazelnuts, and palm oil, in addition to having its own hotline for its suppliers’ workers and other stakeholders. Walmart, for example, discloses that it is a member of the Issara Institute (as such, workers in its supply chains have access to Issara’s migrant worker hotline). The company reports that Issara has developed a grievance app through which Burmese migrant workers in Thailand can report concerns.

Only seven companies (16%), however, disclose taking steps to ensure the mechanism is communicated to their suppliers’ workers. Similarly, only ten companies (23%) disclose data on the use of their mechanism, such as the number of grievances submitted by their suppliers’ workers, and/or the types of grievances raised by supply chain workers. However, it is positive that five more companies (General Mills, Hershey, Unilever, Walmart, and Woolworths) have disclosed data on the use of their grievance mechanisms since the 2018 benchmark. Six companies (Archer-Daniels-Midland, Coles, General Mills, Hershey, Unilever, and Wilmar) disclose grievance logs that list submitted reports, dates, and in some cases, steps taken to address the grievances. Disclosure that does not meet these factors makes it difficult to determine whether companies’ grievance mechanisms are effective, and in particular, whether workers are aware of and trust the mechanism.
Migrant workers, in particular, may be reluctant to report concerns or abuses due to fears of retaliation by their employer or negative consequences for their future employment. For example, undocumented seasonal workers on Canadian farms (or those whose status is based on a single employer) are reportedly afraid to tell a migrant worker hotline about poor conditions on farms. A hotline staff member stated: “Some of those conversations are still ongoing because of the level of fear on these farms. It’s so real and deep, they don’t feel safe even sharing a fake name with me.” Simply providing access to a grievance mechanism without ensuring it is communicated in local languages and that all workers can use it without fearing retaliation is insufficient in addressing barriers.

Involving workers in the design and implementation of a grievance mechanism helps ensure that it is accessible, easy to use, and trusted by workers, and that it leads to meaningful grievance resolutions. Yet, no company discloses that workers or their representatives are involved in the design or performance of a grievance mechanism.

**Tesco** discloses detail on 16 potential cases of modern slavery reported to its helplines, including instances of passport and worker permit retention at suppliers in Thailand and Malaysia, a case where workers had become undocumented at a Thai supplier, and wage deductions from workers at a poultry factory.

**Only six companies (14%)** report that a grievance mechanism is available to workers below the first tier of their supply chains, and only **Wilmar** provides evidence that lower-tier workers have used the mechanism. This number is particularly low, given that forced labor risks are known to be present across the tiers of food and beverage supply chains.

### GRIEVANCE MECHANISMS

<table>
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<tr>
<td>Grievance Mechanism for Suppliers’ Workers</td>
<td>67%</td>
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<tr>
<td>Communicates the Mechanism to Workers</td>
<td>16%</td>
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<tr>
<td>Publishes Data on the Mechanism</td>
<td>23%</td>
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Notable Company Action

**Freedom of Association and Collective Bargaining**

Tesco reports that its suppliers in Peru hold elections for worker representatives, with whom management holds regular meetings. Five years ago, none of its suppliers had democratically elected worker representatives. The company is also part of the Malawi 2020 Coalition, which it states has led to two collective bargaining agreements and wage increases for workers.

**Worker Engagement**

Nestlé discloses that it has worked with Thai Union and Verité on a demonstration boat with the Thailand Department of Fisheries “to address labor and human rights issues in the Thai fishing industry.” It reports that 116 boat owners, captains, and crew were given training on living and working conditions on the vessel. The company also discloses that workers, farmers, and labor brokers in its Turkish hazelnut supply chains were trained on the company’s responsible sourcing best practices handbook and on responsible employment practices, and migrant workers were also trained on working conditions, labor rights, and grievance and support procedures.

Recommended Company Action

**Freedom of Association and Collective Bargaining**

Engage with independent local or global trade unions to support freedom of association in supply chains to ensure workers are able to organize and collectively bargain. Where restrictions on freedom of association exist, ensure workplace environments whereby workers can pursue alternative means of organizing and bargaining, such as worker councils.

**Grievance Mechanism**

Ensure effective grievance mechanisms are in place and communicated to suppliers’ workers. Demonstrate their effectiveness by disclosing data on the operation and use of the mechanism by suppliers’ workers or their representatives.

**Worker Engagement**

Work with stakeholders, such as global or local NGOs or unions, 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 following the WEST Principles to ensure meaningful engagement.
Monitoring

This theme evaluates a company’s process for monitoring suppliers, including whether it performs non-scheduled visits, reviews relevant documents such as wage slips or contracts, interviews workers, and monitors lower-tier suppliers. It also looks at what details a company discloses on the outcomes of its supplier monitoring.

The majority of the benchmarked companies disclose having a monitoring process in place for their suppliers, which covers an assessment of labor rights and includes forced labor. Most companies engage in social auditing, although very few engage in worker-driven monitoring, which places workers at the center of the process and better detects the workers’ issues. Less than half of the companies disclose any information on the outcomes of the monitoring process.

Monitoring Process

The Covid-19 pandemic has both increased the risks faced by workers and the risk that standards are loosened. At the same time, travel restrictions mean that monitoring efforts are, at a minimum, significantly reduced, especially as governments did not classify monitoring personnel as essential workers. Therefore, worker interviews become all the more imperative, and with remote interviews, using worker-trusted monitoring organizations becomes ever more important. Coca-Cola discloses that it proposed simplified methods to assess supplier compliance during the pandemic but that suppliers are expected to ensure the protection of their vulnerable workforces, including migrant and temporary workers.

The majority of companies in the benchmark (35 out of 43, 81%) disclose a supplier monitoring process that covers forced labor; some also report on the detail of this process. Eighteen of the 43 companies (42%) disclose that they conduct or reserve the right to conduct non-scheduled visits or that they conduct semi-announced visits (e.g., by giving suppliers a one-month window in which monitoring will take place). Six companies provide evidence of or disclose detail on conducting unannounced audits in practice. For example, Woolworths discloses that an annual unannounced visit will be conducted for its 843 “priority and specialized” suppliers. It further reports that it has started conducting unannounced visits in the relevant region after hearing from migrant workers about issues such as the misuse of piece-rate payments and fees for travel and housing.

Fifteen out of the 43 companies (35%) provide detail on the types of documents that are reviewed during monitoring visits, such as work hour records, wage slips, contracts, and information on labor recruiters. For example, Amazon states that monitoring includes a review and analysis of site documents and licenses to assess the ages of workers, their contracts, compensation, working hours, and working conditions.
Of the companies benchmarked in both 2018 and 2020, three additional companies (Campbell Soup, Costco, and Kerry) now disclose carrying out worker interviews. In total, 26 companies (60%) disclose holding interviews with workers as part of their supplier monitoring process. However, only two companies disclose that they conduct these interviews off-site to ensure that workers can speak freely about labor rights violations, without pressure from management. Tesco discloses that monitoring by the Issara Institute (with which it partners) includes off-site interviews with workers. Smucker states that in certain cases, auditors perform off-site audits, and it provides the example of workers on coffee farms who may be interviewed in a nearby village. Smucker’s auditors visit town centers to speak with the community about employment practices to complement these interviews.

Twenty-six out of 43 companies (60%) disclose that they visit associated production facilities and/or related worker housing. Amazon, Coca-Cola European Partners, Coca-Cola, and Kroger, however, are the only companies to disclose that they carry out monitoring on both production facilities and related worker housing, despite the increased risk for forced labor when workers are dependent on their employer for housing. Coca-Cola, for example, states that its supplier monitoring process includes the kitchens, dormitories, and dining facilities of its supply chain workers’ accommodations.

Less than a third of companies (30%) disclose taking some steps to ensure that suppliers below the first tier are monitored, demonstrating the lack of visibility in areas in which risks tend to be highest. Nestlé discloses examples of lower-tier monitoring in multiple commodities, stating that the Fair Labor Association conducts audits and social impact assessments down to the farm level within its hazelnut supply chains. It also states that it has monitored 10% of the Thai seafood industry vessels in partnership with the Issara Institute. Further, it discloses examples of monitoring below the first tier in sugarcane mills and at an Indonesian palm oil mill and estate. Danone states that it assesses fruit suppliers in certain priority geographic areas. It reports on a monitoring program on a representative sample of farms covering seven main categories of fruit representing 75% of total volumes purchased. While the number of companies monitoring below the first tier remains low, it is encouraging that of the companies benchmarked in both 2018 and 2020, four additional companies (Carrefour, Coca-Cola, Unilever, and Walmart) disclose taking steps to ensure that suppliers below the first tier are monitored.
What Is the Problem With Social Auditing?

While social audits can help detect forced labor indicators, their limitations as a tool for preventing labor rights violations and promoting sustained improvements in working conditions have become increasingly apparent. Concerns include the potential for a conflict of interest between auditors and those commissioning the audits, excluding workers’ voices, threats and coercion of workers to lie when they are interviewed, and falsification of results. A snapshot of practices in time, they rarely capture the full gap between labor standards and practices on the ground, particularly for complex issues such as forced labor. In addition, they may allow for a superficial classification of a company as compliant. For example, multiple labor rights abuses were alleged against fresh produce company Fyffe at its melon farms in Honduras, despite its claim that it had passed independent audits.

How Could Monitoring Be Done Differently?

The KnowTheChain methodology includes “worker-driven monitoring” (i.e., monitoring undertaken by independent organizations such as local worker-led organizations, unions, or local civil society partners). Such organizations can conduct in-depth investigations and worker interviews as they are on the ground year-round, understand local conditions, and are trusted by workers. Worker interviews are carried out with an understanding of the power dynamics between workers and management, preferably in the absence of managers and outside the workplace. Crucially, such monitoring must be independent of influence from the buyer.

What Are the Results?

Worker-driven monitoring has led to strong improvements for workers across sectors. As an example, the Coalition of Immokalee Workers (CIW), a farmworker organization based in Florida, initiated the Fair Food Program. It improves labor standards among farmworkers through legally binding agreements that require participating buyers to source from participating farms and pay a small premium that goes directly to workers. The program also works toward transparency and accountability through worker-driven education, complaint mechanisms, and monitoring. It attests that this worker-driven approach has created unprecedented reforms in the tomato industry in Florida, including eliminating forced labor in areas that federal prosecutors had previously dubbed “ground zero for modern-day slavery” and successfully minimizing the occurrence of sexual harassment, verbal abuse, and wage theft.
Monitoring Disclosure

While the majority of companies disclose having monitoring processes in place, fewer disclose details of the process. However, it is positive that, of the companies benchmarked in both 2018 and 2020, seven additional companies disclose a summary of findings, including details regarding any violations.

Six out of 43 companies (14%) disclose at least some information, such as the total number of suppliers they monitor annually. Only two of the companies disclose the percentage of suppliers monitored annually. Nestlé states that 61% of its total spend and volume is sourced from suppliers that are monitored and compliant. It discloses that 3,500 audits were carried out, covering 19% of its total spend. It also discloses that Issara Institute’s inclusive labor monitoring assessments cover 100% of its first-tier suppliers in Thailand. Tesco discloses that 98% of its high-risk first-tier supplier sites have undergone an audit in the past year and states that high-risk sites represent 45% of its total first-tier suppliers.

No company discloses the percentage of unannounced audits that occur, despite 42% of companies disclosing that they either conduct or may conduct monitoring in this way.

Six companies (14%) disclose information on the number or percentage of workers interviewed. For example, Coca-Cola discloses that worker interviews should be conducted on 10% of a supplier’s employees, as well as an additional 10% of non-employee workers who meet particular criteria, indicating that up to a total of 50 workers could be interviewed at a facility.

### SUPPLIER MONITORING AND WORKER INTERVIEWS

- **Undertakes Worker Interviews**: 60%
- **Undertakes Off-site Interviews**: 5%
- **Discloses Number/Percentage of Workers Interviewed**: 14%
Less than half of the companies benchmarked (49%) disclose information on the monitoring organization’s qualifications to detect forced labor, such as using auditors who are trained to detect forced labor risks and who have language capabilities to speak with workers in their own language. Very few mention using worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers’ rights and priorities). Only three companies disclose information on the relevant qualifications of the auditors used. Monster Beverage states that its auditors receive specialized training to increase their ability to recognize the risks and indicators of forced labor. Nestlé discloses that it has partnered with Issara Institute to implement its Inclusive Labor Monitoring System for the more than 35,000 workers in its fish and seafood supply chains. It also discloses that it sent 12 of its monitoring personnel to attend a four-day ethical recruitment auditor workshop hosted by Verité to build competencies in identifying the forced labor risks faced by migrant workers in the recruitment process. Tesco states that the audit team selected for a particular supplier reflects the gender profile and languages spoken by the supplier’s workforce. It also states that it partners with Issara Institute to monitor its Thai prawn supply chain. It states that the organization’s Inclusive Labour Monitoring approach includes input from workers, businesses, field experts, and local communities to provide an accurate depiction of worker conditions.

Seventeen out of 43 companies (40%) disclose at least limited information on the monitoring process outcomes; nine of them disclose details, such as a summary of violations found. For example, Unilever publishes an annual supplier audit report, including the number of non-conformances related to forced labor and the region in which these violations took place. It is positive to see that, of the companies benchmarked in both 2018 and 2020, seven additional companies (Danone, General Mills, Kroger, Lindt, Smucker, Walmart, and Woolworths) disclose such details.

For example, Danone discloses a breakdown of critical non-conformances, including the percentages across areas (forced labor, child labor, discrimination, and freedom of association and the right to collective bargaining). It clarifies that the forced labor non-conformities concerned fees charged to workers by a recruitment agency that exceeded the legal threshold. Woolworths discloses that its site visits to suppliers found miscalculation of piece rates, poor record keeping, and a lack of oversight for labor providers. It also states that while forced labor was not identified, few suppliers had specific controls in place to identify indicators or incidents of forced labor. It states that of the 93 audit reports that it has reviewed as part of its new program, it did not find any red or zero-tolerance non-conformances (compared to four such findings it had identified prior to implementing the new program). It states other findings related to health and safety, age verification processes, and wages and benefits.
Notable Company Action

**Monitoring Process**

*Tesco* states that it monitors to the grower level for fresh fruit and vegetable products in collaboration with its first-tier suppliers. It also states that audits will be conducted below the first tier for its key supply chains at high risk for human rights abuses, including farm-level monitoring for fruit, vegetable, and meat sites in high-risk countries.

**Monitoring Disclosure**

*Wilmar* discloses a regional report that includes a summary of audit findings, such as evidence of recruitment fees charged, the lack of monitoring systems of recruitment agencies, and retention of workers’ passports. The company discloses the overarching findings of assessments at several mills in an area. Issues identified at the mills supplying to Wilmar included risks related to passport retention and the payment of recruitment fees.

Recommended Company Action

**Monitoring Process**

In addition to conducting visits to production facilities, visit related worker housing where risks of forced labor are most likely and undertake off-site interviews with workers as part of the monitoring process. To ensure forced labor indicators are detected, adopt worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers’ rights and priorities).

**Monitoring Disclosure**

Disclose the percentage of suppliers monitored annually, the percentage of unannounced monitoring visits conducted, the number or percentage of workers interviewed, and a summary of findings, including details regarding any violations revealed.
Remedy

This theme measures the extent to which a company has established corrective action processes for non-compliant suppliers and ensures that remedy is provided to its supply chain workers who are victims of labor rights violations. It incorporates allegations of forced labor that have occurred in the last three years in a company’s supply chains from publicly available third-party sources and assesses how companies have responded to and addressed these allegations.

While the majority of companies disclose a corrective action process to rectify non-compliances identified through audits, and several have improved their processes since 2018, companies fall short when it comes to having a process in place for responding to allegations of forced labor or violations of their policies and ensuring remediation for impacted workers, and only very few disclose remedy outcomes for workers. Companies should ensure that they institute a process for responding to such allegations so that workers have access to an effective remedy, a key pillar of the UN Guiding Principles on Business and Human Rights.

Corrective Action Plans

Thirty-four out of 43 companies (79%) disclose having a corrective action process for suppliers to address non-compliances identified during audits. Twenty of these companies disclose details of this process, such as how they work with suppliers to implement a corrective action plan (e.g., by offering targeted training on the issues that arise). This is an area in which companies have improved since 2018, with six additional companies disclosing potential consequences for repeated non-compliances and two more disclosing corrective action plans in practice.

Twenty-three companies (53%) disclose how the implementation of a corrective action plan is verified, which is primarily done through a follow-up audit. Smucker, Danone, and Coles disclose that they may require worker interviews as part of this process to ensure that workers verify the effective implementation of corrective action plans.

Companies that simply cut ties with suppliers as soon as a non-compliance is identified may be doing a disservice to their workers, who do not receive remediation. Additionally, labor rights violations likely persist as root causes of non-compliance are not addressed, and changed orders may result in suppliers failing to pay workers’ wages, cutting hours, or laying off staff. Most companies (60%) disclose the consequences for suppliers that repeatedly do not follow recommendations. Tesco states that in situations where it does not believe the supplier is committed to remediation, it will end the relationship responsibly—which may involve following through with orders for up to three months so that workers are notified of altered hours due to the changed orders.
Ten companies disclose information on their corrective action processes in practice. For example, PepsiCo discloses a non-compliance found during an audit of a third-party supplier in Singapore involving the payment of “excessive recruitment fees” by migrant workers to obtain their jobs. It states that it immediately contacted the supplier, who was unaware that recruitment fees had been paid, and who then engaged with its temporary labor provider to address the issue directly with the involved workers. It states that this led to the supplier making changes to its recruitment policy to ensure that workers would not be charged fees moving forward.

Kellogg provides an example of a corrective action that was implemented after identifying that missing documentation resulted in wages that were not paid in a full and timely manner to harvest workers on Turkish apple plantations. It states that after its intervention, together with the audit firm Control Union, the supplier improved its annual training and now requires documentation of payment processes and signatures from harvest workers. It states that it followed up and interviewed workers to determine that they were aware of the new payment processes, their pay levels, and when payments were to be made.

Remedy Programs

While the majority of companies have a corrective action process in place to respond to non-compliances discovered during supplier audits, far fewer companies disclose information on their remedy process for responding to and addressing grievances or allegations of labor violations that may have been made by workers or worker representatives. Few companies disclose responsible parties, approval procedures, timelines for dealing with allegations, and engagement with affected stakeholders. Only 14 of the 43 companies (33%) disclose a process to respond to complaints by workers or worker representatives. Seven companies disclose details of this process.

KnowTheChain operates under the assumption that labor rights violations likely exist in any large global company’s supply chains and, therefore, asks companies with no forced labor allegations to provide two examples of remedy outcomes to workers in their supply chains. Of these 30 companies, 25 do not disclose a process for responding to complaints or violations of forced labor policies. Since 2018, companies have not made improvements on remedy outcomes for workers, and only Coca-Cola discloses one or more examples of outcomes of its remedy process in practice for its suppliers’ workers, covering different supply chain contexts. The company discloses that upon discovering that migrant workers at a sugar supplier in Côte d’Ivoire had their passports retained, the mill returned the documentation to workers.

KnowTheChain includes publicly available allegations of forced labor in the benchmark to assess how companies address such allegations and to provide visibility of best practices for responding to labor rights violations. Sixteen allegations were included in the benchmark. These allegations took place across commodities, predominantly at the raw material level. In all, allegations were identified in the supply chains of 13 companies headquartered in Asia, Australia, Europe, and North America.
Most of the allegations took place in Malaysia, Indonesia, and Australia, with the remaining allegations occurring in Brazil, Sri Lanka, the UK, and the US. Half of the allegations relate explicitly to the abuse of migrant workers through practices such as restriction of movement, identity document retention, wage withholding, and abusive living conditions. Notably, an allegation against four companies relates to a petition to the US Customs and Border Protection to seize palm oil from a Malaysian supplier at the point of importation.\(^{162}\)

Of the 13 companies for which KnowTheChain identified allegations of forced labor, only one discloses engaging with affected stakeholders, and only two disclose some remedy outcomes for workers. Wilmar discloses engaging with impacted stakeholders via worker consultations. ADM and Wilmar disclose remedy outcomes for workers, including "top-up" wage systems to ensure workers are not underpaid through piece-rate systems, conversion of temporary contract hires to permanent employees, and removal of discriminatory practices relating to menstrual leave. However, none of the 13 companies disclose evidence that the remedies are satisfactory to victims or groups representing them.

KnowTheChain identified two allegations against Unilever, and one each against Carrefour, Coles, and Costco. None disclose a process for responding to allegations or report on remedy outcomes for workers. The remaining companies with allegations disclose at least some information on their process for responding to potential complaints, but they do not disclose engaging with the affected stakeholders nor the outcomes of a remedy process.\(^{163}\) In light of this, the lack of avenues for effective remedy that workers can access indicates a disregard by companies of the inherent risks in the sector and a failure to take action when they are realized.
**Notable Company Action**

**Corrective Action Plans**
*Costco* states that it prefers to work with suppliers to remediate non-compliances rather than apply sanctions and that it offers capacity-building services to suppliers to improve management systems and address the root causes of previous violations.

**Remedy Outcomes**
*Tesco* states that it requires suppliers to pay back missing wages when shortfalls in wages are identified. The company reports that 110 “cases of concern” were identified in 2018/19. It discloses that 7,392 workers have received US$508,307 as a result of the company’s intervention. In 2019/2020, Tesco reports that it identified 52 cases impacting 7,060 workers where payments were not made in full (including premiums for overtime) and states that these have been addressed.

**Recommended Company Action**

**Remedy Process**
Establish a process for responding to grievances and allegations regarding labor rights abuses in supply chains that includes clear responsibilities, engagement with affected stakeholders, and specific timelines for each step.

**Remedy Outcomes**
Engage with affected stakeholders and disclose outcomes of remedies for suppliers’ workers and evidence that the remedial actions taken are satisfactory to affected workers.
APPENDIX 1: COMPANY SELECTION

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

The 60 food and beverage companies included in the benchmark were selected based on their size (market capitalization) and the extent to which they derive revenue from own-branded food and beverage products. The largest 43 companies in the benchmark were assessed against the full benchmark methodology, and the remaining 17 were assessed against a subset of indicators only.

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

The 2020 food and beverage benchmark includes seven Asian companies, two Australian companies, ten European companies, two Latin American companies, one company from the Middle East, and 21 North American companies. An additional 11 Asian companies, three European companies, one Latin American company, and two North American companies are included in the subset analysis.

KnowTheChain has assessed the following 43 companies against its full benchmark methodology:

<table>
<thead>
<tr>
<th>Company</th>
<th>Market cap in US$bn</th>
<th>Headquarters</th>
<th>Year of inclusion</th>
<th>Engaged with KnowTheChain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aeon Co. Ltd.</td>
<td>18</td>
<td>Japan</td>
<td>2020</td>
<td>Informal</td>
</tr>
<tr>
<td>Almarai Co.</td>
<td>14</td>
<td>Saudi Arabia</td>
<td>2018</td>
<td>No</td>
</tr>
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<td>Amazon.com Inc.</td>
<td>805</td>
<td>United States</td>
<td>2020</td>
<td>Yes (sent links)</td>
</tr>
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<td>Archer-Daniels-Midland Co.</td>
<td>24</td>
<td>United States</td>
<td>2016</td>
<td>Yes (sent links)</td>
</tr>
<tr>
<td>Associated British Foods plc</td>
<td>24</td>
<td>United Kingdom</td>
<td>2016</td>
<td>Yes (sent links)</td>
</tr>
<tr>
<td>Campbell Soup Co.</td>
<td>11</td>
<td>United States</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Carrefour SA</td>
<td>16</td>
<td>France</td>
<td>2018</td>
<td>No</td>
</tr>
<tr>
<td>Chocoladefabriken Lindt &amp; Sprüngli AG</td>
<td>17</td>
<td>Switzerland</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
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<tr>
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<td>22</td>
<td>United Kingdom</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Coles Group Ltd.</td>
<td>12</td>
<td>Australia</td>
<td>2018</td>
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</tr>
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<td>Conagra Brands Inc.</td>
<td>11</td>
<td>United States</td>
<td>2016</td>
<td>No</td>
</tr>
<tr>
<td>Costco Wholesale Corp.</td>
<td>96</td>
<td>United States</td>
<td>2018</td>
<td>No</td>
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<tr>
<td>Danone SA</td>
<td>49</td>
<td>France</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Company</td>
<td>Market cap in US$bn</td>
<td>Headquarters</td>
<td>Year of inclusion</td>
<td>Engaged with KnowTheChain</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>---------------------</td>
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<td>-------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Fomento Económico Mexicano S.A.B. de C.V.</td>
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<td>Mexico</td>
<td>2016</td>
<td>No</td>
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<tr>
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<td>31</td>
<td>China</td>
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<td>28</td>
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<td>2016</td>
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</tr>
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<td>United States</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
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<td>China</td>
<td>2018</td>
<td>No</td>
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<tr>
<td>JBS SA</td>
<td>10</td>
<td>Brazil</td>
<td>2016</td>
<td>Informal</td>
</tr>
<tr>
<td>Kellogg Co.</td>
<td>19</td>
<td>United States</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
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<td>Kerry Group plc</td>
<td>18</td>
<td>Ireland</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Keurig Dr Pepper</td>
<td>35</td>
<td>United States</td>
<td>2020</td>
<td>Yes (sent links)</td>
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<tr>
<td>Koninklijke Ahold Delhaize NV</td>
<td>29</td>
<td>Netherlands</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Loblaw Companies Ltd.</td>
<td>19</td>
<td>Canada</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>McCormick &amp; Co. Inc.</td>
<td>18</td>
<td>United States</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
<td>Mondelēz International Inc.</td>
<td>68</td>
<td>United States</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Monster Beverage Corp.</td>
<td>35</td>
<td>United States</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
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<td>Nestlé SA</td>
<td>270</td>
<td>Switzerland</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
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<td>PepsiCo Inc.</td>
<td>162</td>
<td>United States</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Seven &amp; i Holdings Co. Ltd.</td>
<td>39</td>
<td>Japan</td>
<td>2020</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Suntory Beverage &amp; Food Ltd.</td>
<td>14</td>
<td>Japan</td>
<td>2018</td>
<td>No</td>
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<tr>
<td>Tesco plc</td>
<td>29</td>
<td>United Kingdom</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
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<tr>
<td>The Coca-Cola Company</td>
<td>194</td>
<td>United States</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>The Hershey Company</td>
<td>23</td>
<td>United States</td>
<td>2016</td>
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<td>The J.M. Smucker Company</td>
<td>12</td>
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<td>2018</td>
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<td>The Kraft Heinz Company</td>
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<tr>
<td>The Kroger Company</td>
<td>23</td>
<td>United States</td>
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<td>Tyson Foods Inc.</td>
<td>23</td>
<td>United States</td>
<td>2016</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Unilever plc</td>
<td>221</td>
<td>United Kingdom</td>
<td>2016</td>
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<td>Walmart Inc.</td>
<td>316</td>
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<td>WH Group Ltd.</td>
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<td>2018</td>
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<td>Wilmars International Ltd.</td>
<td>15</td>
<td>Singapore</td>
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<td>Woolworths Group Ltd.</td>
<td>27</td>
<td>Australia</td>
<td>2018</td>
<td>Yes (provided disclosure)</td>
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The following 17 companies were assessed against the subset of indicators only:

<table>
<thead>
<tr>
<th>Company</th>
<th>Market cap in US$bn</th>
<th>Headquarters</th>
<th>Year of inclusion</th>
<th>Engaged with KnowTheChain</th>
</tr>
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<tr>
<td>Arca Continental S.A.B. de C.V.</td>
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<td>2020</td>
<td>Yes (provided disclosure)</td>
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<td>India</td>
<td>2020</td>
<td>No</td>
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<tr>
<td>Britannia Industries Ltd.</td>
<td>10</td>
<td>India</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
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<td>12</td>
<td>Hong Kong</td>
<td>2020</td>
<td>Informal</td>
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<tr>
<td>Coca-Cola HBC AG</td>
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<td>Switzerland</td>
<td>2020</td>
<td>Informal</td>
</tr>
<tr>
<td>Etn. Fr. Colruyt NV</td>
<td>10</td>
<td>Belgium</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
<td>FamilyMart Co. Ltd.</td>
<td>14</td>
<td>Japan</td>
<td>2020</td>
<td>Yes (provided disclosure)</td>
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<td>United States</td>
<td>2020</td>
<td>Informal</td>
</tr>
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<td>Japan</td>
<td>2020</td>
<td>Yes (provided disclosure)</td>
</tr>
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<td>Mowi ASA</td>
<td>12</td>
<td>Norway</td>
<td>2020</td>
<td>Informal</td>
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<td>San Miguel Food and Beverage, Inc.</td>
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<td>Philippines</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
<td>Saputo Inc.</td>
<td>13</td>
<td>Canada</td>
<td>2020</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Sun Art Retail Group Ltd.</td>
<td>10</td>
<td>Hong Kong</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
<td>Vietnam Dairy Products JSC</td>
<td>11</td>
<td>Vietnam</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
<td>Want Want China Holdings Ltd.</td>
<td>10</td>
<td>China</td>
<td>2020</td>
<td>No</td>
</tr>
<tr>
<td>Yakult Honsha Co. Ltd.</td>
<td>11</td>
<td>Japan</td>
<td>2020</td>
<td>Yes (provided disclosure)</td>
</tr>
<tr>
<td>Yonghui Superstores Co. Ltd.</td>
<td>12</td>
<td>China</td>
<td>2020</td>
<td>No</td>
</tr>
</tbody>
</table>
APPENDIX 2: BENCHMARK METHODOLOGY

The KnowTheChain methodology is based on the UN Guiding Principles on Business and Human Rights and covers policy commitments, due diligence, and remedy. The methodology uses the ILO core labor standards (which cover the human rights that the ILO has declared to be fundamental rights at work: freedom of association and collective bargaining and the elimination of forced labor, child labor, and discrimination) as a baseline standard. The methodology has been developed through consultation with a wide range of stakeholders and a review of other benchmarks, frameworks, and guidelines such as the OECD Due Diligence Guidance on Responsible Business Conduct.

KnowTheChain reviews, and where relevant, updates its methodology ahead of every benchmark to integrate emerging good practices, align with relevant frameworks and benchmarks, and respond to the dynamic nature of human rights and labor issues. Further, KnowTheChain aims to decrease companies’ reporting burdens and increase the objectivity of the benchmark by integrating third-party information in addition to corporate disclosure.

The 2020 food and beverage benchmark methodology incorporates the following revisions:

- An increased focus on assessing the steps taken to address risks deeper in the supply chains (i.e., in multiple tiers of supply chains) and on the scope of the companies’ processes to evaluate whether programs are integrated systematically across supply chains. This includes requiring examples of steps taken below the first tier of a company's supply chains.
- A focus on performance over policies and processes (e.g., by asking for evidence of impact or for outcomes of processes).
- An increased focus on enabling rights, which are fundamental to addressing conditions of forced labor in supply chains (for example, by requiring policies to incorporate all four ILO core labor standards into supplier contracts and by strengthening the Purchasing Practices theme).
- Strengthened Worker Voice and Recruitment themes.
- The introduction of a subset methodology against which smaller companies in the benchmark were assessed instead of being analyzed against the full methodology. This is to account for companies that may be less familiar with expectations on human rights due diligence in supply chains.

Because of these changes in methodology, which require companies to keep up with evolving expectations (thus making it more difficult for companies to achieve higher scores), some companies’ scores have decreased. The company-specific scorecards, however, highlight whether and what improvements each company has made. This report, therefore, provides some commentary on changes in company practices since 2018, though the majority of the analysis is concerned with the status of the companies’ action on forced labor in 2020.

The benchmark scores have a correlation of 0.79 with the Corporate Human Rights Benchmark, which assesses corporate human rights policies and practices beyond forced labor.165
Engagement With Benchmarked Companies

KnowTheChain reached out to all the benchmarked companies in April 2019, inviting them to provide input into the methodology and join introductory webinars. Where needed, KnowTheChain followed up via phone and in local languages to ensure the companies had received the communication. Seventy-seven percent of the companies (46 out of 60) confirmed a contact person for communication to KnowTheChain.

Benchmarked companies were given the opportunity to review the initial research findings and to disclose additional information over a period of three months. In addition to English-language information on each company's website, KnowTheChain evaluated additional public disclosure provided by 47% of the companies. An additional 10% of the companies sent links to existing or newly added disclosure on their own websites. Further, membership in initiatives that address forced labor, such as the Coalition of Immokalee Workers' Fair Food Program, the Leadership Group for Responsible Recruitment, and the Seafood Task Force, and which include requirements for companies to address forced labor risks, were given some credit in the benchmark (where disclosed by the company).

Allegations

Lastly, KnowTheChain undertook comprehensive desktop research for allegations of forced labor. KnowTheChain only included allegations that met the minimum threshold of the Corporate Human Rights Benchmark and multiple forced labor indicators of the International Labour Organization.

Although allegations meeting the criteria were included for only some of the companies in the benchmark, KnowTheChain operates under the assumption that forced labor likely exists in all large global supply chains. Therefore, a high score in the benchmark indicates that a company discloses strong efforts to address the forced labor risks in its supply chains; it does not mean that a company has "slavery-free" supply chains. The benchmark should not be seen as reflective of all labor rights issues occurring within food and beverage supply chains, and it should be read alongside other information on the sector, such as allegations regarding labor and other human rights issues collected by the Business & Human Rights Resource Centre.

Scoring

Each company receives a benchmark score, which ranges 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.

Subset of Indicators

KnowTheChain focuses on assessing the largest companies in high-risk sectors and has expanded the list of companies it benchmarks from 20 to 60 or more companies per sector. This means the benchmark includes companies of an increasingly diverse group. KnowTheChain recognizes that within this group, smaller companies—in particular, those based in regions where human rights norms have been slow to develop—may not yet have the capacity or knowledge to engage with the full KnowTheChain methodology.
KnowTheChain, therefore, developed a subset of indicators that aims to engage with and introduce smaller companies to human rights due diligence expectations regarding their supply chains. It also offers a means of assessing the degree to which these companies are beginning to consider human rights due diligence in their supply chains.

KnowTheChain used market capitalization to identify the smaller companies for assessment against the subset of indicators. Seventeen companies in the food and beverage sector were assessed against the subset of indicators only.

In consultation with external stakeholders, KnowTheChain developed the subset of indicators by using indicators of the full benchmark methodology that reflect the key areas of the UN Guiding Principles on Business and Human Rights: policy commitment, due diligence, and remedy. It further selected indicators that are relevant for key stakeholders such as investors (e.g., board oversight) and workers (e.g., a publicly available supplier list and grievance mechanism). In addition, KnowTheChain identified indicators that give a strong indication of how a company would score against the full methodology.

When comparing the 43 companies that were assessed against both the full benchmark methodology and the subset of indicators, the correlation between the two data sets is 0.96.

KnowTheChain hopes that this subset of indicators will help introduce companies to the concept of human rights due diligence in their supply chains and provide a starting point from which to conduct more comprehensive supply chain due diligence, for which the full KnowTheChain methodology may serve as a guide. To that end, the subset of indicators has been translated into several languages.

Finally, the subset of indicators may also be used by external stakeholders wishing to undertake a basic analysis of corporate efforts to address forced labor risks in supply chains.
Non-Scored Information

To paint a fuller picture of a company’s performance and where it is heading, time-bound commitments to address forced labor were assessed. Where relevant, the benchmarks also assessed whether companies have available a disclosure under the California Transparency in Supply Chains Act and/or the UK Modern Slavery Act. Where relevant, the benchmarks also evaluated whether and how companies address forced labor risks in relation to third-party products. This information is provided on a company’s scorecard but is not included in a company’s benchmark score. In addition, KnowTheChain assessed corporate disclosure (and in limited instances, third-party disclosure related to the company’s products) to determine which high-risk commodities are sourced by companies.

Indicators marked in bold in the methodology below show the indicators against which all 60 companies have been assessed. Seventeen companies were benchmarked against this subset of indicators only; the remaining 43 companies were also assessed against the full benchmark methodology.

### 1. Commitment & Governance

#### 1.1 Commitment

The company publicly demonstrates its commitment to addressing forced labor and human trafficking.

The company:

1. publicly demonstrates its commitment to addressing forced labor and human trafficking.

#### 1.2 Supplier Code of Conduct

The company has a supplier code of conduct that requires suppliers throughout its supply chains to respect the ILO core labor standards, including the elimination of forced labor. The standard is easily accessible on the company’s website, is regularly updated, is communicated to the company’s suppliers, and requires suppliers to cascade the standards to their own suppliers.

The company’s supplier code of conduct:

1. requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor;
2. is easily accessible from the company’s website;
3. is updated regularly, following internal review and input from external stakeholders;
4. is communicated to the company’s suppliers; and
5. requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company’s supply chain policies addressing forced labor and human trafficking.

#### 1.3 Management and Accountability

The company has established clear responsibilities and accountability for the implementation of its supply chain policies that address forced labor and human trafficking, both within the company and at the board level.

The company:

1. has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and
2. has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

#### 1.4 Training

The company takes steps to ensure that relevant decision-makers within the company and in different tiers of its supply chains are aware of risks related to forced labor and human trafficking and are effectively implementing the company’s policies.

The company:

1. trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;
2. trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and
3. engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.
### 1.5 Stakeholder Engagement

The company engages with relevant stakeholders on forced labor and human trafficking. This includes engaging with policy makers, worker rights organizations, or local NGOs in countries in which its first- and lower-tier suppliers operate, as well as actively participating in one or more multi-stakeholder or industry initiatives.

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to engaging suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

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 stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; 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. Traceability & Risk Assessment

#### 2.1 Traceability and Supply Chain Transparency

The company demonstrates an understanding of the suppliers and their workers throughout its supply chains by publicly disclosing the names and addresses of its first-tier suppliers, the countries of its below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor and human trafficking, and several data points on its suppliers’ workforce.

The company discloses:

1. the names and addresses of its first-tier suppliers;
2. the countries of its below-first-tier suppliers (this does not include raw material suppliers);
3. the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and
4. at least two types of data points on its suppliers’ workforce (e.g., the number of workers, gender or migrant worker ratio, or level of unionization per supplier).

#### 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 chains.

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

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
2. details on forced labor risks identified in different tiers of its supply chains.
3. Purchasing Practices

3.1 Purchasing Practices

The company is taking steps toward responsible raw materials sourcing. Further, it is adopting responsible purchasing practices in the first tier of its supply chains, which it demonstrates through disclosing quantitative data points and providing 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 chains and increase risks of forced labor and human trafficking. The company:

1. is taking steps toward responsible raw materials sourcing;
2. is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting;
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); and
4. discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

3.2 Supplier Selection

The company assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses the outcomes of this process.

The company:

1. assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process.

3.3 Integration Into Supplier Contracts

The company integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts, and requires its suppliers to do the same.

The company:

1. integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts;
2. discloses the percentage of suppliers whose contracts include such standards; and
3. requires its suppliers to integrate such standards into contracts with their own suppliers.

4. Recruitment

4.1 Recruitment Approach

The company has a policy that requires direct employment in its supply chains. It specifies that employment and recruitment agencies in its supply chains respect the ILO core labor standards, which include the elimination of forced labor. 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 used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and
3. discloses information on the recruitment agencies used by its suppliers.

4.2 Recruitment Fees

The company requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer (Employer Pays Principle). If it discovers that fees have been paid by workers in its supply chains, the company takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers.

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

1. requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer (Employer Pays Principle); and
2. takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.
### 4.3 Monitoring and Responsible Recruitment

The company takes steps to ensure the employment and/or recruitment agencies used in its supply chains are monitored to assess and address risks of forced labor and human trafficking. Further, it provides details of how it supports responsible recruitment in its supply chains.

<table>
<thead>
<tr>
<th>The company:</th>
<th>(1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and (2) provides details of how it supports responsible recruitment in its supply chains (e.g., by collaborating with stakeholders to engage policy makers to strengthen recruitment standards).</th>
</tr>
</thead>
</table>

### 4.4 Rights of Workers in Vulnerable Conditions

To avoid the exploitation of migrant workers and other workers in vulnerable conditions in its supply chains, the company takes steps to ensure these workers understand the terms and conditions of their recruitment and employment and also understand their rights. It further takes steps to ensure its suppliers refrain from restricting workers’ movement, and it provides evidence of how it works with suppliers to ensure the rights of workers in vulnerable conditions are respected.

Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers’ legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).

The company:

1. takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;
2. takes steps to ensure its suppliers refrain from restricting workers’ movement, including through the retention of passports or other personal documents against workers’ will; and
3. discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

### 5. Worker Voice

#### 5.1 Worker Engagement

The company takes steps to ensure that its forced labor and human trafficking policies are communicated to workers in its supply chains. The company further works with relevant stakeholders to engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education. The company provides evidence of the positive impact of worker engagement in its supply chains.

The company:

1. takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;
2. takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;
3. provides evidence of the positive impact of worker engagement in its supply chains; and
4. provides at least two examples of worker engagement initiatives covering different supply chain contexts.
### 5.2 Freedom of Association

To support collective worker empowerment, the company works with local or global trade unions to support freedom of association in its supply chains. It enters into a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations. 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. works with independent local or global trade unions to support freedom of association in its supply chains;
2. discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;
3. takes steps to ensure workplace environments in which its suppliers’ 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
4. provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers’ workers such as migrant workers (e.g., by taking action where suppliers impede workers’ rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

### 5.3 Grievance Mechanism

The company takes steps to ensure 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 their legitimate representatives. The company ensures that the mechanism is effective across its supply chains.

The company:
1. takes steps to ensure 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 their legitimate representatives;
2. takes steps to ensure that the existence of the mechanism is communicated to its suppliers’ workers;
3. takes steps to ensure that its suppliers’ workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the 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 the first tier in its supply chains.

### 6. Monitoring

#### 6.1 Monitoring Process

To track and improve implementation of its supply chain policies that address forced labor and human trafficking, the company monitors its suppliers. The process includes non-scheduled visits, a review of relevant documents, off-site interviews with workers, and visits to associated production facilities and related worker housing. The company also takes steps to ensure suppliers below the first tier are monitored.

To improve implementation of its supply chain policies, conditions at the supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers’ rights and priorities).

The company has a supplier monitoring process that includes:
1. non-scheduled visits;
2. a review of relevant documents;
3. off-site interviews with workers;
4. visits to associated production facilities and related worker housing; and
5. steps to ensure that suppliers below the first tier are monitored.
6.2 Monitoring Disclosure

The company publicly discloses the following information on the results of its monitoring efforts: the percentage of suppliers monitored annually, the percentage of announced monitoring visits, the number or percentage of workers interviewed, information on the qualification of the monitoring organization used, and a summary of findings, including details regarding any violations revealed. The company may want to use worker-driven monitoring (i.e., monitoring undertaken by independent organizations, such as local worker-led organizations, unions, or local civil society partners) to ensure full identification of labor rights violations by those who are on the ground, year round.

The company discloses:
(1) the percentage of suppliers monitored annually;
(2) the percentage of announced monitoring visits;
(3) the number or percentage of workers interviewed; and
(4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers’ rights and priorities); and
(5) a summary of findings, including details regarding any violations revealed.

7. Remedy

7.1 Corrective Action Plans

The company has a process to create corrective action plans with suppliers found to violate its policies, with the goal of improving conditions and achieving respect of the ILO core labor standards, which include the elimination of forced labor. 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 discloses:
(1) a corrective action process for its suppliers and potential actions taken in cases 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, or spot-checks;
(3) potential consequences if corrective actions are not taken; and
(4) a summary or an example of its corrective action process in practice.

7.2 Remedy Programs / Response to Allegations

The company has a process to provide remedy to workers in its supply chains in cases of forced labor and human trafficking.

If no allegation regarding forced labor in the company's supply chains has been identified, the company discloses examples of outcomes of its remedy process for its suppliers' workers.

If one or more allegations regarding forced labor in the company's supply chains have been identified, the company engages in a dialogue with the stakeholders reportedly affected in the allegation and takes steps to ensure the provision of remedy that is satisfactory to the victims or groups representing the victims.

A. If no allegation regarding forced labor in the first or lower tier of a company's supply chains has been identified and disclosed by a third party(ies) in the last three years, the company discloses:
(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and
(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

If one or more allegations regarding forced labor in the company's supply chains have been identified, the company discloses that it engages in a dialogue with the stakeholders reportedly affected in the allegation (or requires its supplier[s] to do so), and it discloses a description of what actions it would take to prevent and remediate the alleged impacts.

B.1. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:
(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
(2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);
(3) outcomes of the remedy process in the case of the allegation(s); and
(4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses:
(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
(2) a description of what actions it would take to prevent and remediate the alleged impacts; and
(3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.
APPENDIX 3: BASIC STEPS TAKEN BY THE 60 LARGEST FOOD & BEVERAGE COMPANIES TO ADDRESS FORCED LABOR RISKS IN SUPPLY CHAINS

KnowTheChain assessed 60 of the world’s largest food and beverage companies against ten indicators that give a strong indication of a company’s efforts to address forced labor risks in its supply chains. The results of the analysis are divided into five tiers as shown in the chart to the right.

Notably, almost half of the companies (43%) have taken only “basic steps” to address forced labor risks in their supply chains, and no company has taken “advanced steps.” It is particularly disappointing that 18% of companies have taken “no steps.”

The majority of the companies (78%) disclose a supplier code of conduct that includes standards on forced labor. Approximately half of the companies (53%) integrate those standards into their contracts with suppliers. It is less common for companies across the sector to engage with stakeholders on forced labor. Thirty-eight percent participate in a multi-stakeholder or industry initiative addressing forced labor, and 23% engage with policy makers or worker rights organizations on forced labor in their supply chains.

It is concerning that only 55% of the assessed companies disclose conducting a human rights risk assessment on their supply chains, indicating that almost half of the companies are not carrying out this crucial step in their due diligence. Forty-two percent of the companies disclose forced labor risks that have been identified in their supply chains; only 13% report risks identified across different tiers of their supply chains. Given that risks are known to be prevalent across the tiers of food and beverage supply chains, it is surprising that this number is not higher.
In keeping with the findings on companies benchmarked against the full methodology, the number of companies disclosing information on their purchasing practices is very low: 13% disclose some information on responsible purchasing practices, and 18% disclose how they incentivize good labor practices in their supply chains.

The sector (comprising 60 companies) scores only 8/100 on freedom of association, as only 13% of the companies report working with global or local unions to support freedom of association in their supply chains. Only 3% provide at least two examples covering different supply chain contexts of how they improved freedom of association and/or collective bargaining for their suppliers’ workers such as migrant workers (e.g., by taking action where suppliers impede workers’ rights to freedom of association and/or collective bargaining, or by engaging policy makers to improve respect for such rights).

Forty-five percent disclose a policy prohibiting worker-paid recruitment fees in their supply chains; fewer (20%) require that fees be reimbursed to workers. This illustrates the stark gap between policy and practice—despite the number of companies disclosing a no-fee policy, only one company provides a concrete example of repaying fees to workers. Similarly, while 53% of companies disclose a grievance mechanism for their suppliers’ workers to report concerns or abuses, only 17% disclose data on the operation of the mechanism (such as the number or the type of grievances filed), which demonstrates that the mechanism is used by supply chain workers in practice.
ENDNOTES


2 For more information, see Appendix 2: Benchmark Methodology.


5 As You Sow (4 June 2019), “Monster Beverage Corporation — a case study in shifting from laggard to leader on slavery in supply chain.”


9 For more detailed recommendations for companies on each theme, see Findings by Theme and Recommendations for Company Action. For investor considerations, please see Considerations for Investor Action.


15 See, for example, NPR (8 August 2020), “Without Federal Protections, Farm Workers Risk Coronavirus Infection to Harvest Crops.”


17 International Labour Organization, “Indicators of forced labour.” Accessed 29 July 2020. The ILO lists the following indicators of forced labor: 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, and excessive overtime. It notes that the presence of one such indicator can indicate forced labor, but that typically a combination of indicators defines a forced labor case.


20 Open Democracy (23 April 2020).


22 The Guardian (1 May 2020), “No food, water, masks or gloves’: migrant farm workers in Spain at crisis point.”


Bloomberg (29 April 2020), "Tyson Foods helped create the meat crisis it warns against."
Tyson Foods (13 March 2020), "Protecting Team Members and Our Company; Ensuring Business Continuity"
Washington Post (25 April 2020), "As they rushed to maintain U.S. meat supply, big processors saw plants become covid-19 hot spots, worker illnesses spike."
Labour relations and collective bargaining – trends in collective bargaining coverage: stability, erosion, or decline?" p. 9.
Business & Human Rights Resource Centre, "Response from Tyson."
Business & Human Rights Resource Centre (10 April 2020), "Response from Tyson."
The Guardian (22 July 2020), "Coronavirus clusters: why meatworks are at the frontline of Australia’s ‘second wave’."
ITUC (1 July 2020), "ITUC Global Covid-19 Survey: democratic rights and freedoms under threat."
Business & Human Rights Resource Centre, "Philippines: Unions accuse Coca-Cola of using COVID-19 as pretext to target & dismiss union leaders; Company denies allegations."
The Guardian (20 July 2020).
For example, collective bargaining rates have been known to drop during times of economic crisis. See International Labour Organization (February 2017), "Labour relations and collective bargaining – trends in collective bargaining coverage: stability, erosion, or decline?" p. 9.
IUF (2 May 2020), "Yes, it is possible to protect agricultural workers and mitigate risk in a pandemic - SINTRAINAGRO shows how it’s done."
The Coca-Cola Company (2 July 2020), "Ethical and Sustainable Sourcing During COVID-19."
See, for example, The Star (25 June 2020), "Suppliers duped into bad contracts by buyers – CAK."
Unilever (24 March 2020), "Helping to protect lives and livelihoods from the Covid-19 pandemic."
Tesco (7 May 2020), "Supporting our suppliers during Covid-19."
Morrisons (8 June 2020), "Morrisons to make immediate payments to help small suppliers with cashflow."
US Customs and Border Protection (13 August 2020), "CBP Collects $575,000 from Pure Circle U.S.A. for Stevia Imports Made with Forced Labor."
The World Bank (June 2020), "Employment in Agriculture (% of total employment) (modeled ILO estimate)."
As an example, André Vielstädte, a spokesman for Tönnies, a German meat processor, notes that "We cannot find Germans to work for us," adding that it is not "pleasant work." The Economist (23 July 2020), "After spreading covid-19, a huge European abattoir vows reforms."
The following examples illustrate the high-migrant workforces in agriculture: 25% of food produced in the Italian agriculture sector relies on migrant labor. OpenDemocracy (29 April 2020), "Keeping the Italian agri-food system alive: Migrant farmworkers wanted!" Accessed 28 July 2020. In Germany, harvests are reported to rely on nearly 300,000 seasonal workers, many of whom travel from Romania and Poland. Euractiv (25 March 2020), "German farms need nearly 300,000 seasonal workers."
Verité (23 June 2020), "Case study: African Migrants in the Strawberry Fields and Greenhouses of Spain during the Pandemic"
64 Verité (23 June 2020).
65 Verité (23 June 2020).
66 The Guardian (7 July 2020), “Hold on brother: final days of doomed crew on Chinese shark finning boat.”
70 “Agriculture,” Verité, “Responsible Sourcing Tool.”
71 The Guardian (20 June 2019).
73 World Economic Forum (16 May 2020), “How can we prevent a COVID-19 food crisis?”
76 Verité (23 June 2020).
82 Reuters (10 March 2020), “U.S. senator calls for action on forced labor in China’s Xinjiang.”
88 Financial Times (21 October 2019), “Why more asset managers are taking cues from UN sustainability goals.”
89 Financial Times (29 April 2020), “Coronavirus forces investor rethink on social issues.”
91 Just Capital (20 August 2020), “Chart of the Week: JUST Companies Continue to Outperform Their Competition.”
92 Bloomberg (2 September 2019).
94 Please see Appendix 2: Benchmark Methodology, Non-scored information.
95 Such as a first-tier supplier list, names or locations of second-tier suppliers, or sourcing countries.
96 See Forced Labor Risks in Food & Beverage Supply Chains.
97 See Appendix 2: Benchmark Methodology for more information.
99 KnowTheChain focused on those initiatives that included at least five members and five non-members from the companies in its benchmark.
100 The two additional companies have guidance or additional disclosure on the topic.
Looking more specifically at items that companies are reportedly required to implement as part of their membership (see Institute for Human Rights and Business, “The Leadership Group for Responsible Recruitment Strategic Plan 2019-2020: Annex 3: Membership Requirements,” p. 24):

- All companies other than PepsiCo (which joined the initiative at the end of the benchmark research period) provide strong examples of supporting responsible recruitment (e.g., through supplier capacity building, mapping recruitment chains, or disclosing the number of workers recruited through responsible agencies); however, no company discloses a step-by-step process to prevent worker-paid fees across sourcing countries or commodities.
- Only three out of the six companies disclose mapping their supply chains, and none disclose outcomes of the mapping.
- Only four of the six companies have requirements or guidance for suppliers to monitor recruitment agencies. None disclose outcomes like the number or percentage of recruitment agencies monitored by suppliers, a summary of outcomes, or details on progress made over time.

The initiative reports that measures are being tested throughout 2020. It is positive that these include creating demand for responsible recruitment, increasing the supply of ethically sourced labor, and improving protections for workers. Given the scale of the abuse of supply chain workers, stronger criteria on supply chain metrics would be welcome. Further, integrating the costs of the Employer Pays Principle into purchasing practices is a key element of creating demand for responsible recruitment without creating adverse impacts (such as shifting costs to workers in the form of recruitment-related costs). Institute for Human Rights and Business (2019), "Metrics and Disclosure for the LGRR 2020-2022," p. 1.

Business & Human Rights Resource Centre, "CGF Human Rights Coalition | Working to end Forced Labour. Charter & Membership (as of 14/9/20)." Accessed 21 September 2020. As at the time of this writing the Human Rights Coalition is still in the process of being set up. For the purpose of this assessment, the Consumer Goods Forum’s broader membership base has been assessed. Information on the Human Rights Coalition has been added where available.


The UN Global Compact, "What’s the commitment?" Accessed 28 July 2020.


MSI Integrity (July 2020), p. 6.

MSI Integrity (July 2020), p. 6.

Fair Labor Association and Fair Wear Foundation provide publicly available reports on member performance. Initiatives that aim to be learning and engagement platforms only should state so explicitly. For example, the UN Global Compact is clear in its disclosure that it is focused on learning and does not enforce member action.

This includes engagement with policy makers, non-governmental organizations, worker rights organizations, other relevant stakeholders, and multi-stakeholder initiatives regarding 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.
Of the remaining companies placing restrictions on the rights to freedom of association and collective bargaining, one each is headquartered in Japan, Mexico, and the Netherlands.

This assessment is not taken into account in benchmark scores. The UK Modern Slavery Act requires companies that fulfill the following to report: A company is a “body corporate” or a partnership, wherever incorporated or formed; it carries on a business, or part of a business, in the UK; it supplies goods or services; and it has an annual turnover of £36 million or more. 


No company discloses a list of the names and addresses of even its top 200 suppliers or its suppliers in at least three high-risk commodities.

Traidcraft Exchange (May 2018), “The Estate They’re In: How the tea industry traps women in poverty in Assam.” p. 17. Oxfam (October 2019), “Workers’ Rights in Supermarket Supply Chains: New Evidence on the Need for Action,” pp. 8-9 and 18-19. It is also important that transparency is worker-driven, meaning that it is driven by “the rights and needs of workers to improve their working conditions and living standards” and enables workers to address the problems they face in their workplaces.

Please see Appendix 2: Benchmark Methodology, “Non-scored information.”


Please see Appendix 2: Benchmark Methodology, “Non-scored information.”

See, for example, Reporté Brasil (3 May 2019), “Slave labor found at second Starbucks-certified Brazilian coffee farm.” The Guardian (20 June 2019). See also, Washington Post (23 October 2019), “Chocolate companies sell ‘certified cocoa.’ But some of those farms use child labor, harm forests.”


For more information, see International Labour Organization, “Q&As on Business and freedom of association.” Accessed 27 July 2020.

Fair Food Program (2019), “Fair Food 2018 Update,” pp. 8-10. The hotline has received 2,144 complaints, 52% of which were resolved in less than two weeks.

For example, palm workers in Colombia formed a union and negotiated an agreement that ensured they would become permanent employees, would not be required to pay for their own tools and transport (thus reducing their debt), and secured wage increases and compensation for work-related injuries or illness. Solidarity Center (1 March 2019), “Colombia palm workers win landmark agreement.” A collective bargaining agreement in the agricultural sector in Morocco led to women being able to access higher-paying jobs and increasing the transparency and predictability of wages; workers now always receive wages for the full day (even if weather limits working hours), time off for illness, and increased social dialogue. Solidarity Center (February 2019), “The Benefits of Collective Bargaining for Women: A Case Study of Morocco.” Migrant workers in Russia have negotiated higher wages and overtime pay and ensured that they have fully signed contracts that incorporate working conditions and their ability to work in the country. Solidarity Center (4 November 2019), “A first of its kind: Kyrgyz migrant workers’ union.” For further examples, please see the websites of IUF and Solidarity Center.


145 IUF (3 June 2020), “Coca-Cola Indonesia exploits COVID-19 lock-down to impose secret collective agreement, undercutting the rights and benefits of 6,000 workers.”
146 Business & Human Rights Resource Centre, “HRD Attack: Celio Elias meat workers union SINTIACR.”
150 CBC (16 July 2020), “Hotline became lifeline for migrant workers secretly reporting poor conditions on Canadian farms.”
152 The Coca-Cola Company (2 July 2020).
160 Fair Food Program, “About the Fair Food Program.”
161 It should be noted that while KnowTheChain only takes into account allegations of forced labor, companies in the benchmark may also be involved in other human rights-related allegations. For more information on labor conditions in the sector, see the Business & Human Rights Resource Centre website. Accessed 23 July 2020.
163 The remaining companies for which KnowTheChain identified allegations are Mondelēz, Nestlé, PepsiCo, Tesco, and Walmart.
164 KnowTheChain assesses engagement levels similarly to the Corporate Human Rights Benchmark: “Yes” indicates that a company participated in the research process by having an engagement call with KnowTheChain or submitted links or additional disclosure to KnowTheChain during the three-month engagement period (March to May 2020). “Informal” engagement means a company had some form of contact with KnowTheChain between July 2019 and June 2020. This could include an email enquiring about KnowTheChain or its benchmarking methodology or a call outside the engagement period. “No” means a company did not interact with KnowTheChain between July 2019 and June 2020.
165 In 2019, the Corporate Human Rights Benchmark (CHRB) assessed 34 of 43 companies ranked by KnowTheChain's 2020 food and beverage benchmark.
166 For more information, see Appendix 2: Benchmark Methodology.
167 A company discloses:
• No steps = no relevant information
• Basic steps = relevant information for up to one-quarter of the indicators
• Some steps = relevant information for up to one-half of the indicators (and at least one-quarter of them)
• Intermediate steps = relevant information for up to three-quarters of the indicators (and at least half of them)
• Advanced steps = relevant information for over three-quarters of the indicators.
ABOUT KNOWTHECHAIN

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

knowthechain.org

Business & Human Rights Resource Centre is a non-profit that tracks the positive and negative human rights impacts of more than 9,000 companies worldwide. In 2019, the Resource Centre took up over 600 allegations of human rights violations with companies, with a response rate of 70%. The Resource Centre has a global team of around 60 members based in over 20 locations in every region of the world.

business-humanrights.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

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