Addressing Forced Labor Risks in Supply Chains

RISK EXPOSURE AND EFFORTS UNDERTAKEN BY ASIAN FOOD & BEVERAGE COMPANIES
KNOWTHECHAIN 2020
FOOD & BEVERAGE BENCHMARK:
HOW ARE ASIAN COMPANIES DOING COMPARED WITH THEIR GLOBAL PEERS?

The Covid-19 pandemic brings into sharp focus the importance of food supply chains. Yet it also exposes and exacerbates pre-existing power inequalities and exploitative working conditions in the food and beverage sector. Deemed “essential” around the world, food workers are reportedly forced to work in unsafe conditions without social distancing. They are also faced with threats of termination if they call in sick, non-payment of wages, excessive working hours, and violent attacks when they protest.

In its third benchmark on the sector, KnowTheChain assessed 43 of the largest global food and beverage companies, including seven Asian companies, on their efforts to address forced labor in their supply chains. KnowTheChain’s benchmark report discussed the findings at the global level. As comparisons tend to be most useful when looking at companies that share the same characteristics and to encourage engagement and action in a region where human rights expectations have been slower to develop, this report focuses on the findings of Asian companies. KnowTheChain finds that most of the 43 global companies are taking limited steps to address forced labor risks in their supply chains (the average score is 28/100, with a score range from 0/100 to 65/100). However, findings vary significantly among companies, and the Asian companies score as follows:

With a score of 45/100, the Singapore-based agribusiness Wilmar ranks among the top ten-scoring companies in the benchmark and is the highest-scoring Asian company in the benchmark. The three highest-scoring companies overall are from Europe, with the UK-based supermarket Tesco (65/100) leading the benchmark. Tesco reports implementing responsible purchasing practices, such as prompt payment, and is also the highest-scoring company on Worker Voice. It discloses that it works with unions and NGOs on worker education and freedom of association in its supply chains, which it reports has led to improved working conditions and wages.

While scoring below the global average of 28/100, the three Japanese companies—Suntory (8/100), a food and beverage company whose products include teas, drinks, and health foods, and two of Asia’s largest retailers, Aeon (17/100) and Seven & i (22/100)—have taken some steps to address forced labor supply chain risks, such as disclosing a supplier code that covers forced labor and some use of certifications that cover forced labor.

It is of little surprise that the meat industry giants in the benchmark score 12/100 or lower (US-based Hormel and Tyson, Brazilian JBS, and Hong Kong-listed WH Group), as meat companies around the world share the limelight for their poor working conditions and spread of the Covid-19 virus. WH Group, the largest global pork producer, and China-based Yili, the largest Asian dairy company, both only score 1/100 (for having policies in place that prohibit forced labor). Two companies in the benchmark score 0/100, despite being among the largest global companies in their respective areas of operation: the Saudi Arabian Almarai, which describes itself as “the largest food and beverage manufacturer in the Middle East” and the China-based Haitian, the country’s largest soy sauce maker and also the lowest-scoring Asian company in the benchmark.
FOOD & BEVERAGE BENCHMARK

Tesco plc 65
Unilever plc 60
Nestlé SA 55
Kellogg Co. 54
Walmart Inc. 54
Woolworths Group Ltd. 52
The Coca-Cola Company 52
Coles Group Ltd. 46
The J. M. Smucker Company 46
Wilmar International Ltd. 45
Danone SA 41
PepsiCo Inc. 41
Amazon.com Inc. 37
The Hershey Company 35
Chocoladefabriken Lindt & Sprüngli AG 32
Kerry Group plc 32
Coca-Cola European Partners plc 31
Mondelēz International Inc. 31
Keurig Dr Pepper 31
Campbell Soup Co. 31
Costco Wholesale Corp. 28
General Mills Inc. 28
Associated British Foods plc 26
Monster Beverage Corp. 26
The Kroger Company 25
Seven & i Holdings Co. Ltd. 22
Carrefour SA 21
Archer-Daniels-Midland Co. 21
The Kraft Heinz Company 21
Koninklijke Ahold Delhaize NV 19
Aeon Co. Ltd. 17
Hormel Foods Corp. 12
JBS SA 12
McCormick & Co. Inc. 11
Conagra Brands Inc. 10
Loblaw Companies Ltd. 10
Tyson Foods Inc. 9
Suntory Beverage & Food Ltd. 8
Fomento Económico Mexicano S.A.B. de C.V. 6
Inner Mongolia Yili Industrial Group Co. Ltd. 1
WH Group Ltd. 1
Almarai Co. 0
Foshan Haitian Flavouring and Food Co. Ltd. 0

Note: Asian companies highlighted in yellow
KnowTheChain’s benchmark methodology is based on the United Nations Guiding Principles on Business and Human Rights and assesses corporate disclosure against seven themes. It covers the principles’ three broad pillars: policy commitments, due diligence, and remedy. While companies tend to have policy commitments in place, demonstrated by the higher average scores of both the global and Asian companies on the theme of Commitment & Governance, implementation lags behind.

Worryingly during the Covid-19 pandemic, both global and Asian companies have low scores on the themes of Purchasing Practices and Worker Voice, highlighting a failure to address the central drivers of abuse: the primacy of price combined with worker disempowerment. Prompt payment, longer-term contracts, and incentives such as price premiums are particularly needed now so that suppliers can continue operations during the pandemic and ensure decent working conditions. Equally, ensuring workers’ rights to organize, bargain collectively, and raise grievances is crucial at a time when workers face greater threats and vulnerability. Low scores in these critical areas indicate that companies are ill-equipped to protect workers during the Covid-19 crisis and to contribute to a just recovery.
Performance by Region: Despite Strong Differences, Striking Commonalities

While scores vary across regions, it is notable that in each of the three regions—Asia, Europe, and North America—the highest and lowest scores differ vastly—by 45 to 46 points, demonstrating that it is commercially viable for companies in each region to undertake stronger due diligence. It also shows that some companies in each region have not yet taken up the good practices identified and put in place by their peers in the region.

REGIONAL SCORES

**ASIA**
- Low: 0
- Average: 28
- High: 45

**EUROPE**
- Low: 19
- Average: 38
- High: 65

**NORTH AMERICA**
- Low: 9
- Average: 29
- High: 54
Asian food & beverage companies are exposed to significant forced labor risks

11%

Percentage of global forced labor cases that take place in agriculture and fishing

10

Number of Asian countries where agricultural commodities may be produced using forced labor

US$575,000

Penalty faced by an importer of stevia (a sweetener used in health foods and soft drinks) for importing goods allegedly made with forced labor in Asia into the US

Twenty-two percent of Asia’s population is employed in agriculture. Workers who harvest, pick, process, and pack food and beverage products are subjected to highly exploitative and abusive working conditions around the world, including:

- **Precarious Employment:** Agricultural work is seasonal, and work is frequently informal or temporary, which means that workers are often excluded from legal protection.

- **Poor Working Conditions:** Thirty-two percent of all labor violations against foreign technical interns in Japan recorded in 2018 occurred in the agricultural and fishery sector. For example, interns at a food and beverage manufacturing site were allegedly forced to work 225 hours per month.

- **Low Wages:** Despite farming Asia’s largest staple, according to Oxfam, rice farmers in Bangladesh and Vietnam are unable to live off their work, earning merely 13% and 26% of a living income, respectively.

- **Lack of Freedom of Association:** In a survey of 1,500 global food suppliers, less than one-quarter noted that trade unions were present. In addition, agriculture is cited as one of the two sectors having the “greatest frequency, intensity and severity of attacks on human rights defenders.”
Risks are omnipresent across global and Asian food and beverage supply chains. The US Department of Labor identifies more than 20 agricultural commodities that are at risk of forced labor, many of which are staples in Asia, such as rice, wheat, and soybeans. Other commodities on the list, like palm oil and sugarcane, are used by a wide range of food and beverage companies. The 18 Asian companies assessed by KnowTheChain report sourcing an average of seven high-risk commodities, with some companies sourcing as many as 15 high-risk commodities.

KnowTheChain identified allegations of forced labor in the supply chains of 30% of the benchmarked companies (13 of the 43). While allegations occurred worldwide, the majority were recorded in Asia, including in Indonesia, Malaysia, and Sri Lanka. Failure to address forced labor may create reputational risks for Asian food and beverage companies, particularly among those supplying to markets in Europe and North America.
Covid-19 and Working Conditions in Asian Food & Beverage Supply Chains

Despite working to create essential goods during the pandemic, workers in global food supply chains, including those in Asia, faced suppression of their rights to freedom of association and collective bargaining, unsafe working conditions, and/or loss of their jobs or income.\(^\text{21}\)

**Reported examples include:**

**China:** Migrant workers working on chili and eggplant plantations who wanted to return to Myanmar due to the pandemic had to leave without being able to take their salaries and savings, as their employers did not want them to leave.\(^\text{22}\)

**India:** Twenty-five thousand tea workers in India faced hardship and hunger as a consequence of unpaid wages, despite government guidelines noting that the workers should get paid.\(^\text{23}\)

**Japan:** As of July 2020, around 20,000 foreign technical interns allegedly could not return home on account of travel restrictions; some have been living on their savings.\(^\text{24}\)

**Nepal:** Small-scale women farmers suffered a loss of income owing to seed and fertilizer supply shortages, no transportation for goods, and being unable to sell food door-to-door.\(^\text{25}\)

**Philippines:** Union leaders in the country reported that their members faced dismissals and disciplinary action—actions that were allegedly taken under the pretext of Covid-19.\(^\text{26}\)

**Thailand:** Migrant workers in the seafood sector live in close proximity on vessels without sufficient protective equipment and, due to a reduction in orders, some had to leave their jobs.\(^\text{27}\)
Regulatory Risks: Are Companies Prepared?

The US Customs and Border Protection agency includes Asian-produced commodities (as varied as palm oil, peeled garlic, and tea) on its list of products that, when made by companies it has identified as using forced labor, will be banned from import into the US. In August 2020, the agency issued an order to detain seafood products and levied a penalty of US$575,000 on a stevia importer. Both actions were related to products allegedly made with forced labor.

Some of the largest Asian food and beverage companies listed on stock exchanges (including in Hong Kong, Japan, and Singapore) appear to be required to report under the UK Modern Slavery Act and the California Transparency in Supply Chains Act, as both legislations have extraterritorial reach.

Asian governments are increasingly adopting business and human rights agendas. Thailand was the first Asian country to adopt a National Action Plan on Business and Human Rights, in December 2019. In this plan, the country proposed concrete actions to address labor issues that cover the protection of supply chain labor, a review of forced labor laws, and considerations to improve such laws. The plan also extends measures and labor laws from the fishery sector to the agriculture sector more broadly. Similarly, South Korea has included a chapter of business and human rights in its human rights national action plan. Many other Asian countries are in the process of developing national action plans or have committed to doing so, including India, Indonesia, Japan, Malaysia, Myanmar, and Pakistan. Such plans will increase human rights expectations for companies, and they may even include legislative requirements to improve supply chain labor conditions.

In addition to increasing regulations, global and domestic investors are pursuing engagements with Asian companies on the issue of human rights and forced labor. For example, the Corporate Human Rights Benchmark—a multi-stakeholder initiative that includes the global mainstream investors APG Asset Management, Aviva Investors, and Nordea Wealth Management—expanded its assessment to include 68 Asian companies in 2020. Similarly, in 2020, KnowTheChain is assessing 58 Asian companies across three sectors and is supported by more than 160 global investors representing US$6 trillion in assets, including two Japanese investors who committed to addressing forced labor risks in their portfolios.

WHY SHOULD ASIAN INVESTORS CARE ABOUT FORCED LABOR RISKS?

Where portfolio companies lack strong supply chain labor standards, the stock value can be significantly reduced. On the flip side, investing in Asian companies with a strong ESG record may offer positive returns.

As an example, the UK fast fashion brand Boohoo saw its share price drop by almost 50% following allegations that workers at a supplier were being paid as little as £3.50 per hour (US$4.65) and that workers sick with Covid-19 were told to continue coming to work.

On the other hand, the Financial Times reports that “BlackRock calculates that 88 per cent of ‘a globally-representative selection’ of sustainable indices outperformed their non-sustainable peers” over the first four months of 2020. Over the same period, the investor research provider MSCI’s “more Asia-focused AC Asia ESG leaders index … outperform[ed its] parent [index by] … 3.83 per cent.” The paper highlights better supply chain management as one reason behind the success and the resilience of such funds.
In 2020, KnowTheChain assessed 60 of the world’s largest food and beverage companies against ten indicators that give a strong indication of a company’s efforts to address forced labor risks in its supply chains (the 43 largest companies were also assessed against the full benchmark methodology). The assessment includes 23 North American companies, 18 Asian companies (from China [including Hong Kong], India, Japan, the Philippines, Singapore, and Vietnam), 13 European companies, and six companies from other regions. The results of the analysis are divided into five tiers as seen in the chart below.

The percentage of Asian and global companies that disclose having taken basic steps to address supply chain forced labor risks (at just over 40%) is similar. Yet, a far greater percentage of Asian companies (50%) have taken no steps at all to address such risks. By comparison, only 18% of global companies have taken no steps to address supply chain forced labor risks. The Singapore-based agribusiness Wilmar is the only Asian company that has taken intermediate steps.
How Does This Compare Across Sub-Regions?

East Asia
While it is positive that all six Japanese companies—Aeon, FamilyMart, Meiji, Seven & i, Suntory, and Yakult—have taken basic steps, the publication of the Japanese government’s National Action Plan on Business and Human Rights in 2020 may mean that the companies need to strengthen their efforts. The three companies listed on the Shanghai stock exchange—Haitian, Yili, and Yonghui Superstores—have not yet disclosed any steps to address forced labor risks in their supply chains. Neither have the four companies listed on the Hong Kong stock exchange, Mengniu, Sun Art Retail, Want Want China, and WH Group, despite the stock exchange’s 2019 requirement that companies disclose a “description of measures to review employment practices to avoid child and forced labour.”

Southeast Asia
Disclosure from companies in this region varies significantly. While Vinamilk, Vietnam’s largest dairy company, has not taken any steps to address supply chain forced labor risks, San Miguel Food and Beverage, one of the largest food and beverage companies in the Philippines, has taken some steps, and Singapore-based agribusiness Wilmar has taken intermediate steps.

South Asia
Avenue Supermarts, which operates D-Mart, one of the largest supermarket chains in India, has taken some steps to address forced labor risks in its supply chains, yet Britannia Industries, an Indian packaged food company producing foods such as biscuits, breads, and dairy, has not yet taken any such steps.
WHAT STEPS HAVE ASIAN COMPANIES TAKEN TO ADDRESS FORCED LABOR RISKS IN THEIR SUPPLY CHAINS?

While Asian companies disclose limited practices across indicators, the steps they have taken are typically steps to set standards and understand risks. More specifically:

- More than 40% of Asian companies disclose a supplier code of conduct that covers forced labor;
- More than a quarter have taken at least some steps to define internal responsibilities and/or board oversight for implementing such a code;
- More than a quarter disclose assessing forced labor risks in their supply chains.

Only a few Asian companies disclose taking steps to adopt responsible purchasing practices, ensuring that workers in their supply chains can exercise their rights to freedom of association and collective bargaining, and providing a remedy program that ensures workers whose rights were violated receive remediation.

Global companies tend to take stronger steps across indicators. In particular, more than half of the global companies (55%) have taken at least some steps to ensure that grievance mechanisms are available to supply chain workers—compared to only 17% of Asian companies.
When the indicators above are combined under the three broad categories of the UN Guiding Principles on Business and Human Rights, a similar pattern emerges. While global companies, on average, perform stronger across the three areas, both Asian and global companies are stronger on Commitment and considerably weaker when it comes to the implementation thereof (i.e., the Due Diligence and Remedy areas). Given the significant forced labor risks that Asian food and beverage companies, their investors, and crucially, the workers in their supply chains are exposed to, companies need to strengthen their due diligence efforts markedly.
## Assessment Against the UN Guiding Principles on Business and Human Rights

<table>
<thead>
<tr>
<th>Category</th>
<th>Asian Companies</th>
<th>Global Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>30%</td>
<td>61%</td>
</tr>
<tr>
<td>Due Diligence</td>
<td>13%</td>
<td>32%</td>
</tr>
<tr>
<td>Remedy</td>
<td>11%</td>
<td>39%</td>
</tr>
</tbody>
</table>
ADDRESSING FORCED LABOR RISKS IN SUPPLY CHAINS—EXAMPLES FROM ASIAN COMPANIES

The examples that follow focus on Asian companies. Where no relevant English language disclosure was available from an Asian company, examples from global companies have been included.

**Supplier Code and Integration Into Contracts**

- **Avenue Supermarts** has a “Business Responsibility Policy Manual,” which includes nine policies. While some of the policies apply to its employees only, “Policy 5—Respect and Promote Human Rights” also applies to its “business partners” and covers forced labor.

- **Seven & i’s** supplier guidelines states that the ILO core labor standards (which cover forced labor, child labor, freedom of association and collective bargaining, and discrimination) shall be respected by its suppliers.

- **Mowi** discloses that its code of conduct, which includes expectations for suppliers and covers the ILO core labor standards, is “a mandatory and integral part of a standard contract set up with suppliers.” It also discloses its general conditions for the purchase of goods and services, which state that suppliers must read, understand, and comply with its code.

**Management and Accountability**

- **Seven & i** states that it has a CSR Management Committee, which is chaired by its President and Representative Director and which oversees the company’s supply chain policies. The committee meets twice a year to “offer guidance and make improvements based on reports received from the four subcommittees.” One such subcommittee is the Supply Chain Subcommittee, which is responsible for promoting its supply chain policies.

- **Meiji** states that it has tasked a board member with oversight of its cocoa and palm oil procurement guidelines. The company also discloses that a board member oversees the Meiji Group Policy on Human Rights, which applies to suppliers and contains provisions on forced labor.
### Stakeholder Engagement

**Aeon** states that, in 2018, it "assembled three representatives from NGOs and three academic experts to discuss the results of an internal human rights impact assessment. They shared their opinions on ... topics, including best practices for conducting assessments, the importance of addressing child labor and other human rights problems at foodstuff production sites and accountability to customers with respect to supply chain issues."

**Suntory** reports that it is a member of the Supply Chain Workshop and the Human Rights Due Diligence Workshop at the Global Compact Network Japan. It discloses that these workshops cover forced labor and that as part of its participation in the initiatives, it supported the development of a CSR and Sustainable Procurement self-assessment questionnaire, which includes a section on forced labor.

### Traceability and Supply Chain Transparency

**Meiji** discloses the names of its first-tier milk suppliers. It also discloses eight countries from which it procures cocoa: Ghana, Peru, Ecuador, Venezuela, Mexico, Dominican Republic, Brazil, and Vietnam.

**Lindt** discloses that at the end of the 2017/2018 cocoa season, 72,528 farmers were participating in its Farming Program and that women represented 28% of this number.

### Risk Assessment

**Yakult** states that it conducted a CSR procurement survey of 103 suppliers comprising the “top 90% of total procurement amount in target departments.” The survey asked suppliers to support Yakult's policy of promoting sustainable procurement in its supply chains. The company discloses sample questions, which include human rights and labor practices. Yakult further states that its 2017 assessment identified “the possible risk of movement of illegal workers, including human trafficking, when products are transported from the Netherlands to the UK and goods are received in the UK.”

**Wilmar** discloses that it identified risks of forced labor in different tiers of its palm oil supply chains. At the mill level, it states that failing to conduct due diligence on the cost of recruitment may increase the risk of migrant workers becoming victims of forced labor. At both the mill and estate levels, it identifies risks of forced labor through the discovery of retained passports without documented consent and the practice of requiring workers to pay a deposit or require a guarantor to access their passports.
## Purchasing Practices

**Kellogg** discloses that responsible sourcing is amongst its priority supplier engagement and development areas and that it began to establish a “joint business planning process” with its key suppliers that includes labor rights. The company specifies that during these discussions with suppliers, orders, lead-time expectations, production schedule changes, and complicated or specialized specs for ingredients and sizes are discussed and that suppliers are encouraged to share feedback on Kellogg’s practices. Kellogg further discloses that its procurement and category managers are responsible for executing the company’s social sustainability commitments, which are reflected in their annual performance plans and annual incentives.

**Wilmar** states that incentives of its smallholder programs include “obtaining low-interest funding for smallholder farms (Nigeria’s Pilot Outgrower Scheme).”

**Walmart** is a member of the Fair Food Program, which includes legally binding agreements between the Fair Food Program and participating buyers and ensures a premium is paid to workers at participating farms.

## Recruitment Fees

**Aeon**’s supplier code states that suppliers “[s]hall not demand employment fees or similar expenses. In particular, when employing migrant employees, [suppliers should] actively confirm that employees are not subject to unreasonable obligations in their country of origin.”

**Wilmar** states that with its Supplier Reporting Tool, it investigates suppliers’ recruitment practices and use of third-party contractors, such as by asking if and how workers have to pay recruitment fees (e.g., in their country of origin or as a deduction from their salary in the destination country) and whether management is aware of such fees.

**Tesco** discloses that it received reports through its grievance mechanism, supplier visits, and other channels on incidents at supplier sites in Thailand and Malaysia, where workers were indebted to labor brokers through the payment of recruitment fees. It states that it worked with suppliers to ensure that the workers were compensated.

## Freedom of Association

**Wilmar** reports that it has worked with local unions Hukatan KSBSI and CNV in Indonesia in its own operations and shared its findings with its suppliers at a capacity-building workshop on labor and human rights, in collaboration with BSR. The company also discloses that it invited Hukatan KSBSI and another union, Serbundo, to speak to suppliers about ways to improve labor practices and union engagement.

**Unilever** reports that it addressed issues associated with workers’ freedom of association at a supplier in Turkey and that it worked with a North American supplier to change its policy on allowing trade unions. The supplier in question had not previously recognized trade unions and would not allow audit teams to interview workers.
Grievance Mechanism

Suntory offers a publicly available channel to report grievances related to its code of conduct (which covers labor rights provisions for suppliers) to compliance officers. Reports can be submitted by email or phone, as well as on the company’s website.

Wilmar discloses the list of grievances made via its grievance procedure, which is available to its suppliers’ workers and their representatives. This list includes information on involved stakeholders, the date a grievance was received, the type of grievance (including labor-related grievances), and a summary of progress. The company further provides a list of complaints against the company that are handled under the Roundtable on Sustainable Palm Oil complaints mechanism. Both lists include the date of the last update, which indicates that both lists are regularly updated.

Remedy

Wilmar discloses a detailed process to respond to complaints, which includes engaging with the party raising a grievance (for example, through a response letter in the language of the original grievance). It states that its grievance unit is responsible for implementing this process, which encompasses receiving, recording, classifying, and reporting grievances to its verification team, and making recommendations regarding suspensions to its suspension committee. It also reports that in the process of verification, especially in cases regarding worker exploitation, its verification team may contact the grievance raiser or an appointed representative.

Wilmar discloses remedy outcomes for workers at two suppliers regarding forced labor allegations. In one case, the company notes that the following improvements for workers were attained: the establishment of a top-up system to achieve at least the minimum wage level for workers otherwise not receiving this pay (within the established piece rate system), conversion of all contracts to permanent employment contracts, and immediate removal of a discriminatory leave policy. The company notes that, at a second supplier, a labor improvement plan made by Wilmar and The Forest Trust has resulted in a change to permanent employment status for 56 casual workers and six subcontracted workers.
APPENDIX 1:
LIST OF ASIAN COMPANIES ASSESSED

KnowTheChain assesses 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. KnowTheChain reached out to all the benchmarked food and beverage companies in June 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.

Benchmarked companies were given the opportunity to review the initial research findings and to disclose additional information over a period of three months. In addition to English-language information on each company’s website, KnowTheChain evaluated additional public disclosure provided by 47% of the global companies and 28% of the Asian companies.

<table>
<thead>
<tr>
<th>Company</th>
<th>Headquarters</th>
<th>Year of inclusion</th>
<th>Engaged with</th>
<th>2020 Score</th>
<th>2020 Tiering</th>
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<tr>
<td>Aeon Co. Ltd.</td>
<td>Japan</td>
<td>2020</td>
<td>Informal</td>
<td>17/100</td>
<td>Basic</td>
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<tr>
<td>Avenue Supermarts Ltd.</td>
<td>India</td>
<td>2020</td>
<td>No</td>
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<tr>
<td>Britannia Industries Ltd.</td>
<td>India</td>
<td>2020</td>
<td>No</td>
<td>—</td>
<td>No steps</td>
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<tr>
<td>China Mengniu Dairy Co. Ltd.</td>
<td>Hong Kong</td>
<td>2020</td>
<td>Informal</td>
<td>—</td>
<td>No steps</td>
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<tr>
<td>FamilyMart Co. Ltd.</td>
<td>Japan</td>
<td>2020</td>
<td>Yes</td>
<td>—</td>
<td>Basic</td>
</tr>
<tr>
<td>Foshan Haitian Flavouring and Food Co. Ltd.</td>
<td>China</td>
<td>2020</td>
<td>No</td>
<td>0/100</td>
<td>Basic</td>
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<td>Inner Mongolia Yili Industrial Group Co. Ltd.</td>
<td>China</td>
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<td>No</td>
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<td>San Miguel Food and Beverage Inc.</td>
<td>Philippines</td>
<td>2020</td>
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<tr>
<td>Seven &amp; i Holdings Co. Ltd.</td>
<td>Japan</td>
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<td>Yes</td>
<td>22/100</td>
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<td>Sun Art Retail Group Ltd.</td>
<td>Hong Kong</td>
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<td>No</td>
<td>—</td>
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<td>Suntory Beverage &amp; Food Ltd.</td>
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<tr>
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<td>WH Group Ltd.</td>
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<td>Singapore</td>
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<td>China</td>
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APPENDIX 2:
RESOURCES FOR ASIAN COMPANIES
AND STAKEHOLDERS

The KnowTheChain website includes resources for companies and investors, and it offers them in different languages such as simplified Chinese, traditional Chinese, and Japanese.

The KnowTheChain Investor Statement, developed with co-sponsor the Investor Alliance for Human Rights and with support from the Principles for Responsible Investment and others, allows investors to demonstrate public support for UN Sustainable Development Goal 8.7. It also calls on companies to address forced labor risks. As such, it can be used as an engagement tool, reinforcing the collective ask, which to date is supported by more than 160 investors with US$6 trillion in assets under management.

KnowTheChain’s 2020 food and beverage benchmark report highlights good practice examples for each of the seven benchmark themes.
ENDNOTES


4 South China Morning Times (13 August 2019), “The world’s largest pork producer WH Group, between the US and China, finds diversity its best solution out of the trade war.”


8 The benchmark includes seven Asian companies, two Australian companies, ten European companies, two Latin American companies, one Middle Eastern company, and 21 North American companies. As such, Asian, European, and North American companies comprise the majority of the companies in the benchmark and provide the most representative groups for comparison.


13 For more detail, see KnowTheChain (October 2020), “2020 Food and Beverage Benchmark Report.”


15 Asahi (2 August 2020), “I don’t know if my living allowance will last...”


20 Based on corporate disclosure (other than for Yonghui Superstores; due to its lack of disclosure, Yonghui Superstores’ information was based on publicly available disclosure of third parties).


24 Asahi (2 August 2020).


35 KnowTheChain (Updated: July 2020), “KnowTheChain Investor Statement.”


37 Financial Times (9 July 2020), “Why ESG investing makes fund managers more money.”

38 For more information, see KnowTheChain (October 2020), “2020 Food and Beverage Benchmark Report.” Appendix 2: Benchmark Methodology.

39 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.

40 HKEX Group, “Appendix 27 Environmental, Social and Governance Reporting Guide.” Accessed 21 August 2020. The listing requirement asks companies to describe measures taken to address forced labor or explain why they haven’t taken any such measures. Please note that KnowTheChain assessed English language disclosures only, not native language disclosures. Further, KnowTheChain did not assess whether companies report on measures to address forced labor risks in their own operations (as opposed to their supply chains), nor whether companies explain why they do not take such measures.


42 KnowTheChain’s subset indicators 1–3 cover Commitment; indicators 4–8 cover Due Diligence; and indicators 9–10 cover Remedy.

43 KnowTheChain assesses engagement levels similarly to the Corporate Human Rights Benchmark: “Yes” indicates that a company participated in the research process by having an engagement call with KnowTheChain or submitted links or additional disclosure to KnowTheChain during the three-month engagement period (March to May 2020). “Informal” engagement means a company had some form of contact with KnowTheChain between July 2019 and June 2020. This could include an email enquiring about KnowTheChain or its benchmarking methodology or a call outside the engagement period. “No” means a company did not interact with KnowTheChain between July 2019 and June 2020.