
2020

Information and
Communications
Technology

BENCHMARK FINDINGS REPORT



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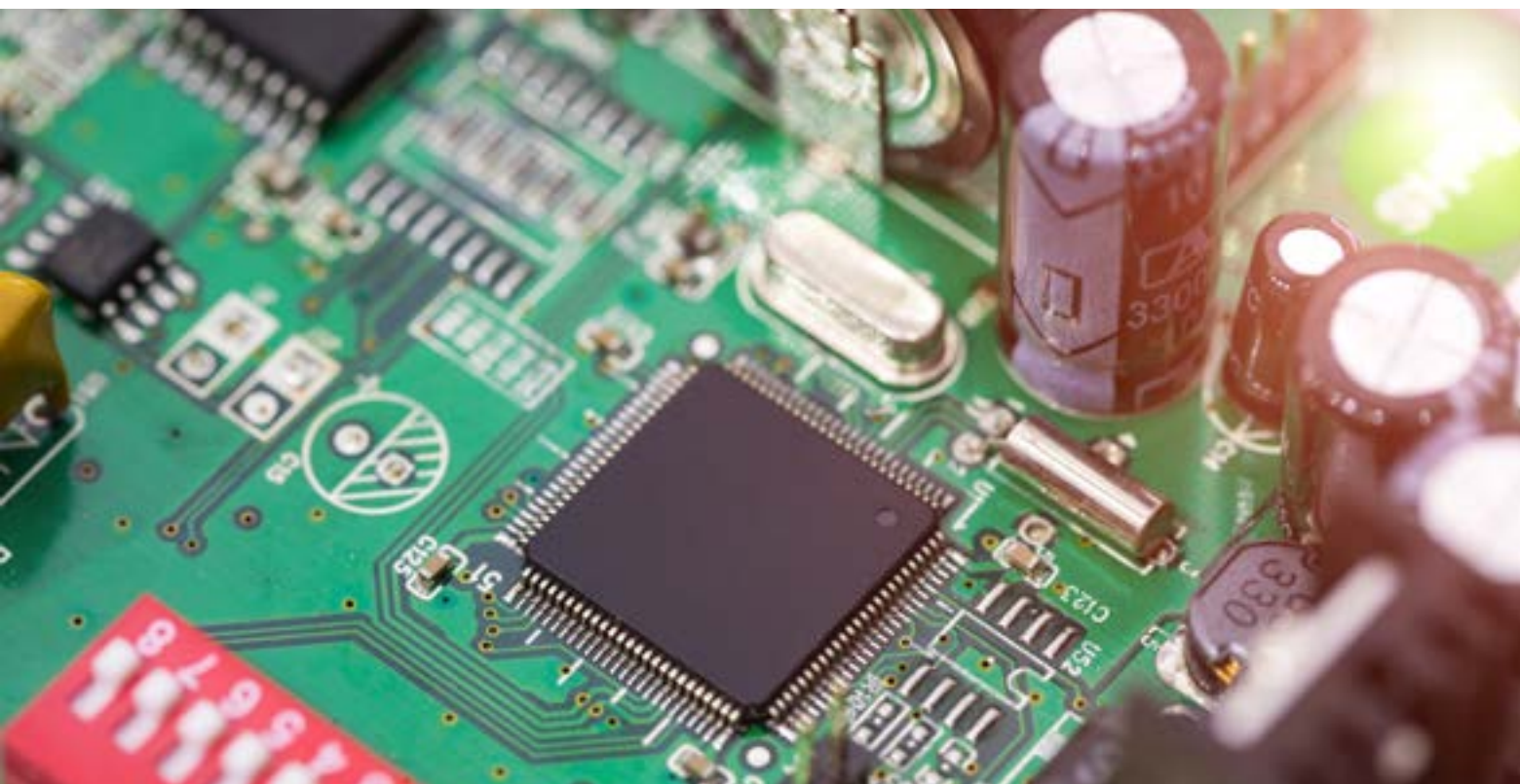
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EXECUTIVE SUMMARY

The global electronics sector is comprised of powerful corporations—the 49 largest information communications and technology (ICT) companies have a combined market capitalization of US\$5 trillion and combined annual profits of almost US\$1 trillion.¹ This brings with it a duty to prevent and address forced labor in the ICT sector’s supply chains, particularly when crises such as Covid-19 exacerbate factors that render workers vulnerable to forced labor.

KnowTheChain evaluated the 49 largest ICT companies globally on their efforts to address forced labor and human trafficking in their supply chains. The results show that:

- The vast majority of the companies score poorly, with **more than three-quarters scoring less than 50%, and with an average score of 30%**. These low scores indicate that the majority of these high-profit companies are not doing enough to identify and eliminate the egregious abuse of workers who are manufacturing the products they sell.
- **Recruitment:** No one should have to pay for a job. Yet this is the reality faced by low-income workers in electronics supply chains, who may have to pay recruitment fees amounting to several times their monthly wages, thus forcing them to work to pay off the debt.² **Thirty-six of the 49 companies (73%) have a policy prohibiting worker-paid recruitment fees** in their supply chains. But company disclosure reveals a **disparity between policy and practice**—only 13 companies disclose evidence that fees have been repaid to workers, and no company sets out a comprehensive process to prevent workers being charged such fees in the first place.
- **Worker Voice**, which assesses how companies seek to ensure that workers understand and are able to exercise their rights, is the **lowest-scoring theme of the benchmark** (average 12/100). **Every company scored zero** on its efforts to ensure **supply chain workers are free to organize and collectively bargain for better working conditions**—which is key to eliminating forced labor.



- **How companies scored:** Despite the sector’s poor average performance, there are companies that demonstrate that eliminating forced labor and sustaining a healthy return on investment is achievable. **Hewlett Packard Enterprise** (70/100) tops the benchmark in 2020, closely followed by **HP** (69/100), **Samsung** (69/100), **Intel** (68/100), and **Apple** (68/100). These five companies all disclose repayment of fees to workers in their supply chains as well as steps to better understand (and thus ultimately prevent) fees from being charged to workers. That said, the highest score achieved in the benchmark is 70/100, showing that even the stronger-performing companies in the sector can do much more—especially in closing the gap between policy and practice.
- Companies scoring 10/100 or lower include the US semiconductor company **Broadcom** (10/100), the German semiconductor manufacturer **Infineon Technologies** (9/100), and the Swedish electronics equipment company **Hexagon** (8/100). The three lowest-scoring companies include the world’s largest surveillance equipment manufacturer,³ **Hikvision**, and **Largan Precision**, which manufactures lenses for electronic devices and is a supplier to Amazon and Apple. **Xiaomi**, the world’s fourth-largest smartphone manufacturer, is the only company to score zero in the benchmark.⁴

This report analyzes the disclosure and performance of 49 companies against seven benchmark themes, and it provides good practice examples and recommendations for companies as well as recommendations for investor action. It also highlights the nature of forced labor risks in the ICT sector and explores the role of industry associations. Finally, it shines a light on changes in company practices over time and highlights how companies address forced labor risks in the lower tiers of their supply chains.

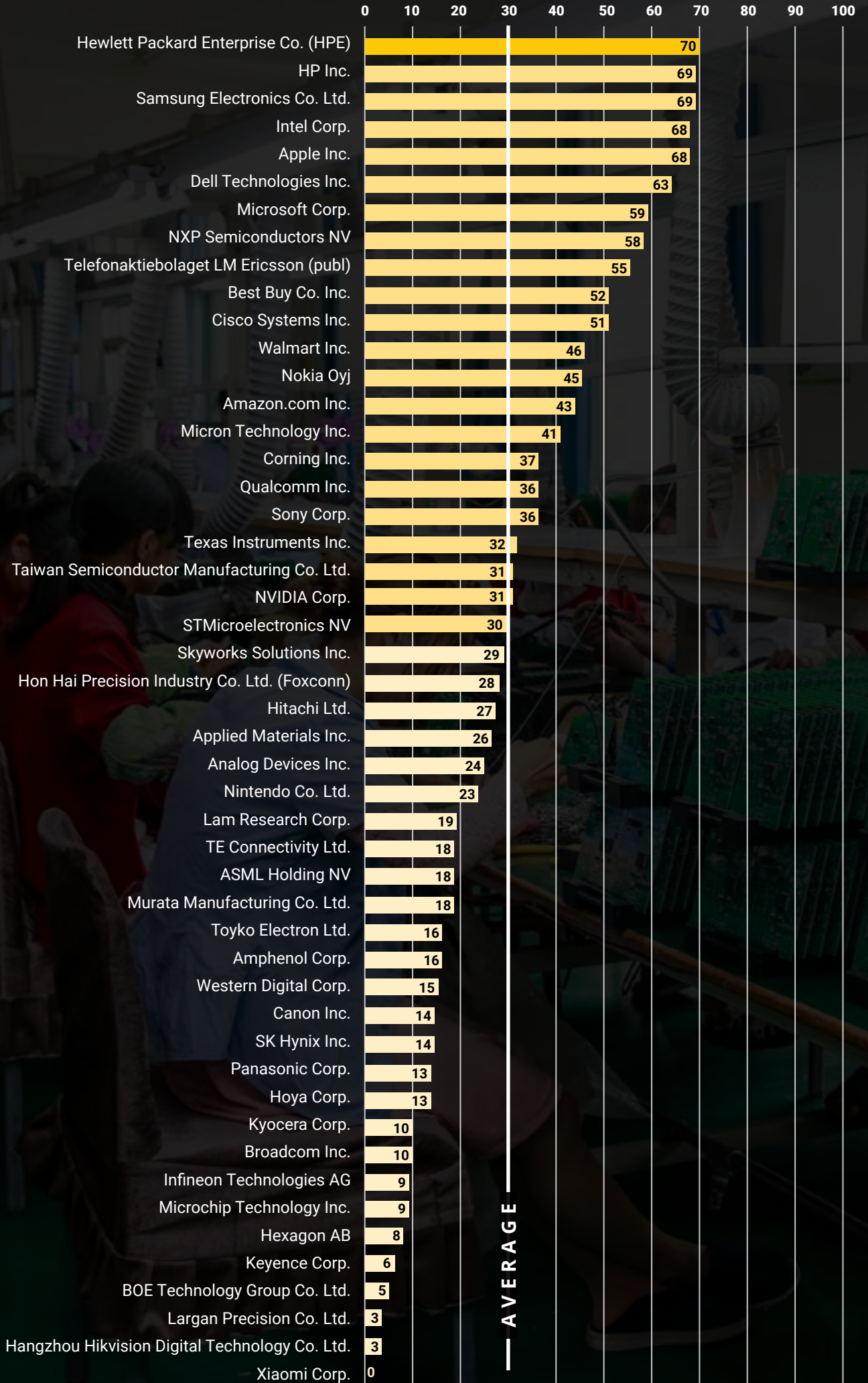
1 Refers to gross profits as reported by companies in financial year 2019.

2 Danwatch (28 June 2019), "[The labour supply chain: how foreign workers end up indebted in Malaysia.](#)"

3 Reuters (29 August 2019), "[Hikvision, a surveillance powerhouse, walks U.S.-China tightrope.](#)"

4 As of Q4 2019, Xiaomi was recorded as having the fourth-largest smartphone market share. Counterpoint, "[Global Smartphone Market Share: By Quarter.](#)" Accessed 12 March 2020. See also TechCrunch (13 August 2019), "[Xiaomi tops Indian smartphone market for eighth straight quarter.](#)"

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COVID-19 AND THE ELECTRONICS SECTOR

Supply chains are facing mass disruption due to the outbreak of Covid-19. With its highly globalized supply chains, the tech industry is impacted by production shortages, delays, and factory shutdowns of critical suppliers,¹ which demonstrates the fragility of global supply chains to external shocks. Yet as is so often the case, it hits those in the most vulnerable conditions the hardest: workers in supply chains and, in particular, groups like women migrant workers.² Such crises can have a significant negative impact on workers, such as reduced hours, a lack of sick and caregivers' leave, reduced wages, or job loss. Migrant workers are often laid off first.³

For those who remain at work, poor living conditions and cramped accommodations, transportation, and workplaces increase the risk of infection.⁴ Language barriers may make it difficult for migrant workers to follow health-related advice to protect themselves.⁵ In Malaysia, a hotspot for electronics manufacturing, migrant workers have not been included in the government's response to put protective measures in place for workers.⁶

Factors that already render workers vulnerable to forced labor are exacerbated by the pandemic, forcing workers to accept work even when conditions aren't safe. Particularly vulnerable are workers who have accumulated large debts due to extortionate recruitment fees.⁷ Workers are being asked to produce goods that are now higher in demand—and some of those items are from companies known to have produced goods using forced labor.⁸ As there are likely to be staff shortages,⁹ there is a risk that workers will be forced to work excessive hours to fill the gap, which may be further exacerbated by companies wishing to address product shortages when production resumes.¹⁰

Migrant workers who lose their jobs because of Covid-19-related impacts are also at risk—they may have precarious legal status in their country of work, and they may not be able to

access another source of income, making them more vulnerable to exploitation.¹¹ In some countries, a migrant worker's right to stay in a country is linked to specific employment; it is, therefore, a risk that migrant workers become undocumented.¹²

Limits on the right to freedom of association and a lack of representation for workers will also make it difficult for workers impacted by the virus to collectively bargain for better conditions, including health and safety protections, leave entitlements, and hazard pay, as they continue to work in dangerous conditions.

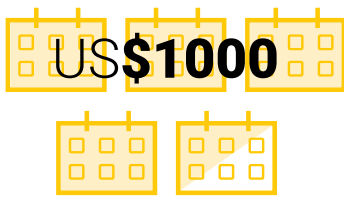
During this pandemic, many workers in global supply chains are experiencing indicators of forced labor,¹³ such as excessive overtime, withholding of wages, and abuse of the vulnerability of workers who lack alternative livelihood options. Covid-19 calls to attention the importance of decent working and living conditions in supply chains, both for workers and to ensure continued production for companies. Yet a lack of monitoring of working conditions in times of social distancing may leave exploitative working conditions undetected and provide a breeding ground for continued disruptions. This crisis also highlights the importance of purchasing practices and tracing and assessing risks in supply chains (themes assessed in this report). Companies' lack of effort to gain visibility beyond the first tier of their supply chains becomes an operational risk as companies, unaware of where their suppliers' source from, experience disruption across supply chain tiers and sourcing countries.¹⁴

The report highlights the gaps in ICT companies' efforts to address forced labor in their supply chains, and it is pertinent to consider how those gaps are further exposed by the impact of Covid-19 and whether companies are equipped to deal with the increased risk of forced labor.

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- 1 Bloomberg (20 March 2020), "[A Covid-19 Supply Chain Shock Born in China Is Going Global.](#)" Business Insider (7 March 2020), "Coronavirus is worrying electronics manufacturers, and everyday shoppers could end up seeing 'spot shortages' for certain gadgets if the situation worsens."
 - 2 BBC (8 March 2020), "[Coronavirus: Five ways virus upheaval is hitting women in Asia.](#)"
 - 3 See for example: Quartz (27 February 2020), "[Coronavirus is drying up the supply chains of Southeast Asia's factories.](#)" Electronics Watch (February 2020), "[Protecting Chinese Workers' Rights During the 2020 Epidemic: Guidance for Public Buyers.](#)" Business & Human Rights Resource Centre, "[COVID-19 \(Coronavirus\) Outbreak: Supply chain workers.](#)" Accessed 22 March 2020. International Organization for Migration (26 March 2020), "[COVID-19 places migrant workers in highly vulnerable situations.](#)"
 - 4 Amnesty International (20 March 2020), "[Qatar: Migrant workers in labour camps at grave risk amid COVID-19 crisis.](#)" Electronics Watch (6 April 2020), "Impact of Covid-19 on migrant workers in Malaysia."
 - 5 International Organization for Migration (26 March 2020).
 - 6 Fair Labor Association (6 April 2020), "[Country-specific updates on provisions for workers in response to the Covid-19 pandemic.](#)"
 - 7 International Organization for Migration (26 March 2020).
 - 8 One company in Malaysia, which ordinarily hires workers from Nepal, cannot do so because of travel restrictions in place for Covid-19, and is reportedly trying to hire 1,000 workers to fill the gap to address a 100% increase in orders. Reuters (28 March 2020), "[World's largest glove maker sees shortage as coronavirus fight spikes.](#)" The factory is known to have had conditions of forced labor. The Guardian (9 December 2018), "[NHS rubber gloves made in Malaysian factories linked with forced labour.](#)"
 - 9 Foxconn reported that only 10% of its workforce returned after factory closures. CNBC (10 February 2020), "[iPhone manufacturing in China is in limbo amid coronavirus outbreak.](#)" Financial Times (4 March 2020), "[China's stranded workers drag down coronavirus-stricken economy.](#)"
 - 10 Business Insider (7 March 2020).
 - 11 Al Jazeera (29 March 2020), "[Coronavirus lockdown leaves migrant workers stranded in Thailand.](#)"
 - 12 International Organization for Migration (26 March 2020).
 - 13 International Labour Organization, "[Indicators of forced labour.](#)" Accessed 15 April 2020.
 - 14 Financial Times (9 March 2020), "[Companies' supply chains vulnerable to coronavirus shocks.](#)"

FORCED LABOR IN ICT SECTOR SUPPLY CHAINS

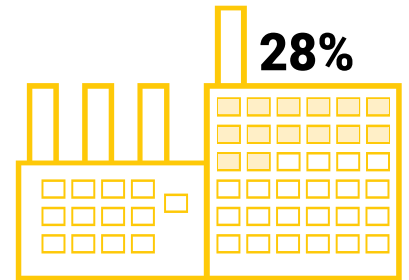
An estimated 24.9 million people are in situations of forced labor globally.¹⁵ Forced labor is defined by the International Labour Organization (ILO) as “situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.”¹⁶ While forced labor is prohibited around the world by law, enforcement is weak: modern slavery generates an estimated US\$150 billion in profits every year.¹⁷



No workers should pay for a job. Yet, in Malaysia, some workers had to pay **4-5 months' wages (approx. US\$1,000)** in recruitment fees.¹⁸



Suppliers to one electronics company reportedly **reimbursed up to US\$30 million** to workers for fees paid for recruitment.¹⁹



One single study linked the supply chains of **more than ¼ of the benchmarked companies** (14 out of 49, or 28%) to sourcing from factories employing forced labor, namely workers from an ethnic minority forced to work in factories across China.²⁰

The global ICT sector includes powerful companies. The nearly US\$1 trillion of combined profits of the 49 largest companies stand in stark contrast to workers' wages: in Malaysia, for example, a manufacturing hub for ICT supply chains, as of 2020, the legal minimum monthly wage is US\$280, or US\$1.36 per hour.²¹

This level of risk is also reflected in allegations of forced labor in the sector regarding benchmarked companies, identified by KnowTheChain in media and civil society reports—the majority of which have taken place in Malaysia and China (including Taiwan), and Thailand.²² These allegations take place within multiple tiers of companies' supply chains, and across sub-sectors, including in supply chains of the semiconductor, technology hardware, and consumer electronics sectors.

WHERE DOES FORCED LABOR OCCUR IN ELECTRONICS SUPPLY CHAINS?

Most electronics supply chains are based, at least in part, in countries that are at high risk for forced labor. The US Department of Labor identifies Malaysia and China, both major sourcing countries, as countries where electronics may be produced using forced labor.²³

Malaysia is among the world's largest exporters of semiconductors, which are said to be in "virtually every device on the market," and it is the biggest exporter of semiconductors to the USA.²⁴ Moreover, electronics products accounted for almost 40% of Malaysia's exports in 2019.²⁵ The high proportion of migrant labor from Myanmar, Bangladesh, Indonesia, and Nepal²⁶ in Malaysia is particularly vulnerable to risks of forced labor through the recruitment process. Migrant workers are often charged extortionate fees in order to get a job and for related costs such as accommodations and travel.²⁷

China remains a main production country.²⁸ The country has a quarter of the global market share in the export of semiconductors.²⁹ Forced labor risks are pervasive. A 2020 study identified 83 companies, including 14 of the 49 companies (28%) in this benchmark, that were reportedly sourcing from factories across China producing under conditions of forced labor; those factories' workers were ethnic minorities who had been transferred from Xinjiang.³⁰

Forced labor risks are not exclusive to these countries. Trends show that considerations such as the US tariffs imposed on products from China in 2018 and 2019 have caused some companies to move parts of their supply chains from China to countries such as **Thailand**, Malaysia, **Vietnam**, **India**, and the **Philippines**.³¹ Regardless of location, manufacturing is the third-highest sector at risk of forced labor,³² and a sudden increase in production and an influx of migrant workers may lead to additional challenges. In addition, electronics manufacturing locations such as India, Thailand, **Taiwan**, Vietnam, and **Singapore** already rely on significant internal or external migrant labor,³³ groups that are particularly vulnerable to exploitative working conditions and

forced labor. And women already comprise 60-90% of electronics workers in Malaysia, Thailand, and Vietnam—a group vulnerable to exploitation, as evidenced by reports of women workers being subjected to threats and verbal abuse from their supervisors³⁴ (an indicator of forced labor).

In addition to the workers in vulnerable conditions across the tiers of electronics supply chains (who may be involved in manufacturing components or finished products), forced labor risks exist in the deeper tiers of supply chains, at the raw material level. The US Department of Labor notes that tin, tungsten, and tantalum may be mined with forced labor in the **Democratic Republic of the Congo**, and gold in Burkina Faso, the Democratic Republic of the Congo, **North Korea**, and **Peru**.³⁵

Forced Labor Risks Are High in the Sector, yet Companies Neglect Risk

Assessment: It is concerning that less than half of the companies (45%) disclose conducting a human rights risk assessment on their supply chains, and only 19 companies (38%) disclose the risks of forced labor identified in their supply chains. This stands in stark contrast to the fact that all the benchmarked companies that disclose a supplier list or some information on their sourcing countries disclose sourcing from Malaysia and/or China (59% of companies)—the two countries listed by the US Department of Labor as at risk for forced labor in electronics.

WHAT DOES FORCED LABOR LOOK LIKE IN THE ELECTRONICS SECTOR?

Danwatch carried out an investigation in which it interviewed workers in Malaysia who reported paying approximately US\$1,000 in recruitment fees, the equivalent of four or five months' wages.³⁶ Payment of such costs can leave workers trapped in situations of debt:

Batsa, a 25-year-old Nepalese worker [in an electronics factory in Malaysia], had around 1,700 euros [US\$1,800] deducted from his salary over the past 18 months to allegedly fund a new work permit. That is the equivalent to eight months of his basic wages and is evident from his payslips.

“I even have had to pay them money at the end of the month instead of getting money”

Batsa said and explained that deductions for work permits, accommodation and other purposes sometimes exceeded the actual wages being paid when the factory could not offer a full week's work and overtime hours.³⁷

Further, the **restriction of workers' freedom of movement** through means such as the retention of personal documents (including passports) is common, as are intimidation and threats, such as denunciation to the immigration authorities. For example, Nurul, a migrant worker in an electronics factory in Malaysia who did not have a valid work permit because she ran away from her first job, said: “If I ask for my passport the labour agent threatens to turn me in to the authorities.”³⁸ It is reported that Nurul did not retrieve her passport from the labor agent until she had been working at the factory for two years.³⁹

The risks of exploitation thrive in situations where the workers' right to organize for better working conditions is suppressed or inadequately supported. Where workers can exercise their right to freely associate and bargain collectively, there have been strong improvements in wages and working conditions, across sectors and sourcing countries,⁴⁰ thereby potentially reducing the risks

of forced labor. The top three sourcing countries for US electronics, for example, are China,⁴¹ Mexico, and Vietnam,⁴² all of which are currently awarded the worst or second-worst grade when it comes to the right to freedom of association and collective bargaining (“No guarantee of rights”/“Repeated violations of rights”).⁴³

Forced overtime is also a major risk for workers in electronics supply chains. Workers in an electronics factory in the Philippines reported that overtime was mandatory as a condition of employment or contract renewal: “When you refuse, there is a penalty, a suspension ... Many workers are threatened with termination if they refuse overtime.”⁴⁴ Similar conditions, where electronics workers are coerced into working overtime through threats of dismissal or deduction of bonuses, are reported in countries including Vietnam and Indonesia.⁴⁵

Student workers have also been found at risk, for example in China, as they are pressured into undertaking work irrelevant to their subject of study and working overtime.⁴⁶ **Prison labor** has also been reported at risk as factories attempt to keep prices down.⁴⁷ In addition, as factories try to retain staff and maintain production capacity, workers in China may have their most recent month of wages withheld in order to prevent them from resigning.⁴⁸ Furthermore, China is host to many workers who migrate internally and may be at risk. Particularly vulnerable are workers who speak different dialects or languages and come from remote and lower-income areas of the country.⁴⁹

What Regulatory Risks Exist or Emerge for Companies Not Addressing

Forced Labor Risks? A large number of ICT companies are headquartered in the USA. Yet the USA is increasingly clamping down on imports of products that have been produced with forced labor. In October 2019, the US Customs and Border Protection agency detained imports of minerals produced with forced labor, as well as products manufactured in Malaysia and China, two key sourcing countries for the electronics sector.⁵⁰ As of March 2020, US lawmakers were also considering seizing goods imported from Xinjiang, China, due to the widespread use of ethnic minorities as forced laborers in the region and the transfer of those workers across provinces in China.⁵¹

Reporting legislations in jurisdictions around the world require companies to disclose the steps they take to address forced labor risks. The UK Modern Slavery Act alone requires the vast majority of large global ICT companies (including 46 of the 49 ICT companies benchmarked by KnowTheChain) to report such information on an annual basis. In Europe, mandatory human rights due diligence is on the rise in individual countries. France and the Netherlands have already implemented such legislation; Germany, Switzerland, and Finland are considering it; and the

European Commissioner for Justice committed to introduce such legislation at the EU level in 2021.⁵²

The recovery from the Covid-19 pandemic will see major corporate bailouts. There is a rising global chorus for recipient companies to demonstrate human rights due diligence and emissions-reductions targets.⁵³ Companies that anticipate and act on these issues will be both more resilient and better able to demonstrate their early qualification for government bailouts.

Forced labor risks for the sector persist across subsectors, sourcing countries, supply chain tiers, and types of workers, such as student workers, migrant workers, women workers, and workers from ethnic minorities. Vulnerability to forced labor can increase quickly as a result of fluctuations in economic and political conditions. Factors that render workers such as migrant workers and women workers more vulnerable to forced labor are increasing—including unemployment, informal employment, increased migration due to conditions such as income inequality and climate change, and increased competition for existing jobs thanks to the automation of manufacturing work.⁵⁴ In light of these conditions, as well as the impact of Covid-19, companies and their investors should take heightened steps to ensure that the rights of every worker producing the laptops and mobile phones we use on a daily basis are respected.

- 15 International Labour Organization, "[Forced labour, modern slavery and human trafficking.](#)" Accessed 16 March 2020.
- 16 International Labour Organization, "[What is forced labour, modern slavery and human trafficking.](#)" Accessed 16 March 2020.
- 17 International Labour Organization (2014), "[Profits and Poverty: The Economics of Forced Labour,](#)" p. 13.
- 18 Danwatch (28 June 2019), "[The labour supply chain: how foreign workers end up indebted in Malaysia.](#)"
- 19 As publicly reported by companies in the benchmark. Even where companies disclose details of repaying fees, it is often difficult to understand the scale of reimbursement across sourcing countries and whether this is adequate.
- 20 Australian Strategic Policy Institute (March 2020), "[Uyghurs for sale: Re-education, forced labour and surveillance beyond Xinjiang,](#)" p. 5.
- 21 ASEAN Briefing notes that: "The minimum wage is now 1,200 ringgits (US\$283) per month, an increase of 100 ringgits (US\$23) from 2019. The rate for employees earning an hourly rate has been increased to 5.77 ringgits (US\$1.36) from 5.29 ringgits (US\$1.25)." ASEAN Briefing (26 February 2020), "[Malaysia increases minimum wage.](#)" The actual wages for migrant workers are likely lower, as excessive working hours as well as non-payment and underpayment for such workers are common. The wages also contrast with the living wage, which would be around US\$620. Ethical Trading Initiative (2019), "[Human Rights Due Diligence in Malaysia's Manufacturing Sector,](#)" p. 22-24. Danwatch (28 June 2019), "[The labour supply chain: how foreign workers end up indebted in Malaysia.](#)"
- 22 KnowTheChain includes publicly available allegations of supply chain forced labor as well as company responses in the benchmark analysis. For more information see [Appendix 2: Benchmark Methodology](#) and the chapter on [Remedy](#).
- 23 US Department of Labor (2018), "[U.S. Department of Labor's 2018 List of Goods Produced by Child Labor or Forced Labor,](#)" pp. 8-9.
- 24 Danwatch (28 June 2019), "[How the global electronics industry came to rely on forced labor and debt bondage.](#)"
- 25 MA Trade, "[Top 10 Major Export Products, 2019.](#)" Accessed 4 May 2020. See also Danwatch (28 June 2019), "[How the global electronics industry came to rely on forced labour and debt bondage.](#)"
- 26 Danwatch (28 June 2019), "[How the global electronics industry came to rely on forced labour and debt bondage.](#)"
- 27 Malaysia is estimated to host between two and four million undocumented migrant workers, as well as 2.2 million registered migrants. Danwatch (28 June 2019), "[The labour supply chain: how foreign workers end up indebted in Malaysia.](#)" It is estimated that migrant workers could comprise up to a third of the country's workforce. VOA (11 October 2019), "[US ban on Malaysian glove maker highlights 'systemic' labor abuse.](#)"
- 28 In 2015 it was reported that an estimated 90% of electronics were produced in China. Inc. (24 February 2015), "[5 things to know about doing business in Shenzhen.](#)" See also Forbes (14 July 2016), "[A look inside Shenzhen's high-tech empire.](#)"
- 29 Trade Map, "[List of exporters for the selected product in 2018.](#)" Accessed 24 March 2020.
- 30 Australian Strategic Policy Institute (March 2020). See also The Guardian (1 March 2020), "[China transferred detained Uighurs to factories used by global brands – report.](#)"
- 31 Forbes (3 February 2020), "[Three trends driving electronics manufacturing out of China in 2020.](#)" Samsung, for example, has moved smartphone manufacturing outside of China. Financial Times (18 October 2019), "[Samsung's departure is new blow to Chinese manufacturing.](#)" The New York Times (11 March 2020), "[U.S. Lawmakers Propose Tough Limits on Imports from Xinjiang.](#)"
- 32 International Labour Organization (2017), "[Global estimates of modern slavery: forced labour and forced marriage,](#)" p. 32.
- 33 The Responsible Business Alliance discloses the countries where its members have undertaken supplier audits. In addition to China and Malaysia, higher numbers of audits were undertaken in Taiwan, Thailand, and India. Responsible Business Alliance, "[RBA Annual Report 2018,](#)" p. 35. There are an estimated five million migrant workers in Thailand. Reuters (11 December 2019), "[Thai electronics firm compensates exploited workers in rare award.](#)" India relies on an estimated 139 million workers who migrate internally from rural areas all over the country. World Economic Forum (1 October 2017), "[India has 139 million internal migrants. They must not be forgotten.](#)" Similarly, up to five million workers in Vietnam are internal migrants, many of whom are informally employed. Oxfam, "[Workers' Rights.](#)" Accessed 8 April 2020. Taiwan hosts around 700,000 migrant workers. Equal Times (20 March 2020), "[Will Taiwan reform its system of labour brokerage to better protect migrant workers?](#)" As of June 2019, Singapore has more than 1.3 million foreign workers. Government of Singapore: Ministry of Manpower, "[Foreign workforce numbers.](#)" Accessed 15 April 2020.
- 34 Equal Times (22 December 2017), "[The gender gap in electronics factories: women exposed to chemicals and lower pay.](#)"
- 35 US Department of Labor (2018), "[U.S. Department of Labor's 2018 List of Goods Produced by Child Labor or Forced Labor,](#)" p. 8.
- 36 Danwatch (28 June 2019), "[The labour supply chain: how foreign workers end up indebted in Malaysia.](#)"

- 37 Danwatch (28 June 2019), "[Forced labour behind European electronics.](#)"
- 38 Danwatch (28 June 2019), "[Forced labour behind European electronics.](#)"
- 39 Danwatch (28 June 2019), "[Forced labour behind European electronics.](#)"
- 40 For example, a textile union in South Africa secured a national collective agreement for the Covid-19 lockdown which ensures payment of workers' full salary for six weeks. IndustriALL (26 March 2020), "[South African textile union wins full pay guarantee during coronavirus lockdown.](#)" In Japan, 56 unions secured wage increases for metal workers, with some securing bonuses that averaged five months of annual pay, as well as minimum wage agreements. IndustriALL (2 April 2020), "[Japanese metalworkers secure wage increase.](#)" Migrant workers in Russia have negotiated higher wages, overtime pay, and ensured that they have fully signed contracts which 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.](#)"
- 41 Regulatory constraints are placed on freedom of association. For guidance on how to support workers' rights in such contexts, see International Labour Organization, "[Q&As on Business and freedom of association.](#)" Accessed 13 March 2020.
- 42 For recent developments in Vietnam, see International Labour Organization (26 July 2019), "[Vietnam ratifies the Collective Bargaining Convention.](#)"
- 43 ITUC (2019), "[2019 ITUC Global Rights Index](#)," p. 10.
- 44 Electronics Watch (December 2016), "[Regional Risk Assessment Semiconductor and Electronics Industry, Philippines](#)," pp. 4 and 11.
- 45 Electronics Watch (August 2019), "[Regional Risk Assessment: Electronics Industry, Vietnam](#)," p. 10. See also Electronics Watch (December 2018), "[Regional Risk Assessment: Electronics Industry, Indonesia](#)," p. 11.
- 46 The Guardian (8 August 2019), "[Schoolchildren in China work overnight to produce Amazon Alexa devices.](#)"
- 47 Electronics Watch (October 2016), "[Regional risk assessment electronics industry, China](#)," p. 12.
- 48 Electronics Watch (October 2016), p. 11.
- 49 China is estimated to have a workforce of approximately 268 million domestic migrants. Ethical Trading Initiative (2019), "[Ethical Recruitment Practices and Forced Labour in China: Guidelines for Employers](#)," pp. 16-17.
- 50 U.S. Customs and Border Protection (1 October 2019), "CBP Issues Detention Orders against Companies Suspected of Using Forced Labor."
- 51 Australian Strategic Policy Institute (March 2020). See also The Guardian (1 March 2020).
- 52 Business & Human Rights Resource Centre, "[Mandatory Due Diligence](#)." Accessed 30 April 2020.
- 53 Business & Human Rights Resource Centre, "[COVID-19: Govts. & financiers increasingly urge companies to use \(emergency\) funds to support stakeholders not shareholders.](#)" Accessed 30 April 2020.
- 54 United Nations University (September 2019), "[Unlocking Potential: A Blueprint for Mobilizing Finance Against Slavery and Human Trafficking](#)," p. 29.

KEY FINDINGS

KnowTheChain's 2020 benchmark assessed the world's 49 largest ICT companies on their efforts to tackle forced labor risks in their supply chains.

The vast majority of the companies scored poorly, with 76% receiving under 50 points out of 100. After three rounds of KnowTheChain benchmarks over five years, a number of the companies have implemented policies, yet a significant gap remains between the disclosure of *policies* and their *implementation*.

Further, companies continue to pursue an audit-driven approach but neglect areas such as Worker Voice and Recruitment, the themes that most impact workers' lives.

Recruitment: No worker should pay for a job. Yet, it is a reality in electronics supply chains that workers have to pay fees up to several times their monthly salary. While it is positive that the majority of the companies now disclose a policy prohibiting worker-paid recruitment fees (now 75%, up from 60% in 2018⁵⁵), it is concerning that these policies appear to be ineffective in preventing fees from being charged in the first place. Only 13 of the 49 companies (27%) disclose evidence of remediation when fees have been charged to workers, and not one company was able to disclose having a step-by-step process in place to prevent fees from being charged to workers.⁵⁶

Worker Voice:⁵⁷ Company efforts on the theme of Worker Voice are limited. It has the lowest average score of all the benchmark themes, at 12/100, and freedom of association is the only indicator in the benchmark on which all companies score zero. Yet, the effective recognition of the right of workers to assert their rights and engage in meaningful negotiation and bargaining with their employers is key to eliminating forced labor. These are enabling rights for all other rights at work, including the right to report or challenge abusive conditions that put workers at risk of forced labor. In their failure to uphold these basic rights, companies create and sustain the conditions of gross inequality of power in factories in which forced labor can thrive.

Purchasing Practices: In addition, to create lasting change for workers, companies must adapt their purchasing practices to ensure that payments enable their suppliers to pay their workers higher wages and ensure that practices such as forecasting and lead times do not result in workers being put under pressure to work excessive overhours in order to deliver on tight deadlines. The benchmark results show that it is not commonplace for companies to disclose this information regarding their purchasing practices.



AVERAGE PERFORMANCE IN THE SECTOR

THE AVERAGE SCORE
REMAINS LOW, AT

30/100

The methodology of the KnowTheChain benchmarks is based on the UN Guiding Principles on Business and Human Rights and assesses companies' efforts to address forced labor risks in their supply chains against seven themes. Following the 2016 and 2018 ICT benchmarks,⁵⁸ the average score in the 2020 ICT benchmark across themes remains low, at 30/100. KnowTheChain's findings show a strong correlation to the findings of the Corporate Human Rights Benchmark (correlation of 0.89).⁵⁹

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 88/100. With the average benchmark score at 30/100, and the highest score at 70/100, this demonstrates that while good practices have been identified across themes, they are not systematically implemented by any of the companies. Therefore, all benchmarked companies need to take further action.

RANGE OF ICT SECTOR SCORES



THE AVERAGE COMPANY, WITH A SCORE OF 30/100:

Typically has in place:

- A supplier code of conduct prohibiting forced labor
- Training for procurement staff and suppliers on policies addressing forced labor
- A policy prohibiting worker-paid recruitment fees in its supply chains
- An audit process for monitoring labor conditions at suppliers
- A grievance mechanism for suppliers' workers
- A corrective action process for addressing non-compliances at suppliers

Typically lacks:

- A supplier code that covers all [ILO core labor standards](#), in particular the right to freedom of association and collective bargaining
- Training for procurement staff on the [Employer Pays Principle](#) and implementation of the costs of recruitment into purchasing practices
- Evidence of implementation of such a no-fee policy
- Use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations, such as local worker-led organizations, unions, or local civil society partners) and/or action taken beyond social auditing (e.g., worker engagement)
- Evidence that the mechanism is communicated to workers in their supply chains, let alone evidence that it has been used by workers (i.e., is trusted and effective)
- Outcomes of remedy for impacted workers

HIGH PERFORMERS AND LOW SCORERS

What Does a High Score in the KnowTheChain Benchmark Mean?

A high score means that a company publicly discloses strong 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 all large global supply chains.⁶⁰ 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.⁶¹

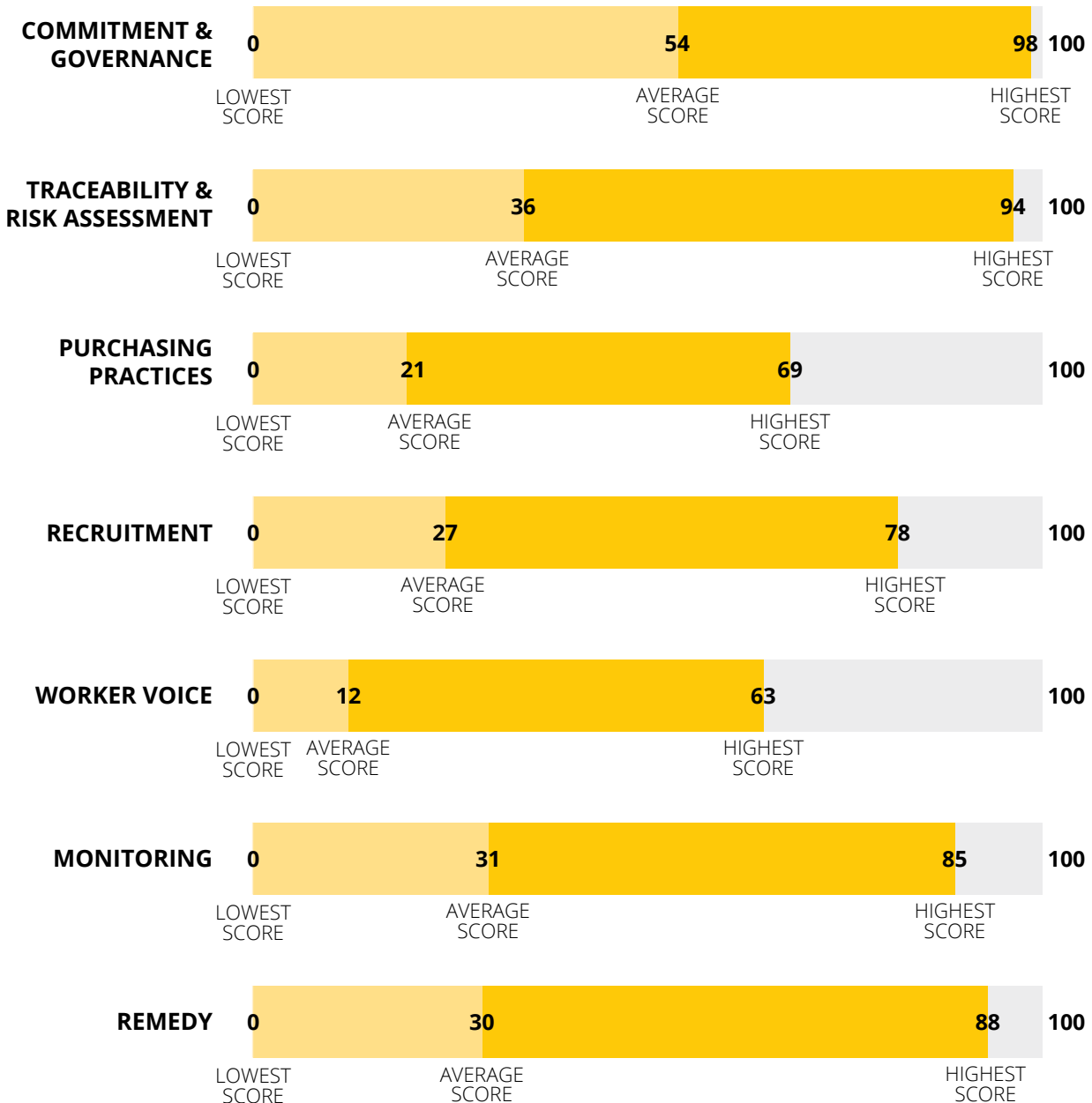
Hewlett Packard Enterprise ranks first in the 2020 benchmark with a score of 70/100, closely followed by **HP, Samsung, Intel, and Apple**. These five companies score the highest in the benchmark on the theme of Recruitment—all disclose repayment of fees to workers in their supply chains and provide details of how they support responsible recruitment in their supply chains. In particular, **Hewlett Packard Enterprise** discloses undertaking mapping of the legal regulations and financial costs of recruitment in a number of recruitment corridors with a view to understanding recruitment practices in its supply chains. It has partnered with others in the industry to develop supplier guidance on repaying recruitment-related fees to workers. It is the only US-based company that does not limit supplier requirements regarding the right to freedom of association and collective bargaining to compliance with local law.

These companies also all score over 80/100 on the theme of Commitment & Governance, for example, by disclosing training of their suppliers below the first tier or capacity-building for suppliers managing labor conditions in their supply chains. All five companies also disclose monitoring of labor conditions at lower-tier suppliers.

The three lowest-scoring companies include the world’s largest surveillance equipment manufacturer,⁶² **Hikvision**, and Taiwanese **Largan Precision**, which manufactures lenses for electronic devices and is a supplier to Amazon and Apple. The two companies commit to addressing forced labor but do not disclose any steps taken to address such risks in their supply chains. Only one company, China-based **Xiaomi**—the world’s fourth-largest smartphone manufacturer⁶³—scores zero in the benchmark.

FROM COMMITMENT TO DUE DILIGENCE AND REMEDY- FINDINGS ON SEVEN THEMES

Companies' policies and processes were assessed against seven themes. The themes are based on the UN Guiding Principles for Business and Human Rights and broadly cover the principles' three areas: policy commitments, due diligence,⁶⁴ and remedy:



Commitment & Governance: This is the highest-scoring theme of the benchmark. All companies except two disclose a commitment to addressing forced labor, and the majority disclose a supplier code of conduct that prohibits forced labor (45 out of 49).

Traceability & Risk Assessment: The majority of the companies (37 out of 49) disclose the steps they take to trace raw materials or minerals in their supply chains, but less than a third of the companies disclose first-tier supplier lists or information on their first-tier suppliers (14 out of 49). Twenty-two of the 49 companies disclose

conducting a risk assessment for forced labor on their supply chains, and 19 disclose identifying some risks of forced labor. However, only five companies identify forced labor risks in different tiers of their supply chains.

Purchasing Practices: This is the second-lowest-scoring theme in the benchmark. Companies do not generally disclose whether they are adopting responsible purchasing practices in the first tier of their supply chains, including planning and forecasting. They also do not generally disclose whether they provide procurement incentives to suppliers to encourage or reward good labor practices (such as price premiums or increased orders).

Recruitment: It is encouraging that more than 70% of the companies (36 out of 49) disclose a policy prohibiting worker-paid recruitment fees in their supply chains and a policy prohibiting the retention of workers' passports (37 out of 49). However, only 27% (13 out of 49) disclose evidence of reimbursing fees to their supply chain workers.

Worker Voice: This was the lowest-scoring theme of the benchmark. All companies score

zero on their efforts to support freedom of association and collective bargaining in their supply chains. While 35 of the 49 companies disclose a grievance mechanism for their suppliers' workers, only seven disclose detail on how it is communicated to workers, and only five disclose data showing it is used.

Monitoring: The majority of the companies disclose having an audit process that monitors suppliers for forced labor, though only approximately half of the companies provide detail on what that process includes, such as worker interviews (25 out of 49) and visits to facilities including worker accommodations (21 out of 49).

Remedy: Almost 75% of the companies (36 out of 49) disclose a corrective action process for suppliers, i.e., discuss how they work with suppliers when audits reveal violations of their code. However, less than a quarter of the companies disclose their process for responding to the violations of forced labor in their supply chains reported by workers directly or third parties such as worker organizations or media.

REMEDY FOR SUPPLY CHAIN WORKERS – STILL A RARE SIGHT

KnowTheChain takes into account allegations of forced labor in the public domain to assess how companies address such allegations, and to provide visibility of best practices for responding to labor rights violations. While allegations have been identified for some companies only, it is likely that violations of labor rights occur across all companies' supply chains. Of the 14 companies with allegations of forced labor in their supply chains, only one company, Samsung, discloses engaging with stakeholders affected in the allegation, and only three companies disclose some information on the outcomes of the remedy in the case of the allegation (HP, Samsung, and STMicroelectronics). Panasonic, a company for which KnowTheChain identified three allegations of forced labor in its supply chains, scored zero on its response to those allegations. It does not disclose engaging with affected stakeholders, remedy outcomes for

workers, or whether workers were satisfied with the remedy.

ICT companies' lack of action on remedy is particularly concerning given reports of forced labor of ethnic minorities transferred from Xinjiang to work in factories across China, including in factories supplying the electronics industry.⁶⁵ The allegations implicate 14 of the electronics companies in KnowTheChain's benchmark, which shows the systemic nature of the conditions in the companies' supply chains. The global ICT sector includes powerful corporations—the 30 largest corporations have a combined market capitalization of over US\$5 trillion—yet these companies fail to address this power imbalance by ensuring their supply chain workers' basic rights are respected and by failing to remediate workers when their rights are abused.

55 Refers to 75% of the companies benchmarked in both 2018 and 2020. Across all 49 companies benchmarked against the full methodology in 2020, 73% disclose a no-fee policy.

56 Companies could demonstrate that they prevent worker-paid recruitment fees by disclosing a step-by-step process, such as demonstrating an understanding of different recruitment corridors used by workers in their supply chains, identifying labor agency practices and fees charged in different corridors, and undertaking detailed checks on relevant documentation (e.g., contracts with recruiters or letters regarding worker visas) from suppliers.

57 The theme of Worker Voice focuses on how companies seek to recognize and enable the ability of workers in their supply chains to engage meaningfully and ensure they understand and are able to exercise their rights and have access to effective grievance mechanisms.

58 The 2016 benchmark assessed the 20 largest global ICT companies. The 2018 benchmark expanded the initial list to 40 companies, and the 2020 benchmark to 49 companies (including an additional 11 companies assessed against a subset of indicators only—see [Appendix 3](#)).

59 In 2019, the [Corporate Human Rights Benchmark](#) (CHRB) assessed 40 of the 49 ICT companies evaluated by KnowTheChain on their broader human rights policies and practices. The average score in the CHRB is significantly lower, at 18/100. The higher scores in the KnowTheChain benchmarks might be due to legislations such as the UK Modern Slavery Act and the California Transparency in Supply Chains Act, which require the majority of benchmarked companies to disclose the steps taken to address risks related to forced labor—but not necessarily to undertake due diligence on broader human rights issues as assessed by the CHRB. The results of the two benchmarks also show the caveats of such legislations: they might lead to companies taking some steps on some human rights without ensuring respect for all human rights. Legislations focused on reporting only might further lead to companies adopting relevant policies, but without effective implementation.

60 See chapter on [Forced Labor Risks in the ICT sector](#).

61 See [Appendix 2: Benchmark Methodology](#), Methodology Changes, and Scoring for more information. It should be noted that KnowTheChain largely focuses on corporate disclosure, which gives an indication of the policies and processes that companies have established. The methodology includes some indicators designed to capture the impact and outcomes of such policies and processes. However, the benchmark is not reflective of all labor rights issues occurring within electronics supply chains and should be read alongside other information on the sector, such as allegations regarding labor and other human rights issues collected by [Business & Human Rights Resource Centre](#).

62 Reuters (28 August 2019), "[Hikvision, a surveillance powerhouse, walks U.S.-China tightrope.](#)"

63 As of Q4 2019, Xiaomi was recorded as having the fourth-largest smartphone market share. Counterpoint, "[Global smartphone market share by quarter.](#)" Accessed 12 March 2020. See also TechCrunch (13 August 2019), "[Xiaomi tops Indian smartphone market for eighth straight quarter.](#)"

64 Covered by the themes of Traceability & Risk Assessment, Purchasing Practices, Recruitment, Worker Voice, and Monitoring.

65 Australian Strategic Policy Institute (March 2020). See also The Guardian (1 March 2020).



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).⁶⁶ SDG 8.7 focuses on the eradication of forced labor by 2030, and should be part and parcel of such an approach, not least because forced labor risks are prevalent across corporate supply chains, sectors, and regions and, thus, are likely to be present in most investors' portfolios.

Similarly, climate change is high on the agenda of responsible investors globally. Forced labor should be a key consideration when addressing climate change from a holistic perspective, as the climate crisis is increasing forced migration and leaving climate migrants vulnerable to exploitation.⁶⁷

This **[tool](#)** provides investors with guidance on how to address forced labor risks in their supply chains.

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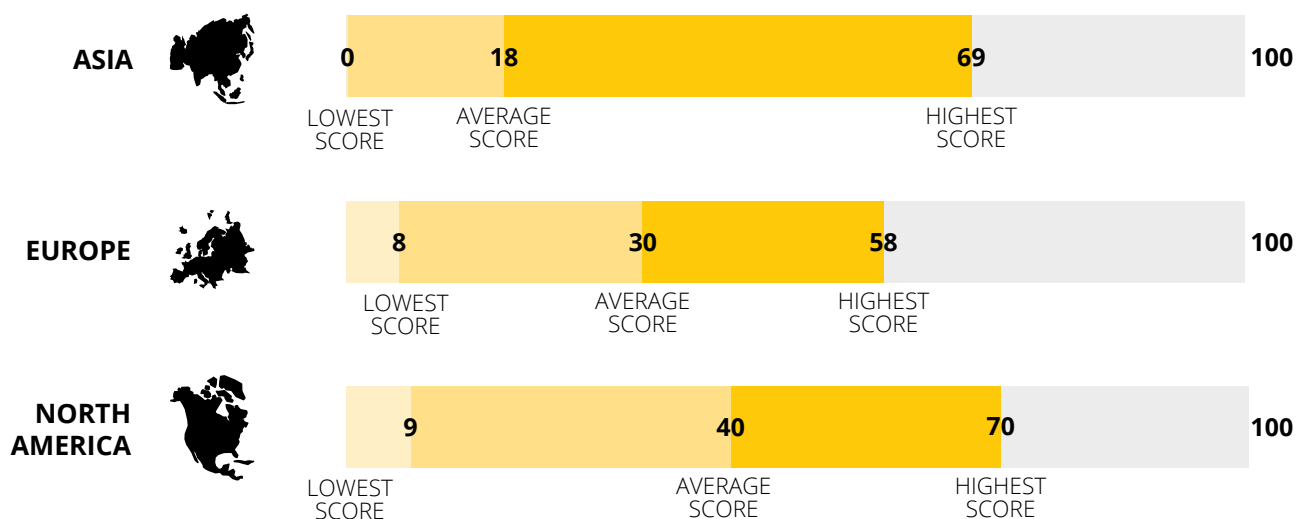
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TRENDS IN THE SECTOR

Looking at the 49 largest companies in the ICT sector allows analysis of the results through different lenses, including by region and size. Further, having undertaken the benchmark multiple times, KnowTheChain is 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

REGIONAL SCORES



The benchmark includes 18 Asian companies, eight European companies, and 23 North American companies. On average, companies from Europe and North America score higher than companies headquartered in Asia.

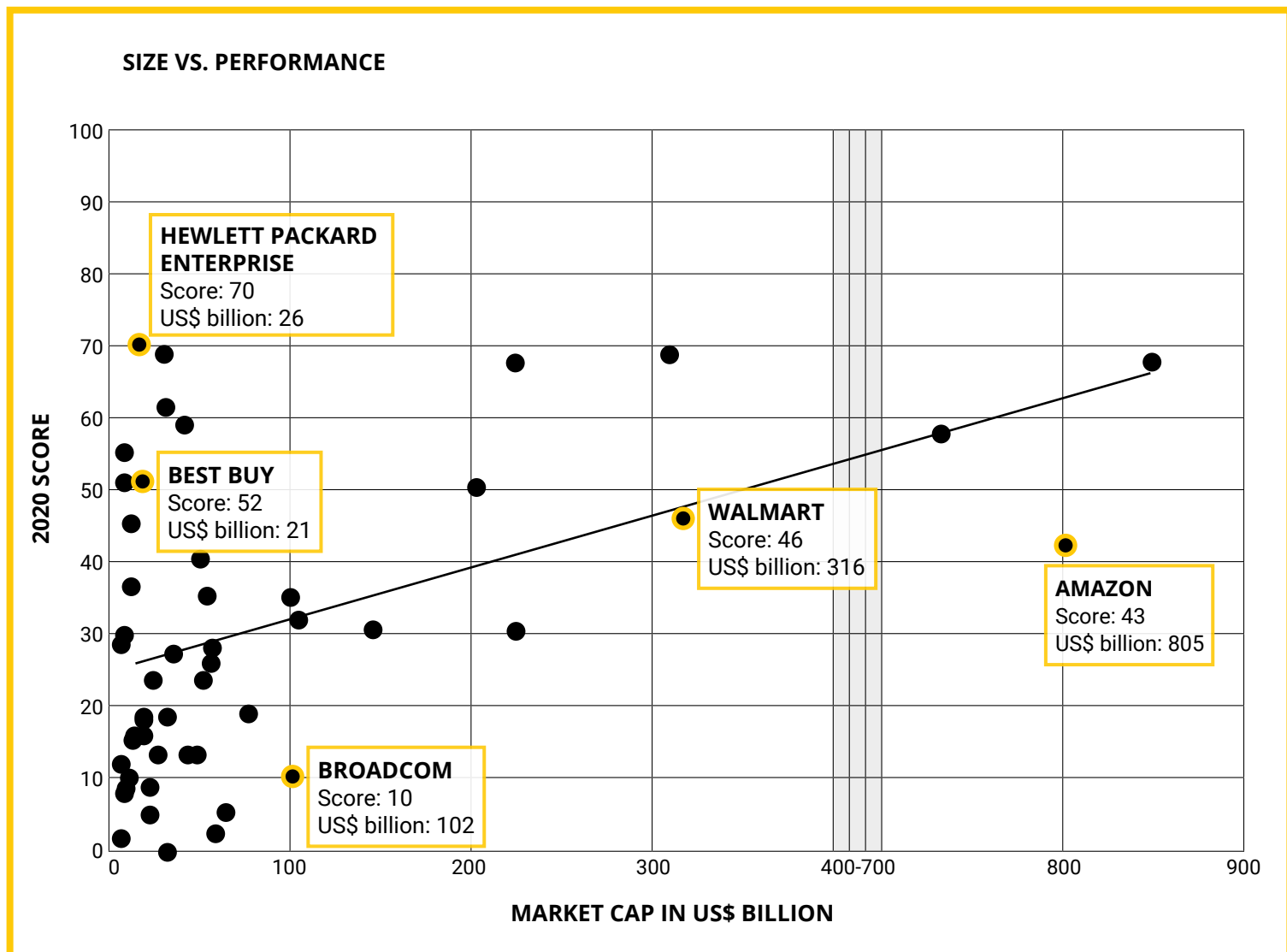
Across sectors, on average, European companies score highest,⁶⁸ yet in the ICT sector, Europe-based companies score lower than their North American counterparts. Whereas the scores for both **Nokia** (Finland) and **Ericsson** (Sweden) have improved since 2018, companies such as **Infineon Technologies** (Germany), a supplier to companies including Amazon and Apple, and **Hexagon** (Sweden) perform

significantly below average compared to their peers. Moreover, the top-scoring Asian and North American companies in the benchmark rank higher than the top-scoring European company. The rise of mandatory human rights due diligence legislation in Europe might change this.

As seen in the graph above, companies based in all three regions score below 10/100. The eight companies scoring below 10/100 in the benchmark include **Xiaomi, Hikvision, Largan Precision, BOE Technology, Keyence, Hexagon, Microchip Technology, and Infineon Technologies.**

PERFORMANCE AND MARKET CAPITALIZATION: DOES LARGER MEAN BETTER?

There is some limited correlation between size and performance in the benchmark (0.44), with companies with larger market capitalizations tending to score higher than their smaller counterparts, suggesting an increased capacity to take action on forced labor. However, there are exceptions. For instance, **Hewlett Packard Enterprise**, which tops the benchmark, is—relatively speaking—among the smaller of its peers in terms of market capitalization. Conversely, despite having a market cap of over US\$100 billion, the US-based semiconductor company **Broadcom** (a supplier to companies including Apple) scores below average.

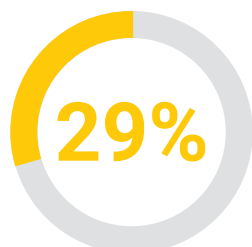


Among the three retailers in the benchmark, **Best Buy** scores highest (52/100), despite being significantly smaller than **Walmart** (46/100) and **Amazon** (43/100), which has a market cap 38 times the size of Best Buy and is expected to continue to grow significantly over the coming years.⁶⁹ While Amazon has made laudable improvements (see below), its efforts still fall short for its size, and stakeholders continue to call out poor working conditions.⁷⁰ Moreover, none of the three retailers disclose how they address forced labor risks related to third-party products they sell. This is an area that companies ought to address as investors start challenging this lack of attention and call for companies to look beyond their private-label products.⁷¹

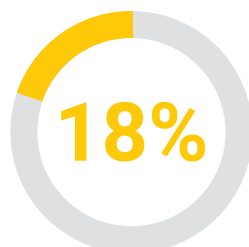
ADDRESSING FORCED LABOR RISKS IN LOWER TIERS OF THE SUPPLY CHAIN

The benchmark results show that companies in the sector appear to be reluctant to take responsibility for working conditions at suppliers in the lower tiers of their supply chains.

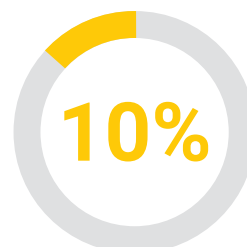
PERCENTAGE OF COMPANIES TAKING ACTION IN LOWER TIERS OF THEIR SUPPLY CHAINS



Monitor labor conditions



Build supplier capacity to address forced labor risks⁷²



Ensure grievance mechanism is available to workers (0% disclose evidence that mechanism is used by workers)

Few companies disclose the action they take to address forced labor risks in the lower tiers of their supply chains. **Intel**, for example, discloses that it audits both second- and third-tier suppliers and reports that recruitment-related fees have been returned to workers in the lower tiers of its supply chains. **Hewlett Packard Enterprise** discloses that it trained its indirect suppliers on forced labor and its direct suppliers on how to assess and address key risks in their own supply chains.

Three-quarters of the companies (37 out of 49) disclose a policy requiring standards to be cascaded to lower-tier suppliers, yet the implementation of this policy seems to be lacking. Companies including **Amazon, Apple, Cisco, Dell, Hewlett Packard Enterprise, HP, Microsoft, NXP, and Samsung**—all of which score above average—source from at least one supplier in the benchmark that scores below 10/100. This means that while these companies appear to take steps to address forced labor risks in the first tier of their supply chains, it is unclear to what extent their expectations get cascaded further down the supply chains, i.e., to what extent first-tier suppliers address such risks in their own supply chains.



CHANGES IN THE BENCHMARK SINCE 2018: DID THE SECTOR IMPROVE?

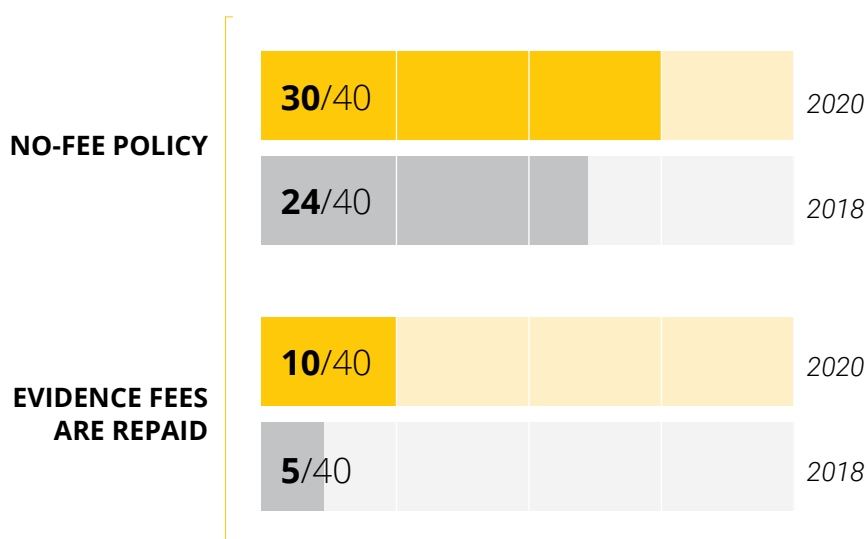
The average score of the companies benchmarked in both 2018 and 2020 has dropped slightly, from 32/100 to 31/100. This is due to methodology changes, which capture emerging good practices but which made it more difficult for companies to achieve a higher score.⁷³ But the benchmark also provides concerning evidence that companies have not demonstrated any notable improvements in some of the benchmark areas, most notably on the themes of Purchasing Practices and Worker Voice, with all companies still scoring zero on freedom of association.

However, some improvements can be seen in company practices. For example, since 2018, on the theme of Commitment & Governance,

ten additional companies now disclose the number or percentage of workers interviewed during supplier monitoring, and 12 additional companies have disclosed information on board oversight of their policies addressing forced labor.

In addition, despite some methodology changes to the theme of Recruitment, the average score improved from 27/100 to 28/100. This is in part due to a 15% increase in the number of companies disclosing a no-fee policy and a 12.5% increase in the number of companies disclosing evidence that fees have been reimbursed to workers in their supply chains since 2018.

PROGRESS IN REMEDIATING WORKER-PAID RECRUITMENT FEES



A clearer increase can be seen in themes where methodology changes were minimal, namely the themes of Traceability & Risk Assessment and Remedy.

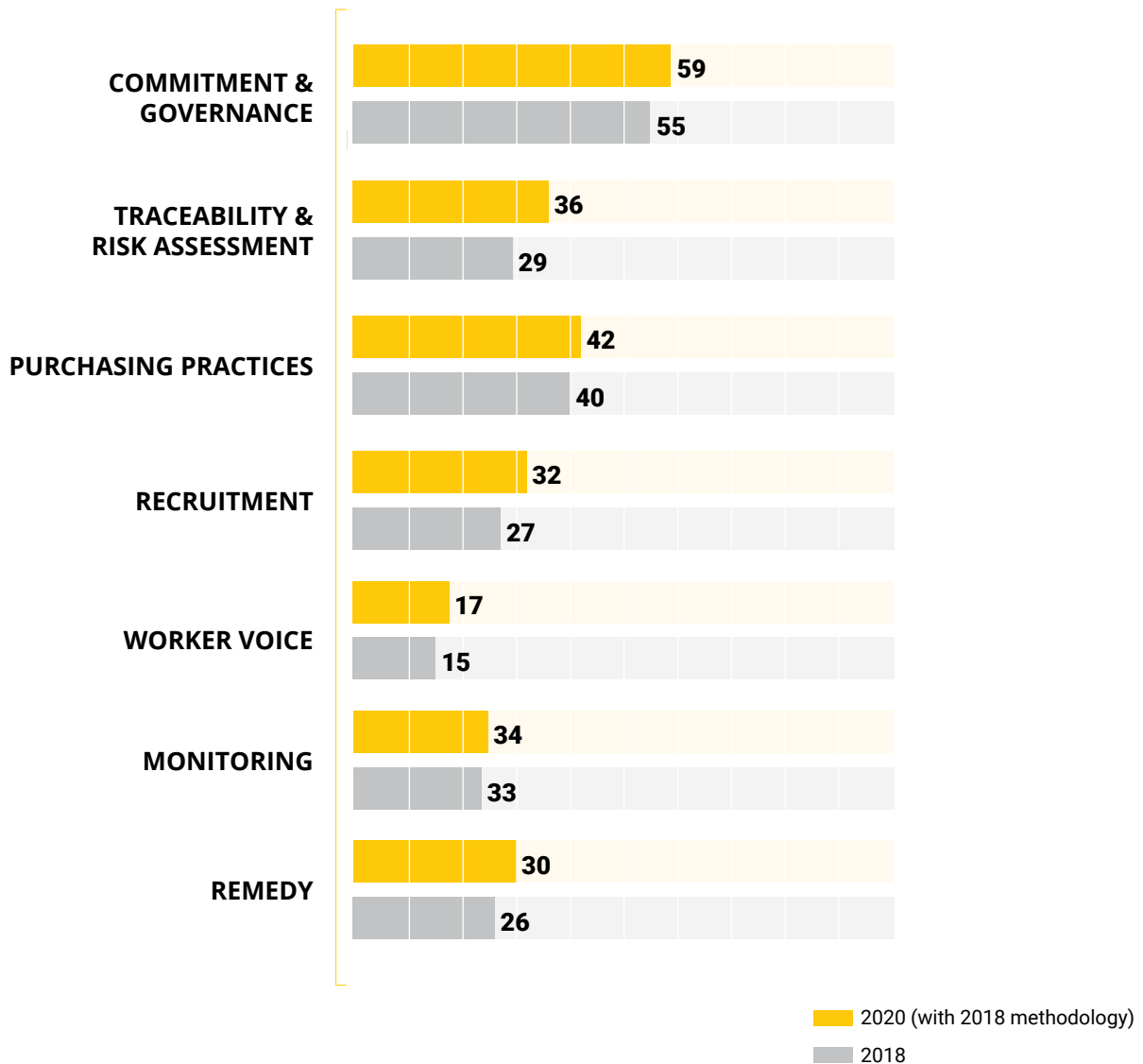
- Three more companies publish first-tier supplier lists, and the number of companies disclosing data on their supply chain workforce, such as the number of workers or the number or percentage of migrant or women workers, has doubled from five to ten.
- Four additional companies disclose conducting a human rights risk assessment

on their supply chains.

- Three additional companies give information on their process for responding to potential violations of their forced labor policies.

Had the methodology not been strengthened between 2018 and 2020,⁷⁴ some improvements could be seen across all themes of the benchmark, and the average score would have improved from 32/100 to 36/100. The strongest improvements would remain on the themes of Traceability & Risk Assessment, Recruitment, and Remedy.

CHANGES IN AVERAGE THEME SCORES 2018 VS. 2020



WHO IMPROVED?

The US-based retail giant Amazon (32/100 to 43/100), the US-based electronics components supplier Corning (6/100 to 37/100), and the Swedish telecommunications Ericsson (46/100 to 55/100) saw the strongest improvements in their scores.

Corning has established training on forced labor for its suppliers, adopted and disclosed data on responsible purchasing practices, disclosed a supply chain policy that includes the Employer Pays Principle and prohibits passport retention, requires labor agencies in its supply chains to conduct due diligence to ensure compliance with its policies on forced labor, established a process for assessing potential suppliers for risks of forced labor, and disclosed an audit

and corrective action process that includes an assessment of forced labor.

Since 2018, Amazon has published a supplier map detailing information on first-tier suppliers and data on their workforce, such as the estimated number of workers and the percentage of women workers. It has also established a risk assessment process for identifying forced labor risks in its supply chains and identified groups of workers who are at risk. Amazon further disclosed information on how potential suppliers are assessed for risks of forced labor and strengthened its policy and process on prohibiting recruitment fees. These are encouraging steps toward stronger due diligence on forced labor risks

in the company's supply chains. However, the company's efforts still fall short for a company of its scale and market position,⁷⁵ and it should be noted that Amazon scores zero on its response to addressing an allegation of forced labor in its supply chains (indicator 7.2.2), as it does not disclose engagement with the affected stakeholders nor remedy outcomes for impacted workers.

Ericsson improved its score by including a no-fee policy in its supplier code, disclosing both a remedy process and remedy outcome (reimbursement of fees in the second tier), actively engaging with peer companies on forced labor, disclosing data points on its supply chain workforce and further details on its audit

process, and conducting "forced labor surveys" at its direct and indirect suppliers' workers in China and India.

There are also examples of low-scoring companies in the benchmark that have improved since 2018: Largan Precision scored zero in the benchmark in 2018; in 2020, its score increased to 3/100 after publishing a commitment to address forced labor and an employee handbook on preventing forced labor. BOE Technology improved from 4/100 to 5/100, despite methodology changes, by disclosing that it has established a supplier code that addresses forced labor.

66 Financial Times (21 October 2019), "[Why more asset managers are taking cues from UN sustainability goals.](#)"

67 Maplecroft (25 September 2019), "[Modern slavery risks set to rise as number of climate migrants surge. Human Rights Outlook 2019.](#)"

68 See KnowTheChain (2019), "[Three sectors, three years later: progress and gaps in the fight against forced labor.](#)" p. 47.

69 Bloomberg (27 March 2019), "[The enormous numbers behind Amazon's market reach.](#)" See also Forbes (20 May 2019), "[Top 5 online retailers: 'electronics and media' is the star of e-commerce worldwide.](#)"

70 Thomson Reuters Foundation (9 August 2019), "[China factory put teens on night shift to make Amazon devices – activists.](#)" See also The Guardian (5 February 2020), "['I'm not a robot': Amazon workers condemn unsafe gruelling conditions at warehouse.](#)"

71 ICCR, "[Board Oversight of ESG Risks of Third-Party Sellers.](#)" Accessed 12 March 2020.

72 Companies could build capacity of their lower-tier suppliers by providing training on forced labor policies directly to second-tier suppliers, or by training their first-tier suppliers on how to cascade the policies and ensure good labor conditions at their own suppliers.

73 See [Appendix 2: Benchmark Methodology](#) for more information.

74 This section reviews the 2020 benchmark data against the 2018 benchmark methodology. Note: As some data points are no longer collected and some indicators changed, this gives a strong indication of what scoring against the 2018 methodology would have looked like, but it does not offer a complete picture.

75 See [Performance and Market Capitalization: Does Larger Mean Better?](#)

THE ROLE OF THE RESPONSIBLE BUSINESS ALLIANCE

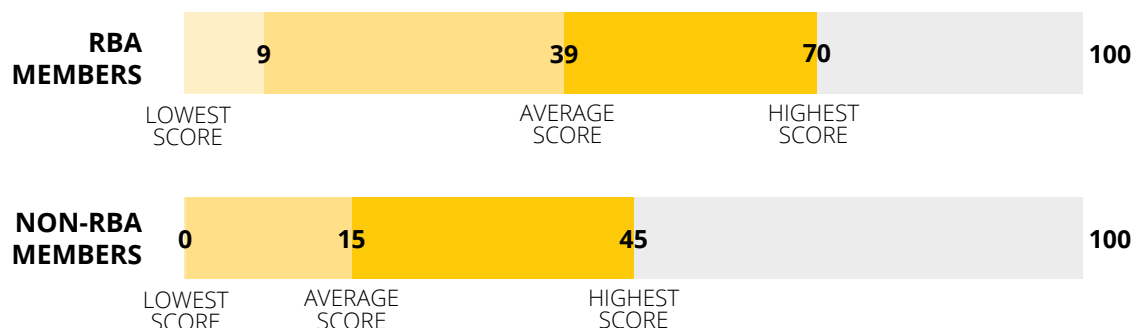
What Is the Responsible Business Alliance?

The [Responsible Business Alliance](#) (RBA) describes itself as “the world’s largest industry coalition dedicated to corporate social responsibility in global supply chains.” Originally focused on the electronics industry only, it has broadened its membership to also include other industries that use electronics such as the automotive, retail, and toy sectors. It has over 150 member companies based in Asia, Europe, and North America.⁷⁶

What Efforts Are RBA Members Undertaking to Address Forced Labor Risks in Their Supply Chains?

Thirty-two of the 49 ICT companies benchmarked by KnowTheChain are RBA members (65%). On average, RBA members have taken significantly stronger steps to address forced labor risks in their supply chains (39/100) compared to non-RBA members (15/100). Notably, the highest score (70/100) was achieved by an RBA-member company, and all RBA-member companies score above zero (9/100 or higher).⁷⁷

BENCHMARK PERFORMANCE OF RBA AND NON-RBA MEMBERS



Out of the 40 companies analyzed both in 2018 and in 2020, **Canon**, **Ericsson**, **Microchip**, and **Lam Research** have joined the RBA since 2018. **Canon** and **Microchip** joined the initiative in December 2019 and January 2020, respectively.⁷⁸ **Ericsson** (46/100 to 55/100) and **Lam Research** (11/100 to 19/100), which joined earlier, are among the strongest improvers, both increasing their score by nine points. While Lam Research mostly improved by adopting and disclosing the RBA code as its supplier code, **Ericsson** also strengthened a number of its

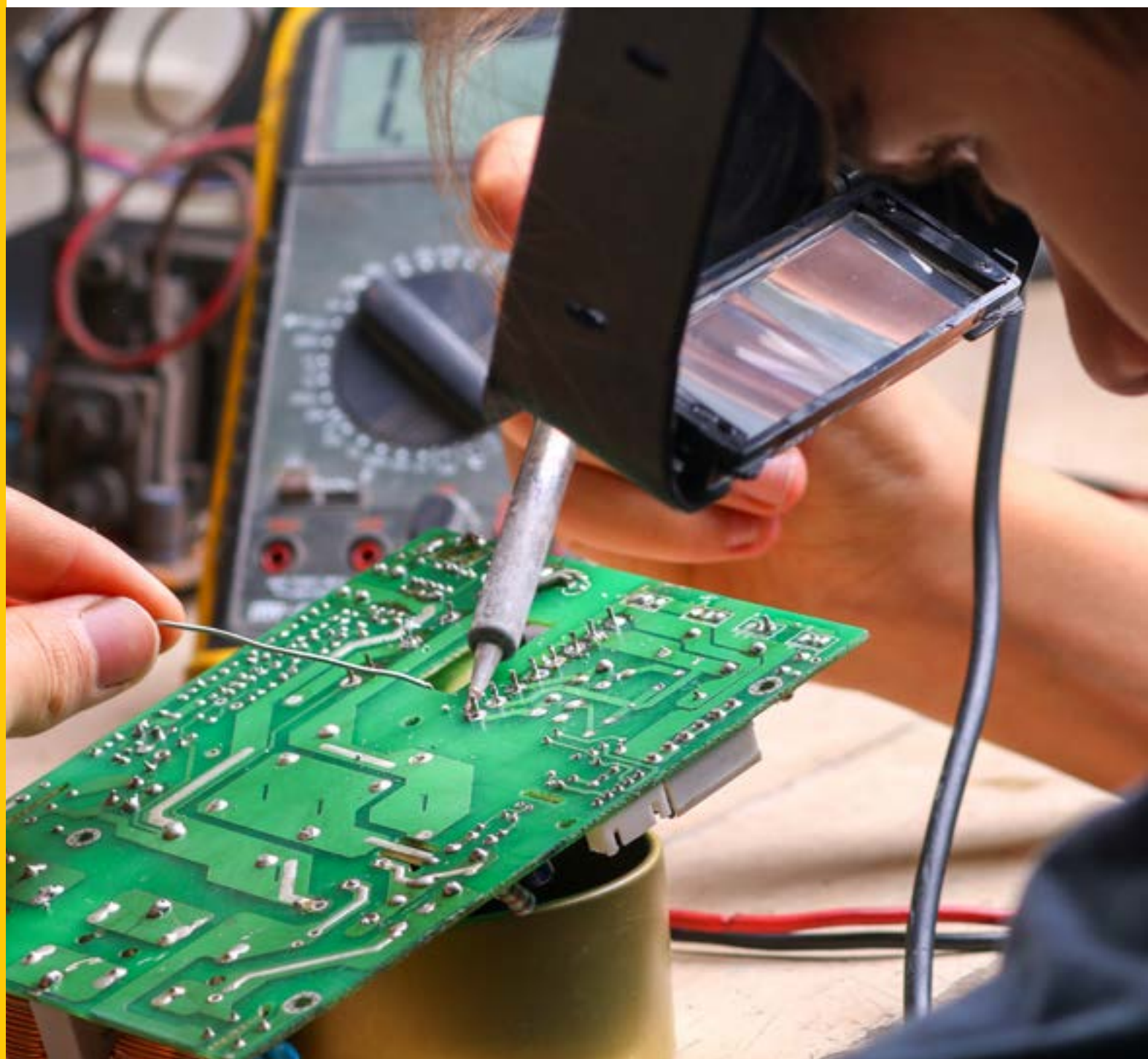
processes and discloses the outcomes thereof (e.g., it discloses reimbursement of recruitment fees to workers in the second tier of its supply chains).

What Steps Does the RBA Take to Ensure Its Members Address Forced Labor Risks?

While governments have a primary role to play to ensure human and labor rights are protected, industry associations that have strong requirements for and checks on members can play a meaningful role in driving progress. While

the benchmark data does not show causation, i.e., whether the higher average scores of RBA members and improved scores of the companies joining the RBA in the past two years occur because of RBA membership,⁷⁹ more than half of the sector's largest companies, including the ten strongest-performing companies, are RBA members. As such, the initiative is in a unique position in terms of scope of membership and expertise among more advanced members to require all its members to take strong steps to address forced labor risks in their supply chains.

RBA members voted forced labor and human trafficking as the issue with the highest priority in both 2017 and 2018.⁸⁰



In relation to addressing forced labor, the RBA publicly discloses the following:

	Policy and Process	Transparency and Outcomes
Governance & Stakeholder Representation	<p>▶ No relevant stakeholders, such as workers or worker representatives, are involved in RBA's governance structure; the RBA's Board of Directors and Senior Executive Advisory Council is comprised of member companies.</p> <p>The RBA's Responsible Labor Initiative is governed by a steering committee, and it is comprised of member companies and an advisory board, which includes representatives from the ILO, NGOs, academia, and the investor community.⁸¹</p>	<p>The RBA discloses the names and affiliations of board members (but not advisory council members).</p> <p>▶ The initiative reports that it "regularly engages with ... trade unions and other worker-focused groups,"⁸² but it provides no examples.</p>
Standards	<p>✓ The RBA Code of Conduct prohibits forced labor and includes strong provisions to respect the rights of migrant workers. The RBA has four different membership categories; members in three categories are required to adhere to its code.⁸³</p> <p>▶ While the code <i>references</i> international labor standards, it does not fully <i>cover</i> the ILO core labor standards, as it limits the right to freedom of association and collective bargaining to "conformance with local law."⁸⁴</p> <p>✓ The code is reviewed every three years based on input from members and stakeholders.⁸⁵</p>	<p>▶ RBA does not disclose which members fall into which category.</p>
Accountability Mechanisms	<p>✓ RBA "Members" and "Full Members" are required to demonstrate adherence to the code on an annual basis by providing to the RBA information on self-assessment questionnaires, audits, and corrective actions. RBA verifies this data for full members.</p> <p>▶ No measures beyond an audit-focused approach are required.⁸⁶</p> <p>✓ Sanctions: Where members do not meet membership requirements, they may be downgraded to another category or suspended.⁸⁷</p>	<p>The RBA discloses aggregate audit results for its members.⁸⁸ It also requires "Full Members" to disclose "consolidated audit data."⁸⁹</p> <p>▶ It does not report on the performance of individual member companies.</p> <p>▶ The RBA does not report on implementation, such as the number of companies that met the requirements versus those that were suspended (or moved to a lower tier).</p>
Grievance Mechanism	<p>The RBA discloses a process to address grievances received.⁹⁰</p> <p>▶ However, it does not disclose where and how workers or worker representatives, communities, or other human rights defenders can raise grievances when member companies violate the RBA code, beyond minerals.⁹¹</p>	<p>N/A [The RBA does not report on grievances received from the aforementioned stakeholders.]</p>
Learning and Engagement	<p>✓ The RBA offers support to members wishing to address forced labor such as trainings, guidance documents (e.g., on due diligence on recruitment fees), a supplementary audit protocol on forced labor, and the Responsible Labor Initiative, which is focused on responsible recruitment.</p>	

It is positive that the RBA has developed a code that includes strong provisions regarding the rights of migrant workers, continues to update the code, and holds some of its members accountable against those standards. In addition, the RBA provides support to member companies wishing to address forced labor, and in particular, is running an initiative focused on [advancing responsible recruitment across industries](#).

However, there is a lack of transparency about which member companies fall into which membership category and regarding individual member performance. Further, RBA's approach appears to be highly audit driven and, as such, is unlikely to detect and address forced labor risks fully.⁹² Workers are the ones who are affected by exploitative practices; as such, they have the strongest knowledge of what improvements are needed. Yet there seems to be no mechanism for workers or their representatives to participate

in designing and implementing solutions.⁹³

Forced labor is a systemic issue that occurs across industries and sourcing countries. At the same time, the RBA has demonstrated its ability to attract members regardless of their size, sector, and region as it continues to grow. To support its members in eradicating forced labor, the RBA could further strengthen its efforts by focusing on transparency (e.g., by reporting on member performance). Additionally, it could move beyond social auditing and integrate worker-driven approaches (e.g., by establishing a publicly available grievance mechanism where grievances regarding member companies can be reported or requiring members in the advanced membership categories to work with union worker organizations). These steps could facilitate efforts to drive meaningful change in the industry and beyond.



76 Responsible Business Alliance, "[Members.](#)" Accessed 18 March 2020.

77 There is a significant size difference between RBA members and non-RBA members. The average market capitalization of the 32 RBA members is US\$151 billion, compared to only US\$39 billion for the 17 non-RBA members in the benchmark. KnowTheChain looked at the 49 largest companies in the sector, and the ten largest companies are all RBA members. While size doesn't strongly correlate with performance (see [Performance and Market Capitalization: Does Larger Mean Better?](#)) and larger companies tend to have more complex supply chains, they are also expected to take stronger steps, given they have more resources and leverage at their disposal.

78 As of 12 March 2020, Microchip is not yet listed on the RBA member page. However, the company announced its membership on its own website. Responsible Business Alliance, "[Members.](#)" Microchip (16 January 2020), "[Press release. Microchip Joins Responsible Business Alliance \(RBA\) – the Global Industry Coalition Dedicated to Corporate Social Responsibility.](#)"

79 In addition, while average scores are higher, some RBA members score lower; RBA membership on its own should not be taken as an indicator that a company addresses forced labor risks.

80 RBA (2019), "[2018 Annual Report](#)," p. 38.

81 Responsible Business Alliance, "[RLI Governance.](#)" Accessed 26 May 2020. The RBA discloses the names of the RLI Steering Committee and RLI Advisory Board members.

82 RBA (2019), "[2018 Annual Report](#)," p. 18.

83 RBA discloses requirements for each category. Companies in the "Supporter" category are required to "support the overall mission/vision of the RBA," companies in the "Affiliate" category are required to adopt the RBA code for their own operations. Companies in the remaining two categories, "Member" and "Full Member," are required to adopt the code for both their own operations and their supply chains. RBA (January 2017), "[RBA Membership Compliance Program Document January 2017.](#)"

84 The code allows 60 working hours per week. Thus, it does not follow the [International Labour Organization convention](#), which limits working hours to 40 working hours a week.

85 As of January 2020, the RBA has updated the "definition of fees" in its code to align with the definitions of the US Government's Federal Acquisition Regulation and the International Labour Organization. Responsible Business Alliance (Revised 23 October 2019), "[RBA Trafficked and Forced Labor – 'Definition of Fees' January 2020.](#)"

86 For the limitations of audits in detecting forced labor, see the chapter on [Monitoring](#).

87 By changing the membership category or being suspended, members also may lose voting rights, participation in working groups, mentoring, etc.

88 The RBA discloses the number of audits and the findings by category (one of which includes freely chosen employment), as well as top findings by sourcing countries. It also facilitates the sharing of audit results among members. RBA (2019), "[2018 Annual Report](#)," pp. 34-37.

89 RBA (January 2017), "[RBA Membership Compliance Program Document January 2017](#)," p. 18.

90 The RBA refers to a "Grievance Mechanism" and details an "Incident Management Process Flow" to process "Credible Inquiries." Responsible Business Alliance, "[Standards & Accountability.](#)" Accessed 15 April 2020. Responsible Business Alliance, "[Incident Management Process Flow.](#)" Accessed 15 April 2020.

91 However, the RBA undertakes efforts to improve the situation on specific topics. RBA discloses, for example, that it is "working to improve grievance and reporting mechanism tools" as part of an initiative focused on worker well-being. Further, as part of its Responsible Mineral Initiative, it has developed a [Minerals Grievance Platform](#), which allows public submissions. It does not report on grievances raised and how these were addressed. RBA (2019), "[2018 Annual Report](#)," pp. 10 and 12.

92 For the limitations of social-auditing approaches, see: Business & Human Rights Resource Centre, "[Beyond Social Auditing.](#)" Accessed 18 March 2020.

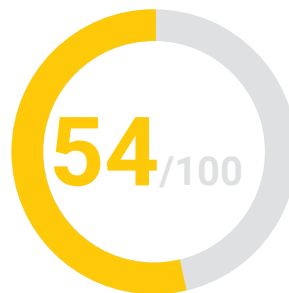
93 This is also reflected in the lack of RBA members' (as well as non-RBA members') efforts to engage with local NGOs or unions (see [Commitment & Governance](#)).

FINDINGS BY THEME AND RECOMMENDATIONS FOR COMPANY ACTION

COMMITMENT & GOVERNANCE

This theme evaluates a company's commitment to addressing forced labor, whether it discloses supply chain standards, and to what extent it has management processes and board oversight, training and capacity-building programs, and engagement with stakeholders⁹⁴ on forced labor in place.

AVERAGE
SCORE



Commitment & Governance is the highest-scoring theme of the benchmark. Almost all of the companies disclose a commitment to addressing forced labor and a supply chain policy that includes forced labor. Approximately half of the companies disclose training their suppliers on forced labor, and 69% report on internal responsibility for supply chain policies on forced labor. While 71% disclose engaging with industry peers on the topic of forced labor, few companies engage with stakeholders such as local NGOs or unions. Action below the first tier of companies' supply chains remains limited, with few companies disclosing efforts to engage with stakeholders on the topic of forced labor or conducting training for lower-tier suppliers. conducting training for lower tier suppliers.

COMMITMENT AND SUPPLY CHAIN STANDARDS

The vast majority of the companies (96%) disclose a commitment to addressing forced labor in their supply chains. Similarly, 92% of the companies (45 out of 49) disclose a supplier code of conduct that addresses forced labor. However, there is a significant weakness in the majority of these policies, as only three supplier codes (those of **Ericsson**, **Nokia**, and

Hewlett Packard Enterprise) address all four ILO core labor standards: forced labor, child labor, discrimination, and freedom of association and collective bargaining. Many policies restrict the right to freedom of association and collective bargaining to conformance with local law, meaning that this right is significantly limited compared to international standards (as well as being restricted or suppressed). Among companies benchmarked in both 2018 and 2020, two additional companies have established and disclosed standards for their suppliers addressing forced labor, including **BOE Technology** and **Amphenol**. Twenty-nine of the 49 companies (59%) disclose information on how they communicate their code to suppliers.

Thirty-seven of the 49 companies (76%) disclose supplier codes of conduct that include provisions requiring first-tier suppliers to cascade the standards in the code to the next tier of suppliers. This is partly due to the fact that many companies in the sector use the recent version of the code of conduct of the [Responsible Business Alliance](#) (RBA), which includes this requirement. For example, **Intel** discloses the use of the RBA code and states that it sends a letter to suppliers annually in which it reminds them to hold their own

DISCLOSURES UNDER REPORTING LEGISLATIONS

KnowTheChain analyzes whether companies are required to report under the UK Modern Slavery Act and/or the California Transparency in Supply Chains Act.⁹⁵ 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. Only two companies, both based in Taiwan, appear to be outside the coverage of either legislation (**TSMC** and **Largan Precision**).⁹⁶ Ninety-six percent of the companies (47 out of 49) have to report under one or both legislations. In particular, the UK Modern Slavery Act has a wide global reach, even though none of the benchmarked companies are headquartered in the UK. Over 80% of those required to report have disclosures under all relevant legislations, and more than 90% of the companies provide disclosures in line with at least one jurisdiction they are required to report under. While this number is high, it is still alarming that some of the largest global companies evade their reporting responsibilities and neglect to provide any disclosures. In addition, the [Modern Slavery Registry](#) estimates that compliance with all elements of the UK Act,⁹⁷ across all sectors, is as low as 29%; in the technology hardware sector compliance is even lower, at 28%. The large number of companies required to report under these legislations may explain the high number of commitments to addressing forced labor in the benchmark. These numbers reflect a lack of enforcement regimes for non-compliances.



Snapshot of compliance from Modern Slavery Registry⁹⁸

suppliers accountable to the RBA code. It reports that it further reinforces this expectation during training and workshops.

MANAGEMENT AND ACCOUNTABILITY

Thirty-four of the 49 companies (69%) disclose information on a team or committee that is responsible for implementing its supply chain policies on forced labor, with 24 companies (49%) disclosing detail on such teams. **Walmart** discloses that it has more than 150 responsible sourcing associates that are responsible for

monitoring supply chain conditions and which provide training for suppliers and conduct audits and assessments. **Intel** reports that it has a corporate responsibility office, which manages its human rights program, as well as a human rights steering group. It also discloses which teams are responsible for implementing specific policy commitments, including that its supply chain sustainability team holds responsibility for forced labor risks.

It is encouraging that 20 of the 49 companies (41%) disclose information on a board member or committee that has oversight of policies on human rights in supply chains—18 of these companies were benchmarked in 2018, but only six had previously reported on board-level oversight. It should be noted, however, that only three companies (**Corning**, **HP**, and **Samsung**) disclose detail. **Corning** discloses that its board has a corporate relations committee, which meets five times a year for discussions that include supply chain and human rights policies. **HP** discloses a board committee that is responsible for overseeing its sustainability initiatives, including policies and programs on human rights and supply chains.

TRAINING

The majority of the companies (80%) disclose conducting training for their staff on forced labor, though only 51% (25 out of 49) specify that the training includes their procurement staff. Similarly, 51% of the companies disclose training for their suppliers on forced labor. This figure is similar to that of the 2018 benchmark. **Nokia**, for example, reports conducting 11 training workshops for suppliers in high-risk countries, including Cameroon, China, Colombia, India, Malaysia, Mali, Myanmar, Peru, Senegal, and **Togo**. The training included sharing lessons learned from addressing forced labor cases at other suppliers. However, most of the companies do not give evidence of the scope of coverage of their training programs by disclosing the percentage of the first-tier suppliers that have received training on forced labor. Five companies give an indication of the coverage of training among their suppliers (**Apple**, **Best Buy**, **HP**, **Intel**, and **Nokia**). For example, **Best Buy** discloses that 100% of its private label suppliers receive training on forced labor within the first year of working with the company.

It is less commonplace for companies to disclose the training that is conducted in the lower tiers of their supply chains. It is also not as likely for companies to disclose that they engage in capacity building so that first-tier suppliers can effectively cascade their policies on forced labor to lower tiers. Nine out of 49 companies (18%) disclosed undertaking such

efforts. **Hewlett Packard Enterprise** reports that it extended training to its indirect suppliers in 2018 and partnered with other companies and suppliers in the sector to deliver training in three Asian companies with the goal of extending the reach of its programs beyond the first tier. This included training on assessing key risks and on how to mitigate such risks. **Intel** discloses that, in 2018, it asked 50 first-tier suppliers to work with at least three of their own suppliers to address forced labor risks, resulting in a number of policy and procedural improvements at the second-tier level. **Dell** reports “train-the-trainer” initiatives for sub-tier suppliers and states this includes establishing risk assessment processes to ensure that its standards can be cascaded to other tiers of supply chains.

STAKEHOLDER ENGAGEMENT

Only seven companies disclose engaging with stakeholders such as policy makers, worker rights organizations, or local non-governmental organizations (NGOs) on forced labor in the countries in which their suppliers operate. Disappointingly, there is no marked improvement in the undertaking of such engagements since the 2018 benchmark (when eight out of 40 companies disclosed this information). Stronger performers report engaging with multiple government representatives on the topic of forced labor. **Intel**, for example, discloses engaging with representatives from the UK, US, and Netherlands governments to share challenges and perspectives on tackling slavery in supply chains. It also reports meeting with Malaysian government officials and European policy makers. Walmart also reports engaging with members of the Malaysian and Thai governments at supplier roundtables that focused on the issue of responsible recruitment.

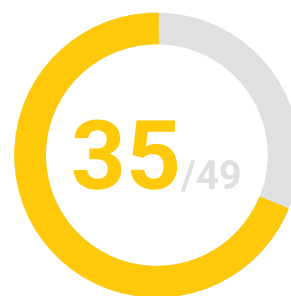
Walmart, **Apple**, and **HP** disclose engaging with the International Organization for Migration (IOM) on the topic of certain supply chain contexts. For example, **Apple** discloses that it has trained migrant workers on their rights in collaboration with the IOM. Regarding local stakeholders, **HP** reports that it partners with the NGO Issara Institute to monitor the recruitment process in Myanmar.

Thirty-five of the 49 companies (71%) disclose participation in multi-stakeholder or industry initiatives that focus on eradicating forced labor, including the RBA, the Leadership Group for Responsible Recruitment, BSR's Tech Against Trafficking group, and the Global Business Coalition Against Human Trafficking. Four additional companies newly report participating in such initiatives since the 2018 benchmark.

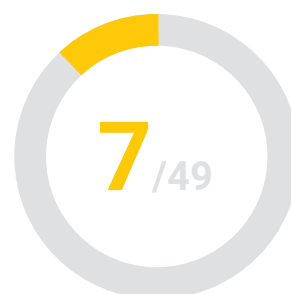
Canon, Ericsson, and Microchip became members of the RBA, and **Nokia** disclosed that it had joined Tech Against Trafficking. However, only 14 companies disclose how they actively participate in such initiatives. For example, **Micron** discloses that it is working with the RBA and its suppliers in Taiwan to engage with government officials and interview foreign migrant workers so as to understand the conditions and violations faced by migrant workers.

Other companies also disclose participating in industry initiatives that address forced labor in their downstream supply chains, with a view to tackling the problem at the industry level. For example, **Amazon** reports that it is a member of Truckers Against Trafficking and that 100 of its drivers have been trained on identifying potential victims of human trafficking.

STAKEHOLDER ENGAGEMENT



ENGAGES WITH
INDUSTRY PEERS



ENGAGES WITH LOCAL
STAKEHOLDERS
OR POLICY MAKERS

NOTABLE COMPANY ACTION

Training: **Apple** states that it worked with its suppliers to build capacity for managing their own supply chains, including on strong due diligence processes for labor supply chains by providing enhanced training on the supplier code to ensure the enforcement of stricter standards for the use of labor brokers.

Stakeholder Engagement: **Best Buy** discloses that it partnered with an NGO based in Hong Kong to make a toolkit for factories in China to help “identify and prevent forced labor conditions among student workers.”

RECOMMENDED COMPANY ACTION

Stakeholder Engagement: Engage with local stakeholders such as unions, policy makers, or worker rights organizations on the issue of forced labor in countries in which suppliers operate. Undertake such engagements in multiple tiers of the supply chains.

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

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

95 This assessment is not taken into account in benchmark scores.

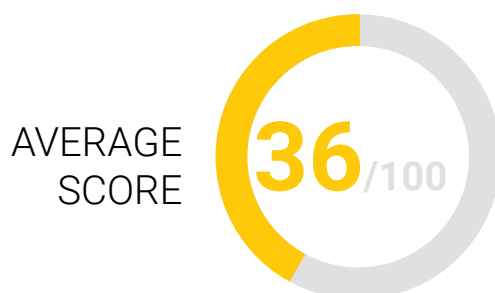
96 The two companies do not appear to fulfill the following requirements. California Transparency in Supply Chain Act: A company identifies itself as a retail seller or manufacturer in its tax returns; satisfies the legal requirements for “doing business” in California; and has annual worldwide gross receipts exceeding \$100,000,000. UK Modern Slavery Act: 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. UK Government (Last updated 20 April 2020), “[Guidance: Publish an annual modern slavery statement.](#)” State of California Department of Justice, “[The California Transparency in Supply Chains Act.](#)” Accessed 6 May 2020.

97 The Modern Slavery Act requires that statements be linked on the homepage of a company’s website, signed by a director or equivalent, and approved by the board.

98 Business & Human Rights Resource Centre, “[Modern Slavery Registry.](#)” Accessed 5 June 2020.

TRACEABILITY & RISK ASSESSMENT

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



Traceability & Risk Assessment is among the themes on which some of the strongest improvements could be seen since the 2018 benchmark. However, the number of companies conducting human rights risk assessments in their supply chains remains at less than half of the companies in the benchmark, despite this being a key part of due diligence in accordance with the UN Guiding Principles on Business and Human Rights. Transparency on first-tier suppliers⁹⁹ also remains limited.

TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

Less than a third of the companies disclose information on their first-tier suppliers (14 out of 49, 29%). Only six companies disclose supplier lists that include both the names and addresses of their first-tier suppliers:¹⁰⁰ **Amazon, Apple, Dell, Hewlett Packard Enterprise, HP, and Samsung.** However, some improvements can be seen: three companies have begun publishing supplier lists since the 2018 benchmark (Amazon, Cisco, and Nokia).

Thirty-two of the 49 companies (65%) disclose the countries in which suppliers below the first tier are based, and 37 disclose efforts to trace the raw materials in their supply chains or provide information on the sourcing countries of some at-risk commodities. Less than half of the companies (47%) disclose the sourcing countries of at least three raw materials at risk of forced labor (most commonly, tin, tungsten, tantalum, and gold). **Microsoft** discloses efforts to trace cobalt, which it has identified as a commodity that may be produced with forced labor, and reports the names and addresses of 12 cobalt smelters. It also lists the metal's country of origin (including Australia, Canada, the Democratic Republic of the Congo, and Zambia) as confirmed by these suppliers.

Eleven companies disclose data on the characteristics of their suppliers' workforce, such as the percentage of male and female workers at certain supplier factories. This is a disappointingly low number of companies, given that this information indicates a greater understanding of the nature of forced labor

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 where 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.¹⁰¹

risks in their supply chains. Further, only three companies, **Samsung**, **Best Buy**, and **Nokia**, disclose data on migrant workers (and one additional company, **Qualcomm**, discloses collecting such information), despite the high risks to this group of workers. Similarly, only four companies report on the percentage of female supply chain workers (**Amazon**, **NXP**, **Ericsson**, and **Samsung**), despite high levels of female electronics workers in sourcing countries such as Malaysia, Vietnam, or Thailand¹⁰² and the heightened levels of discrimination such workers often face, especially women migrant workers.¹⁰³ Five companies disclose multiple data points on their suppliers' workforce, demonstrating a broader understanding of workers in their supply chains who may be in vulnerable conditions. For example, **Best Buy** discloses that it sources from 185 factories that employ more than 165,000 workers, and it states that fewer than 200 are foreign migrant workers. **HP** includes the number of workers per factory in its supplier list. **Amazon** discloses the estimated number of workers at each supplier factory and the percentage of women workers.

RISK ASSESSMENT

Less than half of the companies (45%) disclose conducting a human rights risk assessment on their supply chains. As a key component of a company's due diligence process, it is concerning that so many companies still do not report undertaking such assessments. However, it is positive that both **Amazon** and **Applied Materials** report having carried out a risk assessment since 2018.

Microsoft discloses that it undertook a supply chain risk assessment for Asian countries that included risks related to working hours, wages, freedom of association, migrant workers, student workers and interns, and temporary workers. It reports detail on the process, including that the assessment involved analyzing legal requirements in the relevant countries and interviewing auditors from eight countries. It also discloses the results of the risk mapping and states that it identified migrant workers and working hours as high risks in more than half of the countries assessed. Microsoft identified

risks related to payment of recruitment fees, working conditions, excessive overtime, and discrimination. It identifies Malaysia and South Korea as being particularly high risk for migrant and temporary workers.

Only 19 companies (38%) disclose the risks of forced labor identified in their supply chains. This stands in stark contrast to the fact that companies that disclose a supplier list or some information on their sourcing countries reveal sourcing from Malaysia and/or China (59% of the benchmarked companies, or 29 out of 49).¹⁰⁴ These two countries are listed by the US Department of Labor as countries where electronics may be produced with the use of forced labor.¹⁰⁵ Since the 2018 benchmark, three additional companies disclose they have begun identifying such risks (**Amazon**, **Micron**, and **Microsoft**). However, only five companies (**Best Buy**, **Ericsson**, **Intel**, **Microsoft**, and **NXP**) disclose risks identified in multiple tiers of their supply chains—thereby demonstrating a stronger understanding of forced labor risks throughout their supply chains. **Intel**, for example, discloses that it has identified Malaysia, Singapore, Taiwan, and Thailand as high risk due to the employment of foreign migrant workers through recruitment agencies in those countries. It also discloses risks of recruitment-related fees and passport retention in both the first and second tiers of its supply chains. **Ericsson** identifies forced labor risks related to the sourcing of its components and services from India and China and, more broadly, the sourcing and extraction of raw materials. **Best Buy** discloses that it identifies migrant workers in Taiwan and student workers in Thailand as being at risk of forced labor in its supply chains; it also reports forced labor risks at the mining level.

NOTABLE COMPANY ACTION

Traceability and Supply Chain Transparency: Samsung discloses that there are 3.7 million workers in the first tier of its supply chains, 1.7% of whom it estimates to be migrant workers.

Risk Assessment: Hewlett Packard Enterprise discloses that it conducts assessments of its supply chain risks at global, regional, and local levels. It states that it works with stakeholders such as industry bodies, NGOs, and governments, as well as external data from research and reports, to understand forced labor risks. It states that its assessments focus on vulnerable worker groups, the use of labor agents, and locations with a higher risk of forced labor.

RECOMMENDED COMPANY ACTION

Traceability and Supply Chain Transparency: Disclose a supplier list that includes the names and addresses of suppliers and publish information on suppliers' workforce, such as the percentage of migrant or women workers.

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

99 It should be noted that there is no definition of the first tier of supply chains that works for all business models and sectors; however, for the purpose of this analysis, first tier is defined as those suppliers with which companies have direct contractual relationships.

100 Supplier lists that cover the top 200 first-tier suppliers, or the majority of supplier spend.

101 Transparency Pledge, "[Importance of Transparency in the Supply Chain](#)." Accessed 23 March 2020. 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. Electronics Watch (2018), "[Electronics Watch Policy Brief #1: Worker-Driven Transparency](#)," p. 2.

102 Equal Times (22 December 2017), "[The gender gap in electronics factories: women exposed to chemicals and lower pay](#)." Accessed 23 March 2020.

103 Institute for Human Rights and Business (July 2019), "[Breakout Groups Summary: Global Forum for Responsible Recruitment – Bangkok, July 2019](#)," p. 3.

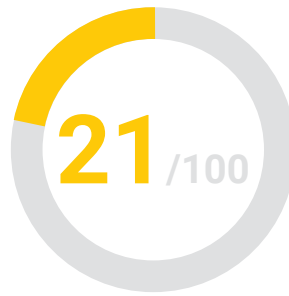
104 KnowTheChain, "[2020 KTC ICT Benchmark Data Set](#)." Accessed 30 April 2020.

105 US Department of Labor (2018), "[U.S. Department of Labor's 2018 List of Goods Produced by Child Labor or Forced Labor](#)," pp. 8-9.

PURCHASING PRACTICES

This theme measures the extent to which a company adopts responsible purchasing practices, responsible sourcing of raw materials, and integrates supply chain standards into supplier selection and supplier contracts.

AVERAGE
SCORE



Purchasing Practices is the second-lowest-scoring theme of the benchmark, yet enabling indicators such as purchasing practices are fundamental to addressing forced labor in supply chains. While more than half of the companies integrate forced labor considerations into their supplier selection and supplier contracts, they do not typically disclose information on how they are adopting responsible purchasing practices or incentivizing suppliers to encourage or reward good labor practices in their supply chains (for example, through price premiums, increased orders, or longer-term contracts).

PURCHASING PRACTICES

Companies can address forced labor risks in their supply chains by adopting responsible purchasing practices. For example, they can avoid practices that may lead to forced labor, such as short-term contracts and sudden changes in workload. Only eight of the 49 companies (16%) disclose some information regarding adopting responsible purchasing practices in their supply chains, such as planning and forecasting, training procurement on responsible purchasing practices, setting longer lead times for suppliers, or ensuring prompt payment for suppliers. For example, **Walmart** discloses that its sourcing staff are trained on how their decisions could influence conditions in their supply chains, and how they can work to ensure responsible buying practices. However, only four companies (8%)—**Corning**, **Hewlett Packard Enterprise**, **HP**, and **Samsung**—provide more information, such as how their policies or approaches are implemented. **Samsung** discloses that it analyzes data on its suppliers' production capacity and volume as a way of estimating overtime work and

“It is crucial for buyers to adopt responsible purchasing practices as part of their efforts to eradicate forced labor. Reasonable delivery timelines, fair pricing of goods, forecasting that prevents business spikes, and sharing of risks with suppliers are key practices that help create the conditions for decent work and freedom of employment.”

Björn Claeson, Director, Electronics Watch

managing working hours. **HP** discloses that it is supporting its suppliers to improve their forecasting ability and to track working hours more accurately. As a result, it reports suppliers have implemented IT systems to improve the management of shifts. **HP** also demonstrates the impact of these changes for its supply chain workers—it states that by increasing lead times with one final assembly supplier and improving communication, workers are now assigned eight-hour shifts instead of 12-hour shifts. **Corning** reports that it ensures prompt payment to suppliers, and **Hewlett Packard Enterprise** discloses that it provides monthly demand forecasts to its suppliers and shares its business outlook, including forecasting, with suppliers during quarterly reviews. It also asks them to report against key performance indicators (KPIs) on working hours and foreign migrant workers.

Thirty-one out of 49 companies have adopted the Employer Pays Principle, which notes that no worker should pay for a job, and the costs of recruitment should be borne by the employer. Such costs have previously been absorbed by workers and have gone unaccounted for. Yet no company discloses efforts to train purchasing staff on this principle or on integrating recruitment-related costs in its supply chains into purchasing practices, let alone processes to actually integrate such costs into supplier contracts and orders. Training is a key step that must be taken by companies in order to effectively integrate the Employer Pays Principle into sourcing costs. For more information on recruitment-related fees, see the Recruitment chapter.

PURCHASING PRACTICES AND THE EMPLOYER PAYS PRINCIPLE

**POLICY INCLUDES
EMPLOYER PAYS PRINCIPLE**

63%

**ADOPTS RESPONSIBLE
PURCHASING PRACTICES**

16%

**INTEGRATES EMPLOYER
PAYS PRINCIPLE INTO
PURCHASING PRACTICES**

0%

HP and **Corning** are the only companies to disclose multiple data points that demonstrate their purchasing practices. HP uses social and environmental responsibility manufacturing scorecards to evaluate suppliers representing about 43% of its manufacturing spend, and it works to increase lead times with suppliers (see above). **Corning** discloses its efforts to reduce forced labor risks in its supply chains and states that the average length of its contracts with suppliers is two years, that it pays 97% of small, disadvantaged suppliers within 60 days or less, and that 15% of orders get changed after an order is placed.

Around a quarter of the companies (24%) disclose how they incentivize their suppliers to encourage or reward good labor practices, though only four provide details or explain how their suppliers' labor practices may positively impact future business decisions. **Hewlett Packard Enterprise** uses the information reported under its KPI program (described

above) for supplier scorecards, alongside audit and assessment results. The scorecards are used in procurement decision-making. Since 2018, four additional companies have published such information (**Ericsson, Microsoft, NXP, and Samsung**).

The majority of the companies disclose having taken limited steps to source raw materials responsibly, i.e., addressing forced labor risks, for example, by conducting due diligence on the mining of minerals including tantalum, tin, tungsten, and gold. A number of the companies use the Responsible Mineral Initiative's Responsible Minerals Assurance Process, which lists forced labor as one area of risk assessment in line with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains. However, companies disclose limited detail on how they specifically address forced labor risks or on outcomes of their due diligence processes. Only three companies (**Apple, Best Buy, and Microsoft**) provide detail

on their efforts. **Microsoft** reports that cobalt is one of its focus areas, as it has identified cobalt as being associated with forced labor risks. As a result, it is working with its battery suppliers to build their capability and surveying sub-tier suppliers to identify cobalt smelters. The company also discloses a responsible-sourcing-of-raw-materials policy, which it states extends the requirements of its supplier code (including forced labor) to raw material extraction and harvesting processes. Several other companies also disclose efforts to assess the human rights risks associated with cobalt. **Apple** discloses that it has led the development of a cobalt working group in collaboration with the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, which is intended to carry out collective action to address the social and environmental risks of cobalt and create standardized audit protocols.

SUPPLIER SELECTION

SUPPLIER SELECTION POLICY

59%

SUPPLIER SELECTION OUTCOMES

6%

However, only three companies (**Intel**, **Microsoft**, and **Samsung**) give information on how this process works in practice by disclosing the outcomes of the selection process. For instance, **Samsung** reports that it evaluates potential suppliers on criteria that include labor and human rights and a checklist of RBA standards, which include forced labor. It discloses that suppliers must score at least 80 out of 100 in order to qualify, and that of those assessed in 2019, 18% did not meet its requirements. **Intel** discloses that its selection process includes a questionnaire to determine whether there are risks of forced labor. It may conduct additional due diligence, if warranted. It reports that for a prospective Malaysian supplier, it carried out an audit which found that recruitment fees were charged and passports were retained. The company states that it worked to return the passports and repay the fees before product orders took place.

SUPPLIER SELECTION

Twenty-nine of the 49 companies (59%) disclose a supplier selection process that involves assessing potential suppliers for risks of forced labor. Companies generally provide a good level of detail on this process, and several companies have published further information on their supplier selection process since the 2018 benchmark. **Amazon** discloses that before ordering products, suppliers are assessed for compliance with its supplier code, and that qualification requirements address forced labor, recruitment fees, and passport retention. Any issues identified must be resolved before the supplier can qualify. In addition, it reports that suppliers in certain high-risk regions are subject to enhanced due diligence. **Best Buy** reports that potential suppliers are trained on the RBA Code of Conduct, which includes forced labor.

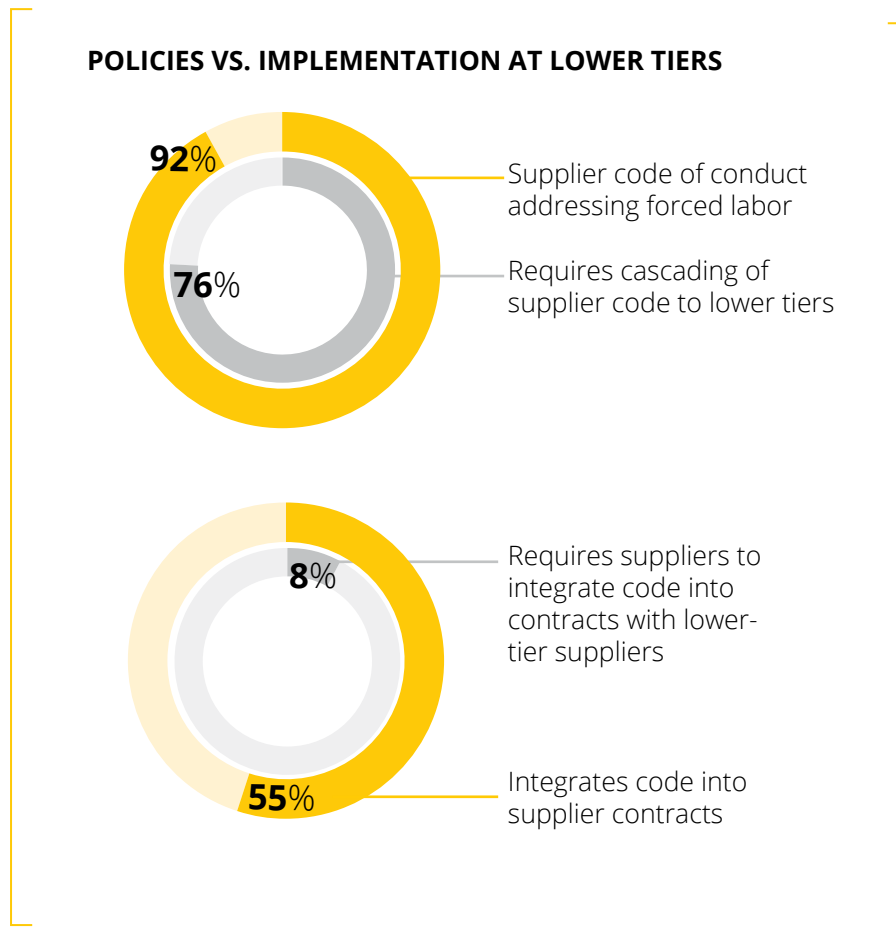
INTEGRATION INTO SUPPLIER CONTRACTS

Just over half of the companies (55%) disclose that their supply chain policies addressing forced labor are integrated into their contracts with suppliers. This does not mark any improvement since the 2018 benchmark. **Microsoft**, for instance, discloses purchase order terms and conditions per country, which include a clause requiring compliance with its supplier code of conduct and accompanying manual. Many company supplier codes of conduct limit the right to freedom of association to conformance with local law. Only three companies (**Ericsson**, **Hewlett Packard Enterprise**, and **Nokia**) disclose that all four ILO core labor standards are fully incorporated into contractual agreements with their suppliers.

While companies disclose that such clauses are included in their contracts, far fewer companies give an indication of the scope and coverage

of such contracts. Only six companies (12%) report the percentage of suppliers covered by such contracts (**Best Buy, Corning, Intel, Nokia, Qualcomm, and Samsung**). Further to this, only four companies (8%) disclose that they require suppliers to integrate such standards into their own contracts. For example, **Microsoft** discloses a responsible-sourcing-of-raw-materials policy that requires its suppliers to integrate the

sourcing requirements into their own contracts. **Samsung** reports that its first-tier suppliers are required to sign contracts with second-tier suppliers that include the same level of standards as its own contracts.



NOTABLE COMPANY ACTION

Purchasing Practices: HP discloses that it is supporting its suppliers to improve their forecasting ability and to track working hours more accurately. As a result, it reports suppliers have implemented IT systems to improve the management of shifts. HP also demonstrates the impact of these changes for its supply chain workers—it states that by increasing lead times with one final assembly supplier and improving communication, workers are now assigned eight-hour shifts instead of 12-hour shifts.

Integration Into Supplier Contracts: Corning reports that it requires its suppliers to include provisions equivalent to those in its supplier code addressing forced labor in contracts with their own suppliers. It reports that 100% of its own contracts with suppliers incorporate such standards.

RECOMMENDED COMPANY ACTION

Purchasing Practices: Adopt and disclose responsible purchasing practices in supply chains, including improving forecasting alignments and sharing purchasing plans with suppliers. Integrate the Employer Pays Principle into sourcing costs and train procurement staff on the adoption of the principle into purchasing practices. Incentivize good labor practices at suppliers, for example, through increased orders or financial incentives. Take steps to address forced labor risks deeper within supply chains, including through efforts to improve working conditions at the commodity level.

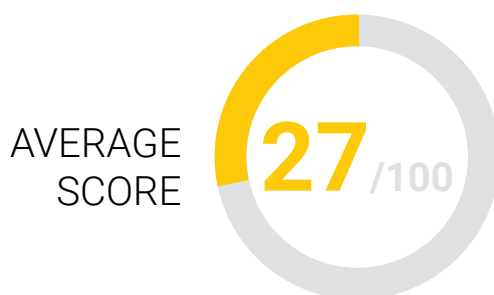
Supplier Contracts: Ensure that the ILO core labor standards are incorporated into contractual agreements with suppliers and require the same of suppliers in order to ensure a cascading of standards.

RECRUITMENT

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.¹⁰⁶ 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 examination. In fact, two companies reported finding workers in their supply chains who were paying recruitment and related fees ranging from 5%-200% of their monthly wages.¹⁰⁷

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).

This theme measures a company's approach to reducing the risk of exploitation of its supply chain workers 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.



Recruitment is the third-lowest-scoring theme in the benchmark. No company receives a full score on the theme of recruitment.

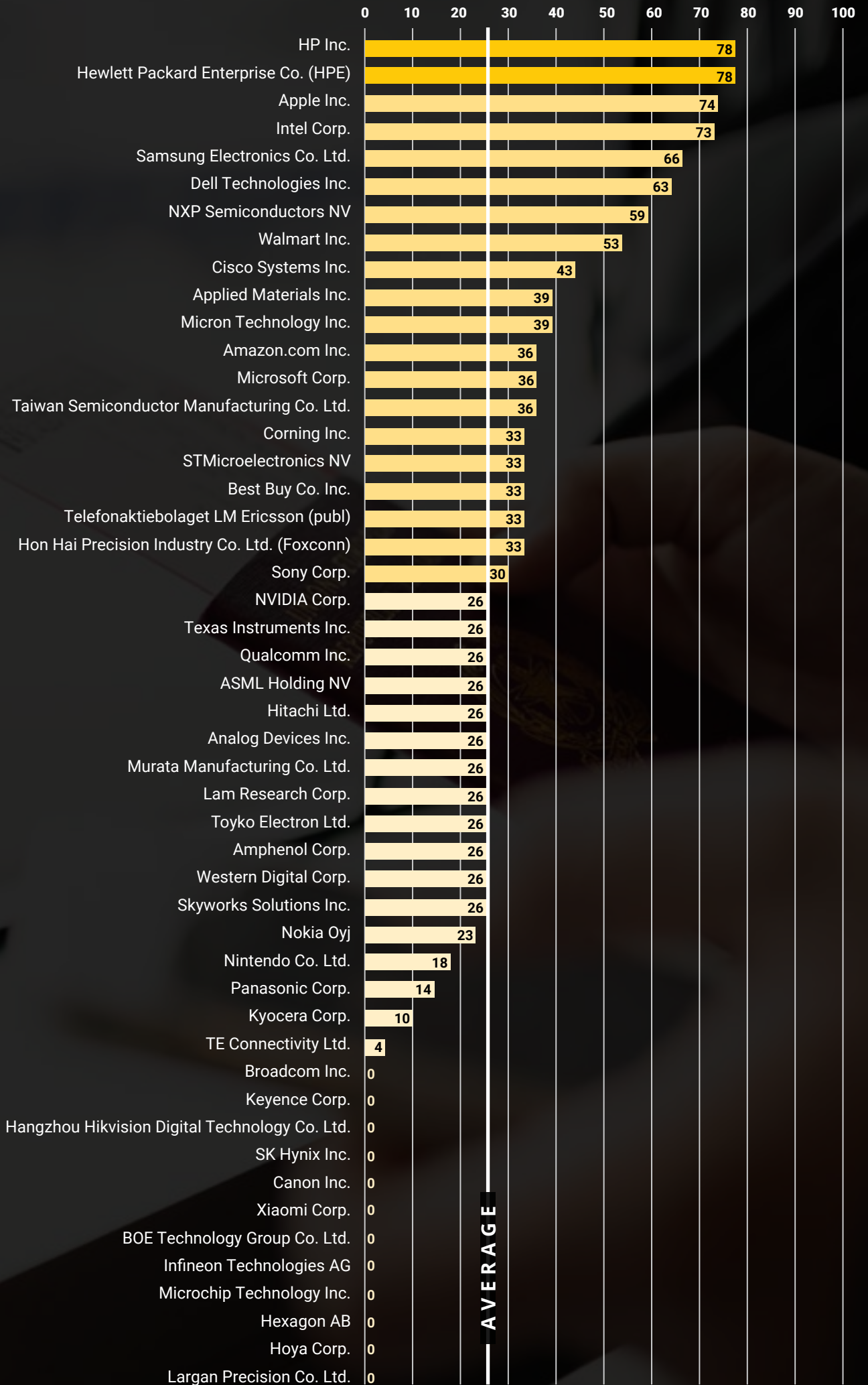
RECRUITMENT FEES

Thirty-six of the 49 companies (73%) disclose a policy that prohibits worker-paid recruitment fees in their supply chains, and 31 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. Many companies use the code of conduct of the RBA, the latest versions of which incorporate the Employer Pays Principle. Some

companies provide additional guidance to their suppliers. **Samsung**, for example, discloses a set of guidelines that provide a list of recruitment-related fees that are payable by the supplier and states that suppliers should pay such fees after a worker's employment offer has been accepted in writing. These fees include any recruitment agency fees and outlays for transportation, medical tests, visas, and training orientations.

The majority of the companies disclose a policy prohibiting recruitment fees, showing a trend toward this requirement becoming a norm in the sector (36 out of 49). It is encouraging that of the 40 companies benchmarked in 2018, 30 of

KNOWTHECHAIN 2020 ICT RECRUITMENT



Employer Pays Principle:

“No worker should pay for a job—the costs of recruitment should be borne not by the worker but by the employer.”

them (75%) now have a no-fee policy in place. This represents an increase of six companies (15%) that have published such a policy since 2018.

Thirty-three of the 49 companies (67%) specify some steps they have taken (beyond merely prohibiting worker-paid recruitment fees) to ensure that fees are reimbursed to workers where they have been paid. In some cases, this is simply a policy that requires fees be repaid to workers. Some companies provide further information, such as **Amazon**, which states that during investigations, it records where workers have migrated from and the amounts they have paid in fees. Similarly, **Walmart** discloses that it reviews audit information for indicators that migrant workers might have been charged fees. These examples give some indication of the processes that companies are using to identify fees.

However, only 13 of the 49 (27%) companies demonstrate that their policies regarding recruitment fees are being implemented in practice by disclosing evidence that fees have been reimbursed to workers. Among these 13 are ten companies that were benchmarked in 2018—five of which (**Cisco**, **Ericsson**, **HP**, **Microsoft**, and **NXP**) disclose that fees have been repaid to workers in their supply chains since 2018 (12.5% increase). **Apple** discloses the cumulative amount that has been reimbursed to workers since 2008, as well as the process by which it calculates reimbursement amounts. The amounts are determined by the fees identified through worker interviews and additional verification with labor agencies or suppliers. The company also outlines the repayment process with its suppliers: the supplier is notified of the violation; the supplier signs the probation and repayment terms; the supplier submits a repayment plan to Apple for approval; the

supplier makes the repayment to the worker; and a third-party auditor verifies the payment at the supplier site. **Intel** discloses that money has been reimbursed to workers in the lower tiers of its supply chains, including in the second and third tier. It reports that it is currently working with ten suppliers on fee repayments in the third tier of its supply chains. **Intel** and **Cisco** are the only companies disclosing what the amount of fees means for workers, by providing an indication of how the fees compare to monthly wages.

Where companies disclose information about remediation, details are often limited and do not provide a full picture of the conditions in a company’s supply chains. Good practice includes disclosing reimbursement for recruitment fees and related fees such as health checks or travel costs, as well as important details such as the number of workers reimbursed, the countries where the violations occurred, the timeframes, and the amounts paid back over time. Companies that disclose such details can demonstrate the scope of their work on recruitment fees and show that remediation is not taking place in isolated incidents.

Notable examples include:

- **Apple** discloses that its suppliers have reimbursed fees of approximately US\$30.9 million to 36,137 workers since 2008, including US\$616,000 to 287 workers in 2018. Apple also discloses that it has required that fees be returned to a worker who had been made to pay for their onboarding medical examinations at a supplier facility.
- **Cisco** discloses that it oversaw the reimbursement of an estimated US\$400,000 in health-check and recruitment fees by suppliers to 2,150

workers. It notes that “to make lasting improvements, Cisco will monitor and coach suppliers across multiple years if needed.”

- **Intel** reports that its suppliers have repaid US\$14 million in fees to more than 12,600 workers since 2014. It also discloses fee repayments at eight second-tier suppliers in Japan and Korea.

Even where companies disclose details, however, it is often difficult to understand the scale of reimbursement across sourcing countries.

The amount of recruitment-related fees repaid to workers, as reported by companies in the benchmark, ranges from US\$180 to US\$1200. However, it is not always clear in which countries these repayments occurred and, as companies do not report on whether remedy is satisfactory to the victims, it is typically unclear whether the reimbursement amount is adequate. Equally, it is difficult to ascertain whether the number of workers remediated covers all, or at least the majority of, workers who have paid recruitment fees. Only a very few companies report on the number of workers in their supply chains, much less on the number or percentage of migrant workers.¹⁰⁸ The few companies that report on such numbers estimated that migrant workers make up between 0.1%-5% of their supply chain workforce and that the percentage of workers to whom recruitment fees were reimbursed varied between 1%-2.5%. Further, there was no evidence that companies support their suppliers in repaying such recruitment fees. On the other hand, it is encouraging that companies in the sector for the first time report on payback of recruitment fees in the lower tiers of their supply chains, as well as on payback of recruitment-related fees such as health checks.

While some companies disclose reimbursing fees, no company shows a step-by-step process that evidences that its policies are implemented, i.e., that recruitment fees are paid by the suppliers rather than their workers. This is despite the fact that some companies have had no-fee policies for several years (and some have been remediating such fees to workers for several years), and it is concerning that these

policies appear to be ineffective in preventing fees from being charged in the first place. Such a process could include demonstrating an understanding of the recruitment channels that supply chain workers use to get to sourcing countries, identifying labor agency practices and the amounts of fees charged in different corridors, and undertaking detailed checks on relevant documentation from suppliers (such as contracts with recruitment agents or worker visas). Some initial steps companies have taken include:

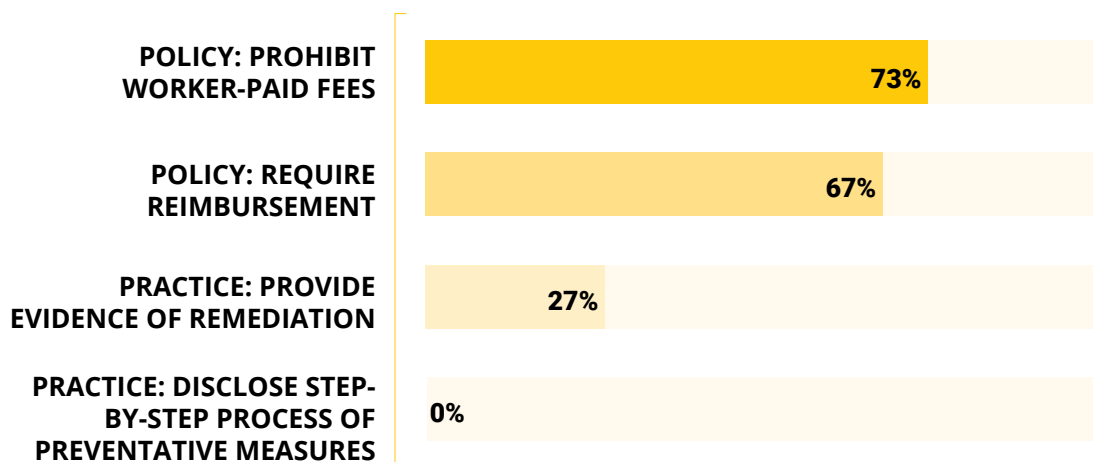
- **HP** reports that it works to build its suppliers’ capabilities through partnering with external organizations “that can provide guidance on the ethical management of recruiting foreign migrant workers” and states that this can involve the external organization conducting their own worker interviews, reviewing documentation, and researching migration costs.
- **Hewlett Packard Enterprise** notes that in collaboration with Verité, it mapped the legal regulations and financial costs of recruitment along a number of common recruitment corridors.
- **Applied Materials** discloses a project focused on assessing forced labor risks in the supply chains of three Asia-based suppliers. It reports that the project evaluates its suppliers’ processes for hiring migrant workers, maps the journeys of the workers and the associated recruiting processes, and develops corrective action plans to address the gaps identified.

No company reported on training procurement teams and adapting purchasing practices to ensure the recruitment costs of the Employer Pays Principle (which were previously assumed to be non-existent or absorbed by workers) are integrated into sourcing costs.¹⁰⁹

While 33 of the 49 companies report that they require fees be reimbursed, only 13 disclose that fees have been repaid to workers in practice (27%). Therefore, while policies prohibiting fees appear to have become commonplace, a disparity still exists between the policies

companies have established and disclosure on how those policies work effectively in practice.

RECRUITMENT FEES: POLICY VS. PRACTICE



RECRUITMENT APPROACH

HP and **Hewlett Packard Enterprise** are the only companies to require direct employment in their supply chains. In doing so, the risks associated with the use of employment agencies are eliminated. Only 10% of the companies (5 out of 49) disclose taking some steps toward requiring direct employment—such as through encouraging its use, raising awareness of its benefits, or requiring direct employment in high-risk situations. **Apple**, for example, requires that employment agencies are not used in the employment of student workers. **Dell** discloses that it set up a workshop for suppliers, to which it invited a supplier “skilled in managing risks associated with labor agents” to present to other suppliers. The workshop emphasized that hiring workers directly reduces the risks of recruitment fees being charged to workers.

Only one company, **Hewlett Packard Enterprise**, requires recruitment agencies used by its suppliers to adhere to all four ILO core labor standards.¹¹⁰ Eleven of the 49 companies (22%) require either recruitment or employment agencies to adhere to their supplier code of conduct or require both agencies to comply with its forced labor policies. **Corning** discloses that it requires labor agencies to conduct due diligence with employment and recruitment agencies and that sub-agencies are also required to ensure compliance with its supplier code of conduct, which addresses forced labor.

Five companies (10%) disclose that they are taking steps to trace or map recruitment risks in their supply chains. **Intel**, for example, discloses that it has a process for mapping migrant worker journeys and recruitment channels in its supply chains. It reports that it asked 17 suppliers that employ migrant workers to carry out in-depth analyses of their processes for risk management. The suppliers were asked to cascade their policies to recruitment agents, map the journeys of migrant workers from home countries to factories, and assess the risks associated with those journeys. Some companies are members of the [Leadership Group for Responsible Recruitment](#) and, as such, are required to map their supply chains for recruitment risks. No company, however, discloses the outcomes or findings of their processes or details on the recruiters used by their suppliers.

MONITORING AND RESPONSIBLE RECRUITMENT

Companies do not generally disclose information on monitoring recruitment agencies in their supply chains. Thirteen of the 49 companies take some steps toward this, such as requiring suppliers to conduct due diligence on the recruitment agencies that they use. Still, they fail to provide evidence of implementation. Only one company, **Intel**, discloses undertaking audits. It reports that audits have been conducted on five agencies in its supply chains.

Ten of the 49 companies (20%) disclose information on how they support responsible recruitment in their supply chains. This included, for example, taking an active role in initiatives that address recruitment, mapping the journeys of migrant workers, collaborating with industry peers on recruitment issues, and training suppliers on responsible recruitment. **Intel** reports that, in May 2018, it worked with peer companies and the consultancy Elevate to provide training to over 150 suppliers and their recruiting agents in Malaysia, Singapore, and Thailand. **Walmart** states that it is working on a responsible recruitment project with the International Organization for Migration to understand the scale of migrant labor in its supply chains in Thailand and Malaysia. It states this project will “help provide suppliers with tools to promote responsible recruitment, decrease risks of worker exploitation, and develop a baseline on labor migration patterns and migrant worker recruitment.”

Walmart’s statement of principles on recruitment says, “When utilizing labor agents, use agents that adhere to the Employer Pays Principle,”—with the purpose of increasing demand for agents that use responsible recruitment. No company disclosed the use of responsible recruitment agencies in practice.

Despite an increased focus in the sector on developing policies on and remediating recruitment fees, companies appear to be less involved in both preventative measures and working toward responsible recruitment in their supply chains more broadly. This is arguably necessary in order to effect industry-wide change. Since 2018, only two additional companies have disclosed details on supporting responsible recruitment in their supply chains.

RIGHTS OF WORKERS IN VULNERABLE CONDITIONS

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 that render workers vulnerable may include characteristics such as gender and age, or factors like workers’ legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers). Risks exacerbate where several such factors are in place. Female migrant workers, for example, experience “systematic discrimination and abuse.”¹¹

Passport retention/restriction of movement:

The majority of the companies (76%) disclose a supply chain policy that prohibits the retention of workers’ passports, as the practice allows employers to control workers’ freedom of movement and prevents them from leaving the job. The latest versions of the RBA code, used by many companies in the benchmark, prohibit passport retention and restrictions on workers’ freedom of movement. Among companies benchmarked in both 2018 and 2020, an additional five companies have established this policy since 2018 (increase of 12.5%). Ten of the 49 companies disclose information on how this policy is implemented in practice, for example, by reporting instances whereby personal documentation has been returned to workers and processes have been put in place by suppliers to prevent retention from occurring again. **TSMC**, for example, discloses that 100% of the suppliers that it discovered had violated the passport retention policy have now

eradicated the practice. **NXP** discloses audit data on the retention of passports, showing that non-compliances related to passport retention decreased from 26% in 2017 to 9% in 2018.

Almost 70% of the companies (33 out of 49) disclose a policy that requires workers be provided with information on the terms and conditions of their job, as well as their rights. It is important for workers to know and be able to exercise their rights, especially where workers are migrating to a country where they will be less familiar with legal protections and social norms regarding equal treatment and non-discrimination. The most recent versions of the RBA code require that workers be provided with a written employment agreement in their native language before departing from their country of origin. However, only six companies disclose how this policy has been implemented in practice. **Apple** reports that its suppliers and labor agents are given tools that help potential workers learn about their labor rights and the terms of employment during the hiring process. It reports specifically on working directly with labor agencies in sending countries to train them on how to effectively deliver pre-departure orientation training to migrant workers. Suppliers and labor agents then provide pre-departure training to new employees on contract terms and conditions, working and living in the host country, and labor rights and protections during the journey.

Only two companies go further than describing policies in place for protecting the rights of workers in vulnerable conditions by reporting on the outcomes of steps taken to ensure the respect of workers' fundamental rights. Such outcomes should show a positive change in conditions for workers in vulnerable conditions, such as migrant, student, or women workers, beyond remediating existing violations of their rights. For example, **HP** reports that it worked with a supplier to improve working hours and give longer lead times. As part of these efforts, training was delivered to 450 migrant workers on their rights and temporary workers were transitioned to direct hires to avoid discrimination and unfair treatment.

The Institute for Business and Human Rights notes that “the recruitment agenda does not adequately focus on the migrant workers’ experience; responsible recruitment and implementation of the Employer Pays Principle is mainly not a bottom-up movement ... Reducing or eliminating recruitment costs to migrant workers does not necessarily reduce other risks, [therefore,] broader worker protection, including access to complaint mechanisms, is fundamental to respecting migrant workers’ rights.”¹¹² This observation is also reflected in the findings of this benchmark, given that companies disclose limited action to support migrant workers and rarely report on positive outcomes for such workers, beyond reimbursing recruitment-related fees.

While some improvements in the sector can be seen on the theme of Recruitment, with recruitment fee policies and policies regarding practices such as passport retention becoming more commonplace, ICT companies still have a long way to go in implementing such policies and addressing forced labor risks resulting from exploitative recruitment practices and discrimination of workers in vulnerable conditions in their supply chains. At 27/100, the average score remains low, and disclosure on how policies work in practice is still limited.

NOTABLE COMPANY ACTION

Recruitment Fees: Apple discloses the cumulative amount which has been reimbursed to workers since 2008 (US\$30.9 million), as well as the process by which it calculates reimbursement amounts. The amounts are determined based on the fees identified through worker interviews and verification with labor agencies or suppliers. The company also outlines the repayment process with its suppliers: the supplier is notified of the violation; the supplier signs probation and repayment terms; the supplier submits a repayment plan to Apple for approval; the supplier makes the repayment to the worker; and a third-party auditor verifies the payment at the supplier site.

Responsible Recruitment: Applied Materials discloses a project focused on assessing forced labor risks in the supply chains of three Asia-based suppliers. It reports that this includes evaluating suppliers' processes for hiring migrant workers, mapping the journeys of workers and associated recruiting processes, and developing corrective action plans to address the gaps identified.

Rights of Workers in Vulnerable Conditions: HP reports that it worked with a supplier to improve working hours and give longer lead times. As part of these efforts, training was delivered to 450 migrant workers on their rights, and the supplier transitioned temporary workers to be hired directly in order to avoid discrimination and unfair treatment.

RECOMMENDED COMPANY ACTION

Responsible Recruitment: Adopt responsible recruitment practices in supply chains by collaborating with peers to share findings on recruitment issues (such as the cost of recruitment between two countries or information on recruitment corridors), ensuring suppliers have a screening and selection process in place for recruitment agencies, supporting the development of responsible recruitment schemes, and actively participating in collaborations such as the RBA's Responsible Labor Initiative.

Recruitment Fees: Incorporate the Employer Pays Principle into policies to ensure that costs are borne by the employer, not the worker. Take steps to ensure both the remediation of worker-paid fees and the prevention of such fees. 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: Understand the workforce in your supply chains and the conditions that may create vulnerability to exploitative working conditions, such as for migrant workers, women workers, or student workers. 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 right to freedom of association and collective bargaining (and/or are able to access alternative means of organizing and bargaining).

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- 106 International Labour Organization (2019), "[General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs](#)," pp. 13 and 29.
- 107 KnowTheChain, "[2020 KTC ICT Benchmark Data Set](#)." Accessed 30 April 2020.
- 108 See chapter on [Traceability & Risk Assessment](#).
- 109 See chapter on [Purchasing Practices](#).
- 110 The company does not require employment agencies to have such standards since it requires workers to be employed directly by suppliers.
- 111 Institute for Human Rights and Business (2019), p. 3.
- 112 Institute for Human Rights and Business (2019), p. 3.

WORKER VOICE

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 be at the core of a company's strategy.

Workers need to be central to labor rights programs, as they are the ones who best understand their conditions and have the strongest interest in ensuring their rights are respected.

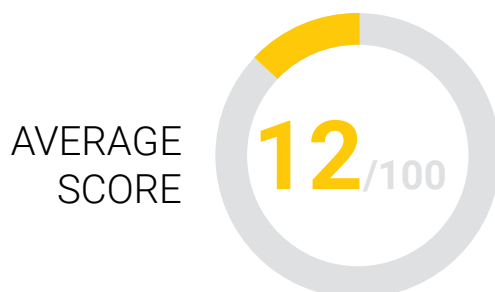
Fundamental power imbalances between companies and workers leave workers' voices and rights suppressed. If companies want to ensure workers' rights are fully respected, companies must support rather than suppress rights and initiatives that address this power imbalance.

Companies need to commit to ways to recognize their workers' voice and agency, which is often exercised through trade unions, worker organizations, other forms of collectives, or sometimes by individuals.¹¹³ 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.

Meaningful approaches to the theme of Worker Voice should include supporting workers in understanding their rights and enabling them to organize and fully enjoy all of those rights. The [Worker Driven Social Responsibility 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.

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 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. All companies score zero on their efforts to support freedom of association in their supply chains, revealing a significant gap in company efforts to address forced labor in their supply chains. In fact, except for one company, **Apple**, all companies score below 50 on the theme of Worker Voice. Even on themes where improvements across companies are limited, there are typically a few new notable practices from more advanced companies that can be identified. Worker Voice is the only theme in the benchmark where no (new) notable practices could be identified.

WORKER ENGAGEMENT

This theme assesses to what extent and through what means companies are engaging with workers in their supply chains to ensure that they understand and are able to exercise their rights. More than half of the 49 companies (63%) disclose that they require their supplier code of conduct be communicated to workers in their supply chains. However, it is not always clear how it is communicated or how workers are made aware of policies designed to uphold their rights. Nine of the 49 companies (18%) provide more details, such as they require that workers are trained on the code or on how the code should be communicated. For example, **Walmart** requires that posters outlining workers' rights relating to forced labor, discrimination, payment of wages, unsafe working conditions, freedom of association, and details of its grievance mechanism be displayed in its supplier facilities. **Samsung's** migrant worker guidelines state that suppliers should conduct pre-departure and arrival training for migrant workers on their rights and on the company's policies. **Intel** discloses that its supplier code requires that policies are communicated to workers, and it describes how this is implemented, reporting that during some supplier audits, it identified that workers were not aware of the company's policies on forced labor or had not received training. It ensured this was corrected by requiring its suppliers to post the policies and train workers, and it conducted an evaluation of the effectiveness of the training.

Only 10% (5 out of 49) of the companies disclose engaging with workers in their supply chains on labor rights or supporting worker-led efforts to educate workers on their rights. Amongst companies benchmarked in both 2018 and 2020, disappointingly, there has been no demonstrated increase in these efforts. **Apple** reports that in collaboration with the International Organization for Migration, it trains migrant workers in its supply chains on their rights before they depart from their country of origin. The training focuses on their rights and responsibilities, contract terms, the culture in their country of employment, and how to report grievances. It discloses information on the scope of this program, demonstrating that it goes beyond engaging with just one supplier by stating that these training sessions have been undertaken in six locations and included workers from the Philippines, Indonesia, Nepal, and Vietnam.

Other companies' efforts to engage supply chain workers often refer to conducting surveys through which workers can give feedback or delivering information through workers' mobile phones. These exercises can appear to be a means for companies to gather data on workers and better understand risks in their supply chains; they do not necessarily empower workers to change their working conditions.¹¹⁴ Where a company's intention is to strengthen its workers' ability to exercise their rights, the [WEST Principles](#) can be a useful starting point. They address issues such as defining how engagement serves the needs of workers, using worker-centric and inclusive design, earning trust over time, and evaluating impacts for workers to inform possible follow-up actions.

Information on the impact of worker engagement is extremely limited, with only three companies reporting on the positive outcomes of worker engagement. **Dell** reports that training was provided to 50,000 workers on their labor rights. This resulted in an improved understanding of the company's policy prohibiting recruitment fees, with 93% of workers understanding the policy, up from 87%.

Why Is Freedom of Association Important to Address Forced Labor Risks?

Freedom of association is an enabling right and an effective instrument to tackle forced labor.¹¹⁵ 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.¹¹⁶

“One of the most effective ways of preventing the exploitation of migrant workers is by guaranteeing the right to join trade unions in destination countries; in industries with strong trade union representation there are lower levels of labour exploitation, child labour, trafficking and forced labour.”¹¹⁷

Anti-Trafficking Review

Challenges observed in practice include a low degree of unionization in the electronics sector, corporate resistance to unionization, and discrimination and harassment against union members.¹¹⁸ The NGO SOMO notes that there is an “unwillingness on the part of a large group of [electronics] companies to take freedom of association seriously,” and even though worker interviews demonstrate that they are not able to exercise their rights to freedom of association and collective bargaining, audits, the main tool used in the industry, often do not pick up on this.¹¹⁹ Further, 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.”¹²⁰

Companies in the sector should pay more attention to this, not least because workers in key sourcing countries are severely restrained in exercising their right to freedom of association and collective bargaining. As an example, the top three sourcing countries for US electronics are China,¹²¹ Mexico, and Vietnam,¹²² all of which are currently given the worst, or second-worst grade when it comes to these rights (“No guarantee of rights”/“Repeated violations of rights”).¹²³ The USA, where the production of electronics also takes place (albeit at a much smaller scale) similarly receives low marks in this area.¹²⁴ Where companies choose to source from countries where the respect for freedom of association and collective bargaining is weak or non-existent, they need to take additional steps to ensure workers can exercise these rights.

No company discloses steps taken to support freedom of association for supply chain workers. While companies generally include provisions in supply chain policies requiring respect for the right to freedom of association and collective bargaining, these provisions are frequently limited to conformance with local law. While one company, **Intel**, discloses that it “shared suggestions with officials in Malaysia and Vietnam on procedures to protect employees’ freedom of association rights, as each country considered labor law reforms,” it does not disclose further details nor provide any example demonstrating that freedom of association has been improved for its suppliers’ workers. Moreover, companies do not provide information on how they ensure, in practice, that freedom of association is respected in their supply chains.

It is concerning that electronics companies have not reported any action in supporting workers’ ability to organize since 2016. The right to freedom of association and collective bargaining is critical for workers in supply chains

to be able to act collectively, elevate their voice, and drive change in working conditions. Where it is suppressed, or inadequately facilitated or supported, it becomes significantly more difficult for workers to challenge exploitative working conditions, including indicators of forced labor¹²⁵ such as abuse of vulnerability or excessive over-hours, which increases the risk of forced labor. In their failure to uphold these basic rights, companies create and sustain the conditions of gross inequality of power in factories in which forced labor can thrive.

Of the 40 companies benchmarked by KnowTheChain in 2018 and 2020, including 19 that have been included in the benchmark since 2016, none have disclosed action taken on supporting freedom of association for supply chain workers. No company discloses working with local or global trade unions to support freedom of association in its supply chains; no company reports being party to a global framework agreement or another enforceable supply chain labor rights agreement with trade unions or worker organizations; no company reports taking steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing where there are regulatory constraints on freedom of association (even though a number of the companies disclose having suppliers in countries where there are restrictions on freedom of association);¹²⁶ and no company provides concrete examples of how it improved freedom of association for its suppliers' workers such as migrant workers in different supply chain contexts.

Changing Context

Electronics companies may find that some of the countries where production occurs are evaluating changes in their approaches to freedom of association and collective bargaining. For example, in July 2019, Vietnam, a sourcing country for companies such as Apple, HP, and Dell, ratified ILO Convention 87 (Right to Organize and Collective Bargaining Convention). It will come into force in July 2020.¹²⁷ In December 2019, the chairman of Samsung, along with 25 other Samsung personnel, was

convicted in South Korea for obstructing union activities by subcontracted workers at a Samsung facility.¹²⁸

Moreover, some companies are taking the lead in adapting their policies to require their suppliers to meet higher standards. **Hewlett Packard Enterprise** updated its supplier code of conduct in January 2020; its supplier requirements no longer limit the right to freedom of association and collective bargaining to local standards.¹²⁹ While no electronics company has a global framework agreement with IndustriALL or engages with unions regarding labor rights in its supply chains, companies from other sectors (where it may be more commonplace to enter into enforceable labor rights agreements with unions or at least engage with unions) are joining the RBA, one of the largest associations for the electronics sector.¹³⁰ This may lead to an increase in the number of RBA members that are taking steps to support freedom of association in their supply chains.

GRIEVANCE MECHANISM

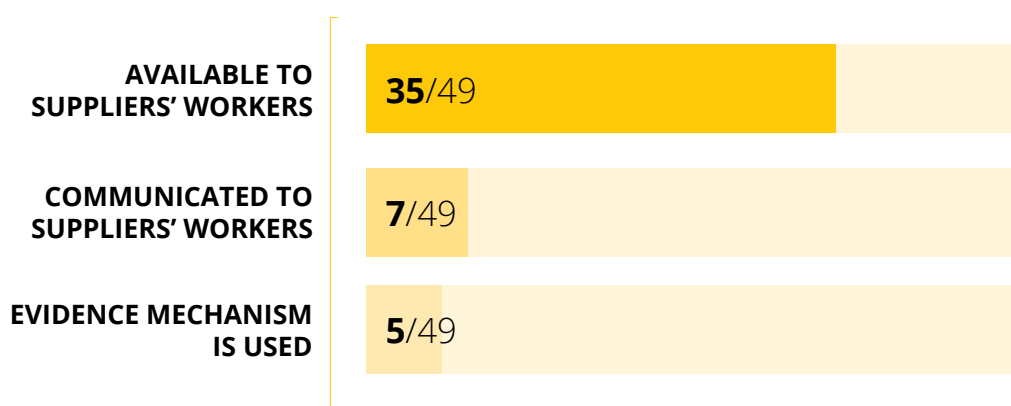
Twenty-four of the 49 companies (49%) disclose grievance mechanisms that are available to both suppliers' workers and other stakeholders such as worker representatives. An additional 11 companies disclose a grievance mechanism for their suppliers' workers, but which external stakeholders do not appear to be able to access. Some companies have multiple mechanisms available to workers in their supply chains. For instance, **HP's** foreign migrant worker policy requires suppliers to make effective and confidential grievance mechanisms available to migrant workers in their native languages. It also discloses that it has multiple reporting channels, which can be used by external stakeholders for human rights concerns. The company additionally reports that it has an agreement in place with the local non-governmental organization CEREAL in Mexico, which it states will notify the company when grievances arise.

However, while most companies disclose the existence of a grievance mechanism, company disclosure does not reflect whether the mechanisms are effective or used in practice

by the workers in their supply chains. Only seven companies (14%) disclose detail on how grievance mechanisms are communicated to workers, such as by providing training to their suppliers' workers on how to use the mechanisms. **Apple** and **NXP** both disclose that they test the effectiveness of grievance mechanisms during audits and assessments, such as by interviewing workers on how they would report grievances. **Microsoft** reports that on-site training on how to use the hotline was delivered to 2,510 workers.

Similarly, only five companies disclose data on their grievance mechanisms (**Apple, Microsoft, NXP, Samsung, and Walmart**), evidencing that the mechanisms are being used. **Microsoft**, for example, discloses that its hotline received 152 reports in 2019, which mostly related to wages, resignations, leave and holiday arrangements, working hours, labor contracts, delayed payments, and issues with management.

AVAILABILITY AND EFFECTIVENESS OF GRIEVANCE MECHANISMS



It is disappointing that only five companies report that grievance mechanisms are available to workers below the first tier of their supply chains (**Apple, Dell, Intel, Microsoft, and Samsung**). **Dell**, for instance, discloses that its auditors give its helpline information out to workers during audits, including audits at sub-tier suppliers. **Apple** discloses that it

supports the mechanism of the International Tin Association's International Tin Supply Chain Initiative, where grievances can be reported at the mining level. No company discloses evidence that grievance mechanisms have been used by workers in the lower tiers of their supply chains.

NOTABLE COMPANY ACTION

Worker Engagement: Dell reports that training was provided to 50,000 supply chain workers on their labor rights. This resulted in an improved understanding of the company's policy prohibiting recruitment fees, with 93% of workers understanding the policy, up from 87%.

Grievance Mechanism: Microsoft reports that on-site training on how to use its worker voice hotline was delivered to 2,510 workers in its supply chains. It also discloses data on its hotline, stating that it received 152 reports in 2019, which mostly related to wages, resignations, leave and holiday arrangements, working hours, labor contracts, delayed payments, and issues with management.

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.

113 For more information, see International Labour Organization, "[Q&As on Business and freedom of association.](#)" Accessed 11 March 2020.

114 Note that such worker-reporting approaches may be valuable for companies to assess risks and might be given credit under different areas of the benchmark.

115 ITUC (2016), "[Eliminating Slavery: Frontline Guidance for Trade Unions,](#)" p. 7.

116 For example, a textile union in South Africa secured a national collective agreement for the Covid-19 lockdown that ensures payment of workers' full salaries for six weeks. IndustriALL (26 March 2020), "[South African textile union wins full pay guarantee during coronavirus lockdown.](#)" In Japan, 56 unions secured wage increases for metal workers, with some securing bonuses that averaged five months of annual pay, as well as minimum wage agreements. IndustriALL (2 April 2020), "[Japanese metalworkers secure wage increase.](#)" Migrant workers in Russia have negotiated higher wages, 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 [IndustriALL](#) and [Solidarity Center](#).

117 Anti-Trafficking Review, No 5. (2015), "[Policy and Practice: The Role of Trade Unions in Reducing Migrant Workers' Vulnerability to Forced Labour and Human Trafficking in the Greater Mekong Subregion,](#)" p. 4.

118 SOMO (2012), "[Freedom of association in the electronics industry,](#)" pp. 1-5. Electronics Watch (2014) "[Winds of Change.](#)"

119 SOMO (2012), "[Freedom of association in the electronics industry,](#)" pp. 1, 13, and 14.

120 United Nations General Assembly (2016), "[Rights to freedom of peaceful assembly and of association,](#)" p. 9.

121 Regulatory constraints are placed on freedom of association. For guidance on how to support workers' rights in such contexts, see International Labour Organization, "[Q&As on Business and freedom of association.](#)" Accessed 11 March 2020.

122 For recent developments in Vietnam, see International Labour Organization (26 July 2019), "[Vietnam ratifies the Collective Bargaining Convention.](#)" Accessed 5 March 2020.

123 ITUC (2019), "[2019 ITUC Global Rights Index,](#)" p. 10.

124 Electronics Weekly (21 November 2019), "[US electronics imports from China down 12% Q1-Q3.](#)" See also ITUC (2019), "[2019 ITUC Global Rights Index,](#)" p. 10.

125 International Labour Organization (2012), "[Indicators of Forced Labor.](#)"

126 International Trade Union Confederation (2019), "[2019 ITUC Global Rights Index,](#)" p. 10.

127 International Labour Organization (26 July 2019) "[Vietnam ratifies the Collective Bargaining Convention.](#)"

128 Reuters (17 December 2019), "[Samsung Electronics board chairman jailed on union-busting charge.](#)"

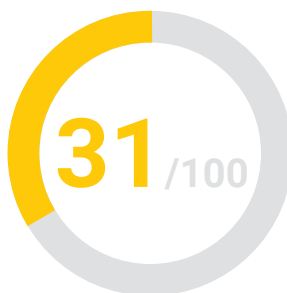
129 Hewlett Packard Enterprise (2020), "[Hewlett Packard Enterprise Supplier Code of Conduct,](#)" p. 4.

130 See, for example, Ford's global framework agreement with IndustriALL, which includes freedom of association and collective bargaining as well as a reference to encouraging and assessing suppliers on similar policies. IndustriALL (2012), "[International Framework Agreement Ford Motor Company and Global IMF / Ford Global Information Sharing Network Agreed upon Social Rights and Social Responsibility Principles,](#)" p. 1.

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.

AVERAGE
SCORE



The majority of the benchmarked companies disclose having a monitoring process in place for their suppliers covering an assessment of labor rights, including forced labor. Fewer companies, however, disclose details of the monitoring process, and only 40% disclose some information on the outcomes of the monitoring process. While most companies engage in social auditing as part of their supplier monitoring process, no company engages in worker-driven monitoring, which places workers at the center of the process.

MONITORING PROCESS

Most companies in the benchmark (40 out of 49) have in place a supplier monitoring process; some also report on the detail of this process. Fourteen of the 49 companies (29%) disclose that they conduct, or may conduct, non-scheduled visits. Thirty-three of the 49 companies (67%) disclose that their supplier monitoring includes a review of relevant documents that detail labor conditions such as work hour records, wage slips, contracts, and information on labor recruiters. Ten companies use the RBA's Validated Audit Process to undertake audits on suppliers, which, in addition to a review of relevant documentation, includes interviews with suppliers' workers that take place apart from their management and visits to facilities and worker housing, such as dormitories.

Whereas around half (51%) of the companies disclose undertaking interviews with workers, only two, **Nokia** and **Corning**, disclose

conducting off-site interviews with workers to ensure that workers can speak freely, without pressure by management to refrain from reporting labor rights violations. **Corning** discloses that it conducts worker interviews off-site as part of its supplier audits. Additionally, it states that worker interviews are held in private, without managers present, that workers' disclosure is confidential, and that it requires managers to actively protect interviewed workers from retaliation. For other companies, such as **NXP**, worker interviews are required to be conducted in private and not in the presence of facility managers, and interviewed workers receive a grievance card to use should they experience retaliation. As part of the worker interviews, the company records the gender breakdown, the age range and length of service of interviewed workers, the shift they are working, whether they attended freely, whether they were recorded, and any issues of privacy.

Twenty-one of the 49 companies disclose carrying out visits to associated production facilities and related worker housing while a further six companies disclose monitoring only production facilities, even though worker dependency on housing indicates an increased risk of forced labor.¹³¹

Less than a third of the companies assessed against the benchmark (29%) are taking steps to ensure that their suppliers below the first tier are monitored, demonstrating a clear lack of visibility into practices in places where risks tend to be the highest. **Dell** discloses its findings

related to labor and human rights at suppliers below the first tier. In 2020, **HP** began requiring six of its major PC suppliers to show how they are auditing their own supply chains for 85% of their spend, with the plan to implement the same requirement for display and printer suppliers. **Micron** states that it requires its suppliers to have a process in place for managing their own suppliers, which includes supplier selection, scorecards or performance evaluations, and risk assessments and supplier audits. While the number of companies monitoring below the first tier remains low, it is encouraging that an additional four companies (**Ericsson, Hewlett Packard Enterprise, HP, and Micron**) have reported undertaking such monitoring since 2018.

MONITORING DISCLOSURE

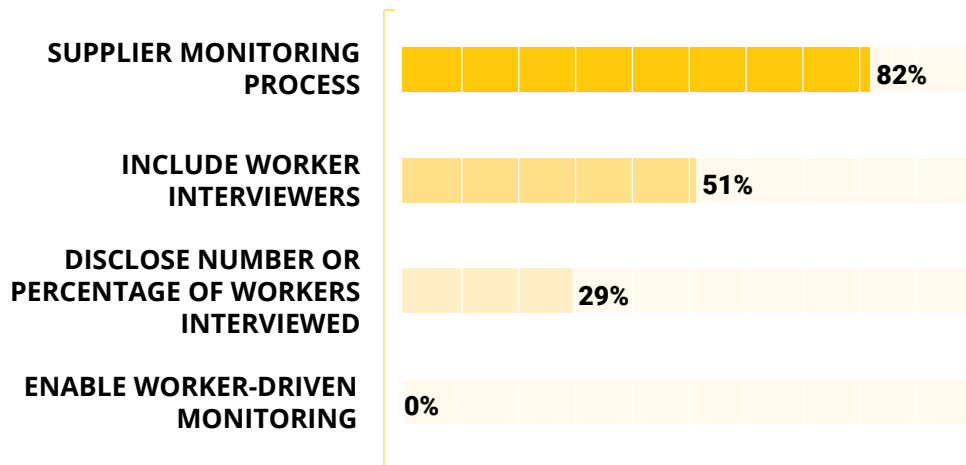
Less than a quarter of the companies (9 out of 49) disclose the percentage of suppliers monitored annually (or disclose at least some information, such as the total number of

suppliers and the total number of suppliers audited). Of the nine companies disclosing the percentage of suppliers monitored annually, **Samsung** discloses that it audited 21% of its first-tier suppliers in 2018.

Samsung is the only company to disclose the number or percentage of non-scheduled visits it carries out at suppliers, reporting that 92 third-party audits were conducted in 2018, equating to 4% of its first-tier suppliers.

Fourteen companies disclose the number or percentage of workers interviewed, while an additional two companies provide an indication of how many workers may be interviewed in this process. For example, **Dell** reports that 14,000 workers were interviewed as part of its supplier audits in 2018. It is encouraging that out of the 40 companies benchmarked in 2018, ten additional companies have disclosed the number or percentage of workers interviewed since 2018.

MONITORING MEASURES



Fifty-one percent of the companies disclose some information on the qualification of the monitoring organization used to detect forced labor, such as using auditors trained to detect forced labor risks, having language capabilities to speak with workers in their national languages, or using a credible third

party with expertise on auditing forced labor. However, no companies disclose using worker-driven monitoring, i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities.

Social Audits Versus Worker-Driven Monitoring: The Why and the How

What Is the Problem with Social Audits? While social audits can help detect indicators of forced labor, their limitations have been highlighted for years and may include a conflict of interest between auditors and those commissioning the audits, a lack of inclusion of workers' voices, threats and coercion of workers to lie when they are interviewed, and falsification of results.¹³² A snapshot of practices in time can rarely capture the gap between standards and actual practices on the ground, in particular for complex issues such as forced labor. As an example, a Malaysian manufacturer of rubber, a material that may be used in the electronics sector, was audited 28 times in 2017 and 2018 by a number of well-known international audit firms before an independent investigation identified forced labor in the factory.¹³³

How Could Auditing 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 are able to 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 of the workplace.¹³⁴ Crucially, such monitoring must be independent of influence from the buyer.¹³⁵

What Are the Results? Worker-driven monitoring has led to strong improvements for workers across sectors.¹³⁶ As an example, the not-for-profit Electronics Watch and its local monitoring partner, the Migrant Worker Rights Network undertook three years of worker-driven monitoring at the Thai electronics manufacturer Cal-Comp, and engaged in dialogue with the company and its buyers. This process led to a settlement with 10,000 migrant workers who were reimbursed their recruitment fees.

Worker-driven monitoring, which included in-depth interviews with workers and recruitment agencies, tracing of recruitment channels, and gathering of evidence, helped identify the full extent of the issues migrant workers are facing and define the remediation.¹³⁷

As evidence of the positive results of this approach increases, buyers including the UK government¹³⁸ have begun to adopt it.

Twenty companies (41%) disclose at least limited information on outcomes of the monitoring process; 13 of which (26%) disclose details, such as a summary of violations found. For example, **Dell** discloses findings from RBA audits carried out in 2018, including how suppliers scored on freely chosen employment protections, anti-discrimination policies, and freedom of association. The audits include findings per commodity (e.g., batteries, parts/components, storage and servers) and for sub-tier suppliers. They include a comparison over time. **Intel** discloses data on the number of forced labor incidents found over the last five years. Some companies provide an indication of the country or region where the violations occurred. For example, **Microsoft** states that 22 of the non-conformances it identified were at suppliers in China. **Apple** reports that specialized debt-bonded labor audits were conducted in Taiwan, Vietnam, Thailand, Japan, Singapore, Malaysia, and the United Arab Emirates in 2018, and that labor and human rights assessments in 2018 found 26 core violations, which included 24 working-hours-falsification violations, two debt-bonded-labor violations, and one underage-labor violation.

NOTABLE COMPANY ACTION

Monitoring Process: NXP reports that worker interviews during audits are required to be conducted in private and not in the presence of facility managers, and interviewed workers receive a grievance card to use should they experience retaliation. The company states it records the gender breakdown, age range of interviewed workers and length of service, the shift they are working, whether they attended freely, whether they were recorded and any issues of privacy.

Monitoring Disclosure: Dell discloses findings from RBA audits carried out in 2018, including how suppliers scored on freely chosen employment protections, anti-discrimination policies and freedom of association. This includes findings per commodity, such as batteries, parts/components, storage and servers, and sub-tier suppliers, and includes a comparison over time.

RECOMMENDED COMPANY ACTION

Monitoring Process: Undertake unannounced monitoring visits, off-site worker interviews, and monitor suppliers below the first tier.

Monitoring Disclosure: Disclose the percentage of suppliers monitored annually, the percentage of unannounced monitoring visits, and the number or percentage of workers interviewed as part of the monitoring process. Further disclose a summary of the findings of the supplier monitoring, including a breakdown of the number and type of labor rights violations.

131 Anti-Slavery International and Ethical Trading Initiative (2017), "[Base Code Guidance: Modern Slavery](#)," p. 8.

132 Business & Human Rights Resource Centre, "[Beyond Social Auditing](#)." Accessed 23 March 2020.

133 Clean Clothes Campaign (2019), "[Fig leaf for fashion. How social auditing protects brands and fails workers](#)," pp. 67-69.

134 Focus on Labour Exploitation (FLEX) (2020), "[Worker-Driven Social Responsibility: Exploring a New Model for Tackling Labour Abuse in Supply Chains](#)," p. 20.

135 Worker-Driven Social Responsibility Network, "[Statement of Principles](#)." Accessed 23 March 2020. Electronics Watch (February 2020), "[Cal-Comp: A Lesson in the Importance of Worker-Driven Monitoring to End Forced Labour in Global Supply Chains](#)."

136 Worker-Driven Social Responsibility Network, "[Success Stories](#)." Accessed 14 April 2020.

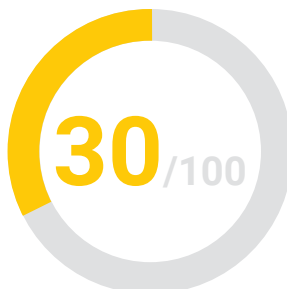
137 Electronics Watch (February 2020), "[Cal-Comp: A Lesson in the Importance of Worker-Driven Monitoring to End Forced Labour in Global Supply Chains](#)," pp. 3-5.

138 UK Government (2020), "[UK Government Modern Slavery Statement](#)," p. 17.

REMEDY

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

AVERAGE
SCORE



It is more commonplace for companies to disclose information on their corrective action process for rectifying the non-compliances identified at their suppliers during audits and assessments than it is for them to disclose a process for responding to allegations of forced labor or violations of their policies regarding remediating impacted workers. While it is positive that companies are working with suppliers to improve processes going forward, it demonstrates an approach that is very heavily focused on audits. Access to effective remedy is a key pillar of UN Guiding Principles on Business and Human Rights, and companies should ensure that they have sound processes in place for providing remedy to workers.

CORRECTIVE ACTION PLANS

Thirty-six of the 49 companies (73%) disclose a corrective action process for suppliers where non-compliances with its policies are identified. Of these companies, 24 provide detail on the process, such as how they support their suppliers in developing and implementing corrective actions. Similarly, 24 companies (53%) describe how the implementation of corrective actions is verified, such as through follow-up audits, and 22 (45%) disclose potential consequences if suppliers fail to take corrective action. For example, **Intel** reports that it has a supply chain sustainability review committee, which reviews its suppliers' corrective action plans on a quarterly basis. It states that it works with the suppliers to ensure that practices improve if suppliers fail to sufficiently implement

corrective actions or if their actions do not result in sustainable change. It also states that if progress is not made, it will consider not awarding any new business to that supplier until issues are resolved, using the supplier on a conditional basis, or ending the relationship.

Fewer companies, however, disclose a summary or example of how their corrective action process works in practice—11 out of 49 companies (31%) give a comprehensive example of their process. While this number remains small, an additional four companies have disclosed this information since the 2018 benchmark. **Hewlett Packard Enterprise** reports that where labor abuses were discovered at a supplier in China, its procurement team engaged with the supplier to communicate the improvements that needed to take place. It states that a third party was commissioned to investigate and conduct an analysis on root causes and devise an improvement plan. They facilitated the improvements and training and regularly checked in with workers to ensure the improvements were effective. **Cisco** discloses an example of a supplier in China whose workers had paid medical exam fees and where foreign migrant workers had paid "excessive recruitment fees." It reports that it identified the workers who had paid fees and ensured the fees were immediately reimbursed to them. It also states it provided localized training to suppliers and labor recruitment agencies. **Intel** discloses that it discovered that recruitment fees had been paid by foreign migrant workers at one of its suppliers. It states that after a number

of meetings, the supplier agreed to address the issues, and they collaborated on a detailed corrective action plan, tracked its progress, and verified that the violations had been corrected, including that the workers were being repaid their fees.

REMEDY PROGRAMS

Only 12 of the 49 companies (24%) disclose information on their process for responding to complaints or violations of policies on forced labor (beyond those received via audits). These processes refer to teams responsible for dealing with allegations or to timeframes for managing the allegations and contacting affected stakeholders, but they tend to lack detail. Processes disclosed typically do not refer to engagement with the workers or affected stakeholders and are vague in terms of timeframes for dealing with allegations. This is in contrast to the relatively higher number of companies (35 out of 49) that disclose having a grievance mechanism that is available to workers in their supply chains for reporting such complaints or violations.

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.¹³⁹ Eighteen allegations were included in the benchmark, a significant increase compared to 2018, when only three allegations were included.¹⁴⁰ These allegations take place across subsectors, including semiconductor and technology hardware companies, and were identified in the supply chains of 14 companies headquartered in Asia, Europe, and North America.

The allegations took place predominantly in mainland China and Malaysia, with some occurring in Taiwan and Thailand. Typically, an allegation such as from a media or NGO report involves multiple companies, thus highlighting the interconnected relationship between companies in the sector. Increasingly, reports are also calling out allegations in the lower tiers

of electronics supply chains. The allegations cover the exploitation of workers in vulnerable conditions, including migrant workers and student workers, through practices such as charging exorbitant worker-paid recruitment-related fees and retaining workers' documents, and highlight the systemic and entrenched nature of forced labor risks.

It is alarming that out of the 14 companies for which KnowTheChain identified one or more allegations of forced labor, only one company with an allegation of forced labor in its supply chains, **Samsung**, discloses engaging with the stakeholders affected in the allegation. **Panasonic**, a company for which KnowTheChain identified three allegations of forced labor in its supply chains, scores zero on its response to those allegations. It does not disclose engaging with affected stakeholders, remedy outcomes for workers, or whether workers were satisfied with the remedy.

COMPANIES WITH ALLEGATIONS

ENGAGE WITH AFFECTED STAKEHOLDERS 1 /14

REPORT OUTCOMES OF REMEDY 3 /14

REPORT IF REMEDY WAS SATISFACTORY TO VICTIMS 1 /14

Only three of the 14 companies (**HP**, **Samsung**, and **STMicroelectronics**) disclose the outcomes of remedy for workers in the case of the allegations—such as reimbursing recruitment fees and related fees and deductions to workers,¹⁴¹ repaying missing wages, returning passports, or hiring workers directly. Information on whether the remedial action was satisfactory to workers is available in the case of only one allegation (**HP**), which is the first time this information has been reported in the KnowTheChain benchmarks across sectors.

Workers expressed some satisfaction with the remedy, including for direct hiring and the return of passports, but no further detail is given.¹⁴² This lack of action on remedy in the sector contrasts starkly with the proliferation of forced labor in electronics supply chains, and it is concerning that after three rounds of benchmarks, companies continue to score poorly on their efforts to provide remedy to workers.

KnowTheChain operates under the assumption that labor rights violations are likely to be found in the supply chains of any large global company and, therefore, asks companies with no forced labor allegations to provide two examples of remedy outcomes to workers in their supply chains. Of the 35 companies that did not disclose a process for responding to complaints or violations of policies on forced labor (and for which allegations were not identified or which did not meet the criteria for inclusion), only seven were able to disclose examples of remedy outcomes provided in their supply chains. This is an increase of only one additional

company since the 2018 benchmark. **Hewlett Packard Enterprise**, for example, discloses outcomes for workers where it remediated forced labor findings, which included repayment of recruitment fees and deposits and updates to worker contracts and labor agent contracts. It also discloses that it discovered worker payment of recruitment fees at a recycling supplier, and it reports that it provided the supplier with guidance and training and paired it with a local supplier that had successfully implemented the company's policy. It states that as a result, the supplier reimbursed all fees to its workers. **Ericsson** discloses that it investigated allegations of forced labor involving migrant workers in Malaysia at a potential supplier and reports that it checked with its first-tier suppliers that may use the supplier in question. It states that it verified through documentation that remedial action, including the reimbursement of fees, had been taken. It is encouraging that **Intel** discloses remedy at its second- and third-tier suppliers, including the repayment of fees and the return of passports.

NOTABLE COMPANY ACTION

Corrective Action Plans: Hewlett Packard Enterprise reports that where labor abuses were discovered at a supplier in China, its procurement team engaged with the supplier to communicate the improvements that needed to take place. It states that a third party was commissioned to investigate and conduct an analysis on root causes and come up with an improvement plan. This included facilitating the improvements and training, and regularly checking in with workers to ensure improvements were effective.

Remedy Outcomes: Intel discloses remedy outcomes for workers at its second- and third-tier suppliers, including the repayment of fees and the return of passports.

RECOMMENDED COMPANY ACTION

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

Remedy Outcomes: Engage with affected stakeholders and disclose outcomes of remedy for suppliers' workers as well as evidence that the remedial actions taken are satisfactory for affected workers.

139 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 Business & Human Rights Resource Centre (October 2018), "[Business & human rights snapshot: ICT sector](#)," p. 2. See also the Resource Centre [website](#). Accessed 1 May 2020.

140 Not all allegations met the criteria for inclusion in the benchmark, but they still revealed highly exploitative working conditions. For details on the criteria for including allegations in the benchmark, see [Appendix 2](#). While the 2018 benchmark looked at fewer companies, this increase in allegations still signals greater focus on exploitation in electronics supply chains.

141 It is unclear whether the remediation of fees disclosed by companies correlates strongly with the scale of fees charged to workers in their supply chains and whether the amounts repaid are adequate and/or commensurate with the size of the business. See the chapter on [Recruitment](#) for more information.

142 Electronics Watch (October 2018), "[Compliance report update: Cal-Comp Electronics, Thailand](#)," p. 8: "Workers expressed some level of satisfaction with the results to MWRN [Migrant Worker Rights Network]."

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 ICT companies that were included in the benchmark were selected on the basis of their size (market capitalization) and the extent to which they derive revenue from own-branded electronics products. The largest 49 companies in the benchmark were assessed against the full benchmark methodology, and the remaining 11 were assessed against a subset of indicators only.¹⁴³

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 ICT benchmark includes 18 Asian companies, eight European companies, and 23 North American companies. An additional six Asian companies and five North American companies are included in the subset analysis.

KnowTheChain has assessed the following 49 companies against its [full benchmark methodology](#):

Company	Market cap in US\$ billion	Headquarters	First year of inclusion	Engaged with KnowTheChain ¹⁴⁴
Amazon.com Inc.	805	United States	2018	Yes (sent links)
Amphenol Corp.	28	United States	2018	No
Analog Devices Inc.	34	United States	2018	No
Apple Inc.	852	United States	2016	Yes
Applied Materials Inc.	56	United States	2018	Informal
ASML Holding NV	87	Netherlands	2016	Informal
Best Buy Co. Inc.	21	United States	2020	Yes (provided additional disclosure)
BOE Technology Group Co. Ltd.	33	China	2016	No
Broadcom Inc.	102	United States	2016	No
Canon Inc.	43	Japan	2016	Yes (sent links)
Cisco Systems Inc.	205	United States	2016	Yes (provided additional disclosure)
Corning Inc.	27	United States	2018	Yes (provided additional disclosure)
Dell Technologies Inc.	39	United States	2020	Yes (provided additional disclosure)
Hangzhou Hikvision Digital Technology Co. Ltd.	59	China	2020	No
Hewlett Packard Enterprise Co. (HPE)	26	United States	2018	Yes (provided additional disclosure)
Hexagon AB	21	Sweden	2020	No
Hitachi Ltd.	38	Japan	2016	Yes (provided additional disclosure)
Hon Hai Precision Industry Co. Ltd. (Foxconn)	55	Taiwan	2016	Yes (provided additional disclosure)
Hoya Corp.	19	Japan	2018	Informal

Company	Market cap in US\$ billion	Headquarters	First year of inclusion	Engaged with KnowTheChain ¹¹⁴
HP Inc.	38	United States	2016	Yes (provided additional disclosure)
Infineon Technologies AG	33	Germany	2018	Informal
Intel Corp.	225	United States	2016	Yes (provided additional disclosure)
Keyence Corp.	74	Japan	2016	Informal
Kyocera Corp.	24	Japan	2018	No
Lam Research Corp.	31	United States	2018	Yes (provided additional disclosure)
Largan Precision Co. Ltd.	18	Taiwan	2018	No
Microchip Technology Inc.	22	United States	2018	Yes (sent links)
Micron Technology Inc.	51	United States	2018	Informal
Microsoft Corp.	732	United States	2016	Informal
Murata Manufacturing Co. Ltd.	31	Japan	2016	Yes (provided additional disclosure)
Nintendo Co. Ltd.	53	Japan	2018	Yes (provided additional disclosure)
Nokia Oyj	27	Finland	2018	Yes (provided additional disclosure)
NVIDIA Corp.	149	United States	2018	Yes (provided additional disclosure)
NXP Semiconductors NV	41	Netherlands	2018	Yes (provided additional disclosure)
Panasonic Corp.	35	Japan	2020	Yes (provided additional disclosure)
Qualcomm Inc.	101	United States	2016	Yes (provided additional disclosure)
Samsung Electronics Co. Ltd.	310	South Korea	2016	Yes (provided additional disclosure)
SK Hynix Inc.	49	South Korea	2016	No
Skyworks Solutions Inc.	18	United States	2018	Informal
Sony Corp.	60	Japan	2020	Yes (sent links)
STMicroelectronics NV	21	Switzerland	2020	Yes (provided additional disclosure)
Taiwan Semiconductor Manufacturing Co. Ltd.	227	Taiwan	2016	Informal
TE Connectivity Ltd.	36	Switzerland	2018	Yes (provided additional disclosure)
Telefonaktiebolaget LM Ericsson (publ)	21	Sweden	2016	Yes (provided additional disclosure)
Texas Instruments Inc.	108	United States	2016	Yes
Tokyo Electron Ltd.	31	Japan	2018	Yes (provided additional disclosure)
Walmart Inc.	316	United States	2020	Yes
Western Digital Corp.	26	United States	2018	No
Xiaomi Corp.	37	China	2020	No

KnowTheChain assessed all 60 companies, including the 49 companies above, against a subset of indicators. The following 11 companies were assessed against the subset of indicators only:

Company	Market cap in US\$ billion	Headquarters	First year of inclusion	Additional disclosure
AAC Technologies Holdings Inc.	20	China	2020	No
Arista Networks Inc.	20	United States	2020	Informal
Fujifilm Holdings Corp.	17	Japan	2020	Yes (provided additional disclosure)
KLA Corp.	17	United States	2020	Informal
LG Electronics Inc.	16	South Korea	2020	Informal
Maxim Integrated Products Inc.	17	United States	2020	Informal
Motorola Solutions Inc.	16	United States	2020	Informal
Renesas Electronics Corp.	20	Japan	2020	No
Sharp Corp.	19	Japan	2020	Informal
Xilinx Inc.	19	United States	2020	No
ZTE Corp.	20	China	2020	No

143 A subset of indicators has been developed for smaller companies in the benchmark, which may not yet have the capacity or knowledge to engage with the full methodology. KnowTheChain seeks to use the subset of indicators to engage with and introduce smaller companies to human rights due diligence expectations regarding their supply chains, and to assess the degree to which these companies are beginning to implement human rights due diligence in their supply chains. See [Appendix 2](#) for further information.

144 KnowTheChain assesses engagement levels in the same way as the Corporate Human Rights Benchmark: “Formal” engagement (“yes”) means 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 (November 2019–January 2020). “Informal” engagement means a company had some form of contact with KnowTheChain in the financial year 2019 (April 2019–March 2020). This could include an email enquiring about KnowTheChain or its benchmarking methodology or a call outside the engagement period. “No” or “Non-engaged” (“no”) means a company hasn’t interacted with KnowTheChain at all during the financial year 2019 (April 2019–March 2020).

APPENDIX 2: BENCHMARK METHODOLOGY

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 the issue. Further, KnowTheChain aims to decrease the reporting burden of companies and increase the objectivity of the benchmark by integrating third-party information in addition to corporate disclosure.

The main revisions of the 2020 ICT benchmark methodology include:

1. An increased focus on assessing the steps taken to address risks deeper in the supply chain (i.e., in multiple tiers of supply chains) and on the scope of the companies' processes to assess 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.
2. A focus on performance over policies and processes (e.g., by asking for evidence of impact or for outcomes of processes).
3. 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).
4. Strengthened Worker Voice and Recruitment themes.
5. The introduction of a subset methodology against which smaller companies in the benchmark were assessed instead of being analyzed against the full methodology.¹⁴⁵ This is to account for companies that are less familiar with being engaged in human rights due diligence in supply chains.

Because of these changes in methodology, which make it more difficult for companies to achieve higher scores, comparisons are best made at the individual indicator level, for example, by looking at the company-specific scorecards, which highlight whether and what improvements each company has made. This report, therefore, provides some commentary on changes in company practices since 2018,¹⁴⁶ though the majority of the analysis is concerned with the status of the companies' action on forced labor in 2020.

ENGAGEMENT WITH BENCHMARKED COMPANIES

KnowTheChain reached out to all the benchmarked companies in April 2019, inviting them to provide input into the methodology and to join introductory webinars. Where needed, KnowTheChain followed up via phone and in local languages to ensure the companies had received the communication. Eighty percent of the companies (48 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 own website,¹⁴⁷ KnowTheChain evaluated [additional public disclosure](#) provided by 38% of the companies. An additional 7% 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 Leadership Group for Responsible Recruitment, the Global Business Coalition against Human Trafficking, or certain membership levels in the RBA, and which include requirements for companies to address forced labor risks were given some credit in the benchmark (where disclosed by the company and verified by RBA).¹⁴⁸

ALLEGATIONS

Lastly, KnowTheChain undertook comprehensive desktop research for allegations of forced labor. KnowTheChain only included allegations that at least met the threshold of the [Corporate Human Rights Benchmark](#) and the 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 is likely to be present 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 electronics 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 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.

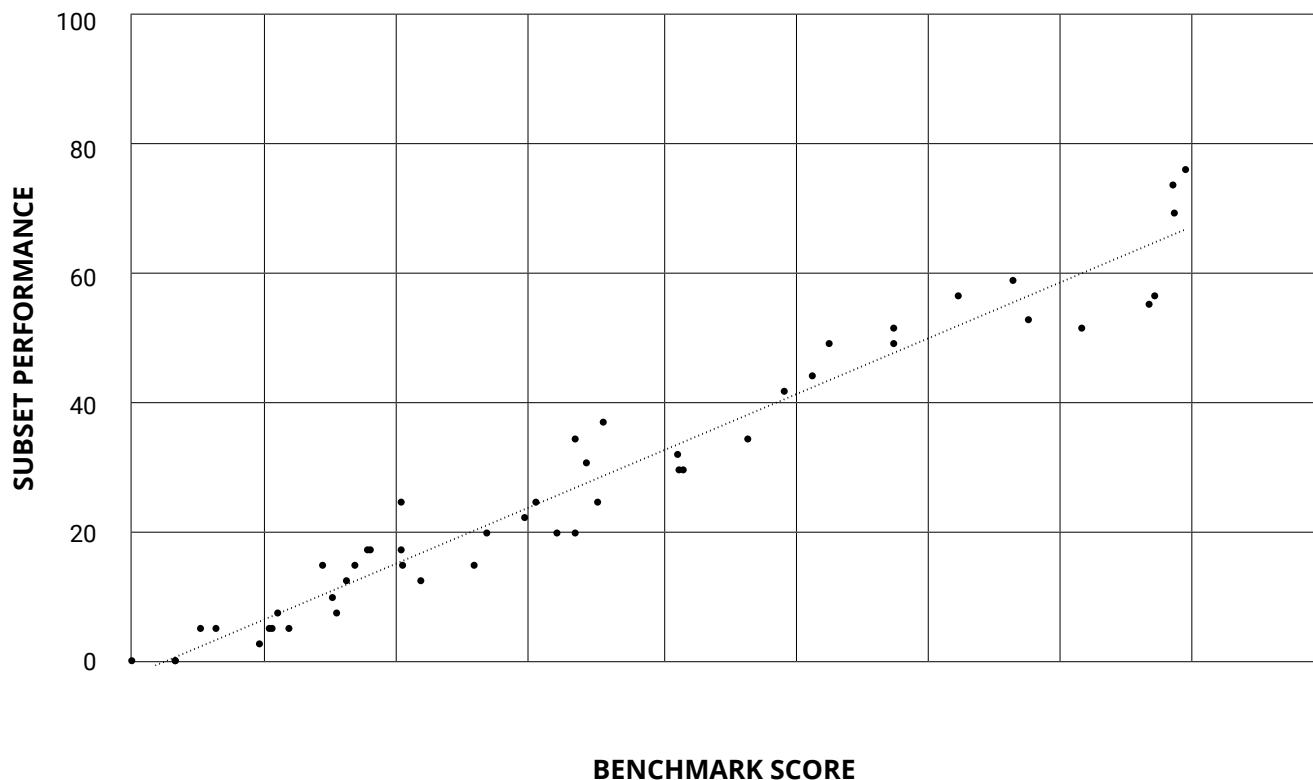
KnowTheChain, therefore, developed a subset of indicators that aims to engage with and introduce smaller companies to human rights due diligence expectations regarding their supply chains. It also offers a means of assessing the degree to which these companies are beginning to consider human rights due diligence in their supply chains.

KnowTheChain used market capitalization to identify the smaller companies for assessment against the subset of indicators. As companies in the ICT sector tend to be very large, only 11 companies were assessed against the subset of indicators only. In the food and beverage and apparel and footwear sectors, the number of companies assessed against the subset is higher.

In consultation with external stakeholders, the subset of indicators was developed by KnowTheChain 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 49 companies that were assessed against both the full benchmark methodology and the subset of indicators, the correlation between the two data sets is 0.98.

BENCHMARK PERFORMANCE VS. SUBSET PERFORMANCE



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. 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.¹⁴⁹

Indicators marked in bold in the methodology below show the indicators against which all 60 companies have been assessed. Eleven companies were benchmarked against this subset of indicators only; the remaining 49 companies were also assessed against the full 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.

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	<p>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.</p>	<p>The company:</p> <ul style="list-style-type: none">(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	<p>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.</p>	<p>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).</p> <p>The company:</p> <ul style="list-style-type: none">(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	<p>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.</p>	<p>The company:</p> <ul style="list-style-type: none">(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).
4.4 Rights of Workers in Vulnerable Conditions	<p>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.</p>	<p>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).</p> <p>The company:</p> <ul style="list-style-type: none">(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 unannounced 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 unannounced 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 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.

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.

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.**

7.2
Remedy Programs / Response to Allegations

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.

If one or more allegations regarding forced labor in the company's supply chains have been identified, and the company denies the allegation(s), 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.

145 See the [Role of the Responsible Business Alliance](#).

146 See [Appendix 3](#) for an analysis of corporate performance against the subset of indicators.

147 Note that KnowTheChain publishes [translations](#) of its full methodology in both Chinese and Japanese, as well as translations of the subset methodology in Arabic, French, and Spanish. Outreach was also conducted to non-responding companies in their native language to take steps to ensure companies are aware of KnowTheChain's expectations of reporting.

148 Note that full points in the benchmark can be achieved without participation in any of the aforementioned initiatives.

149 The full dataset gives additional information, such as participation in the Responsible Business Alliance or whether companies have significant own-brand electronics manufacturing operations.

APPENDIX 3: BASIC STEPS TAKEN BY THE 60 LARGEST ELECTRONICS COMPANIES TO ADDRESS FORCED LABOR RISKS IN SUPPLY CHAINS

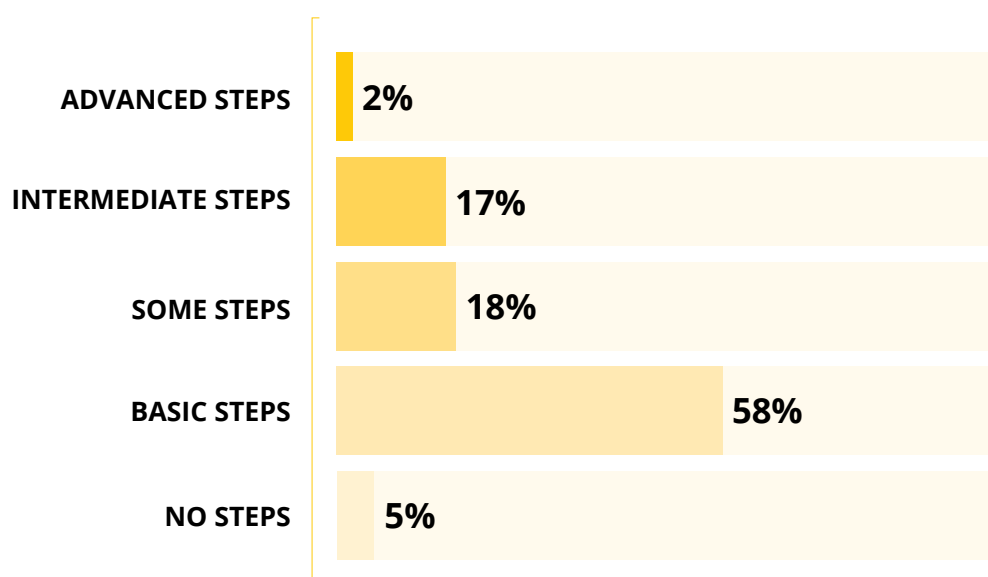
KnowTheChain assessed 60 of the world's largest ICT companies against [ten indicators](#) that give a strong indication of a company's efforts to address forced labor risks in its supply chains.¹⁵⁰ The results of the analysis are divided into five tiers as follows.

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.

Notably, more than half of the companies (58%) have only taken "basic steps" to address forced labor risks in their supply chains, and only one company (2%), Hewlett Packard Enterprise, has taken "advanced steps." Five percent of the companies (3 out of 60) have taken no steps at all.

PERCENTAGE OF COMPANIES PER TIER



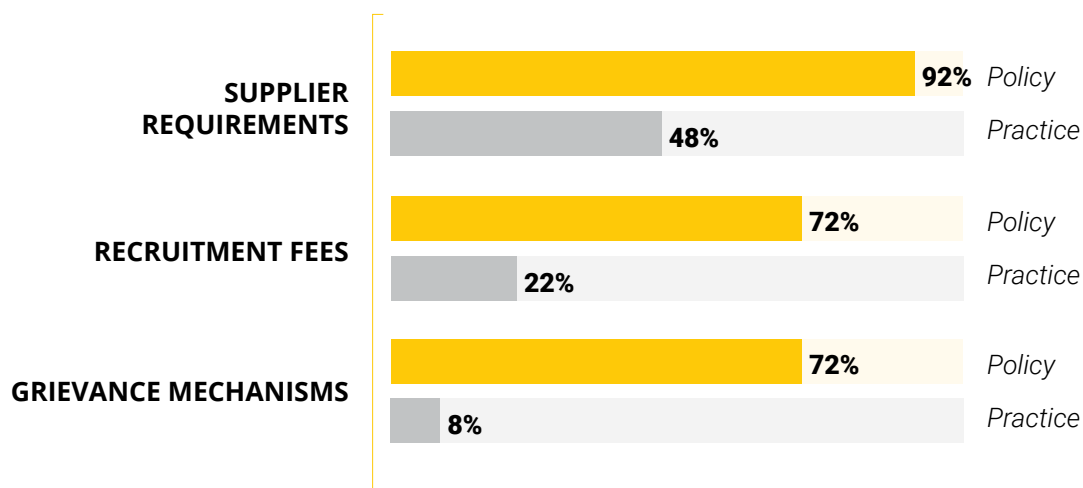
It is positive that more than half of the companies disclose having a supplier code of conduct that prohibits forced labor and worker-paid recruitment fees, and that they take internal responsibility for such a code and are (at least passive) members of an industry initiative that seeks to address forced labor, or otherwise work with peer companies to do so. However, no company works with independent local or global trade unions to support freedom of association in its supply chains, and no company provides examples 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 their respect for such rights). Further, only eight of the 60 companies disclose some details on how they are adopting responsible purchasing practices in the first tier of their supply chains, such as planning and forecasting. And only seven of the 60 companies (12%) disclose examples of engagements on forced labor and human trafficking with local stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which their suppliers operate.

In addition, there is a gap between policies and implementation. For example:

Supplier Requirements	Fifty-five out of 60 companies (92%) have a formal policy, such as a supplier code, that prohibits the use of forced labor by their suppliers.	Yet only 29 out of 60 companies (48%) include such requirements in supplier contracts.
Recruitment Fees	Forty-three out of 60 companies (72%) prohibit worker-paid recruitment fees in their supply chains.	Yet only 13 out of 60 companies (22%) reimburse workers for fees paid or disclose a step-by-step process to prevent workers from having to pay fees.
Grievance Mechanisms	Forty-three out of 60 companies (72%) disclose that a grievance mechanism is available for workers in their supply chains.	Yet only five out of 60 companies (8%) disclose evidence that the mechanism has been used by workers (i.e., it is trusted and effective).

THE IMPLEMENTATION GAP



To overcome this significant gap between policy and practice, the whole sector must significantly strengthen its efforts to address the forced labor risks in supply chains.

150 For more information, see [Appendix 2: Benchmark Methodology](#).

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

Sustainalytics is a leading independent ESG and corporate governance research, ratings, and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects. sustainalytics.com

Verité is a global, independent, non-profit organization that provides consulting, training, research, and assessment services with a mission to ensure that people worldwide work under safe, fair, and legal working conditions. As such, it may work with some of the companies covered in this report. Verité was not involved in researching or evaluating company disclosures, and its role in KnowTheChain is to help provide resources for encouraging better practices to fight forced labor. verite.org