

Pou Chen Corp.

TICKER
 TAI:9904

MARKET CAPITALIZATION
 US\$4 billion

HEADQUARTERS
 Taiwan

DISCLOSURES
UK Modern Slavery Act: Not applicable

California Transparency in Supply Chains Act: Not applicable

TARGETS

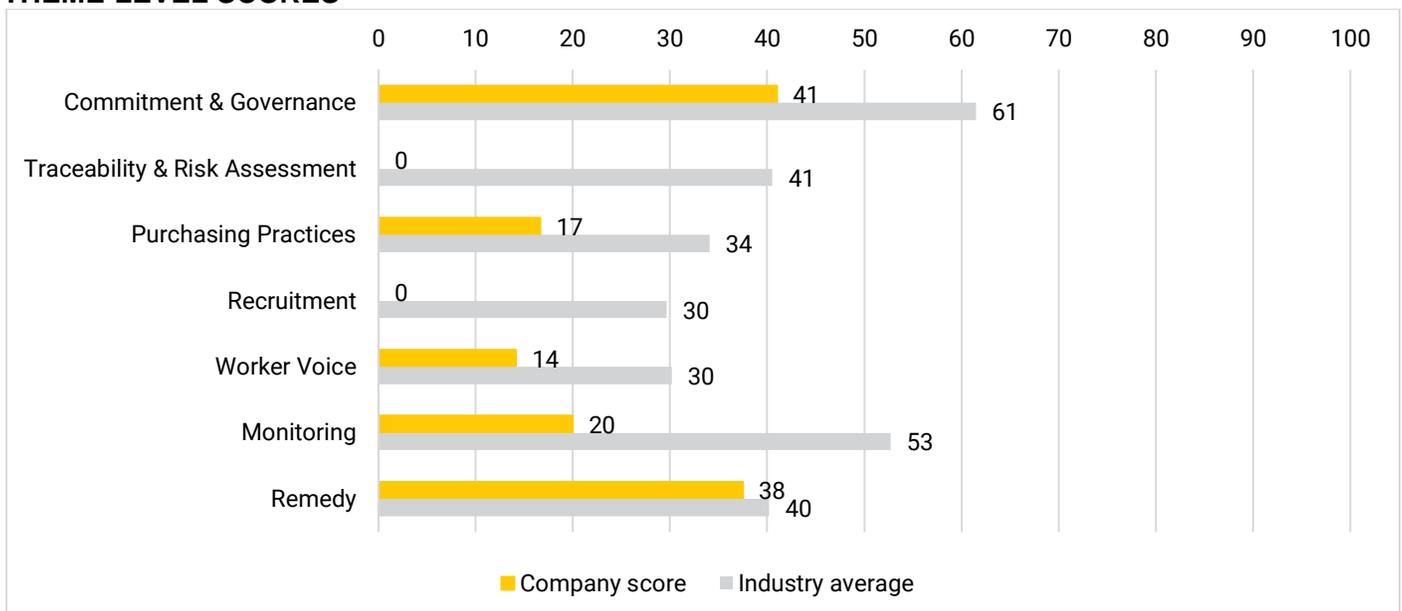
None

OVERALL RANKING
31 out of 37

(2018 Rank: 35 out of 43)

OVERALL SCORE
18 out of 100
SUMMARY

Pou Chen Corp. (Pou Chen), the world's largest manufacturer of athletic shoes and supplier to companies including Amazon and Nike,¹ ranks 31st out of 37 companies and discloses significantly less information on its forced labor policies and practices than its peers. Compared to 2018, Pou Chen improved its score by 13 points by disclosing that it has established a supplier code of conduct that addresses the ILO core labor standards as well as internal and supplier training on supply chain policies addressing forced labor. Further, it began disclosing details on grievance mechanisms and its supplier monitoring and corrective action processes. Pou Chen's score is otherwise based on being a participating supplier and accredited member of the Fair Labor Association (FLA). It does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. It is encouraged to improve its disclosure and practices on themes such as Traceability & Risk Assessment, Recruitment, and Worker Voice.

THEME-LEVEL SCORES


KEY DATA POINTS**SUPPLIER LIST**

No

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Cotton

DATA ON PURCHASING PRACTICES

No

REMEDY FOR SUPPLY CHAIN WORKERS

No

HIGH-RISK SOURCING COUNTRIES

China and Vietnam

LEADING PRACTICES

None.

NOTABLE FINDINGS

Training: Pou Chen states that it provided training on risks and policies that address forced labor and human trafficking through an internal training program for its procurement department and human rights management team employees and for its suppliers at a human rights compliance meeting (and disclosed the number of suppliers that participated in the training).

Grievance Mechanism: Pou Chen discloses that it helped five suppliers establish grievance mechanisms for workers in 2020 and provides data on supplier grievance mechanisms, stating that “100% have been handled and resolved.” It further provides details and outcomes for two cases.

Monitoring Process: Pou Chen discloses that it conducts “on-site field visits for new suppliers every year.” It states that its monitoring process includes a review of relevant documentation, CCTV, and related records, and that it conducts worker interviews. The FLA’s accreditation report states that the company has implemented “a compliance program to assess for ... forced labor for all material suppliers.”

OPPORTUNITIES FOR IMPROVEMENT

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

Recruitment: While Pou Chen discloses that it has signed the American Apparel & Footwear Association and FLA’s Responsible Recruitment Commitment, which includes the requirement that no employee pays for a job, it is encouraged to incorporate this into a publicly available policy. It may further consider taking steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers. The company is also encouraged to take steps to ensure that the rights of workers in vulnerable conditions are respected.

Worker Voice: To prevent forced labor in its supply chains, Pou Chen is encouraged to work with relevant stakeholders to ensure workers in its supply chains are aware of their labor rights. Further, the company may consider disclosing evidence of the positive impact of worker engagement in its supply chains and provide examples of worker engagement initiatives covering different supply chain contexts. Further, it is

encouraged to take steps to ensure that workers in its supply chains are aware of their rights and able to exercise their rights to freedom of association and collective bargaining.

ENGAGED WITH KNOWTHECHAIN³

Yes ([Provided Additional Disclosure](#)).

¹ Bloomberg Quint (12 April 2020), "[World's Biggest Maker of Sneakers Asked to Halt Vietnam Operations.](#)"

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

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