

Shenzhou International Group Holdings Ltd.

TICKER:
HKG:2313

MARKET CAPITALIZATION:
US\$ 7 billion

HEADQUARTERS:
China

19 OUT OF 20
Company's Overall Ranking

1 OUT OF 100
Company's Overall Score

Shenzhou International Group Holdings Ltd. (Shenzhou International) places second-to-last on the benchmark, underperforming across all thematic areas relative to its peers. The company's ranking reflects poor transparency and disclosure on its approach to managing human trafficking and forced labor risks in its supply chain. As a large clothing manufacturer, Shenzhou International has a major opportunity to improve by establishing and disclosing commitments and standards for addressing forced labor and human trafficking in its supply chain, tracing its supply chain and conducting supply chain forced labor risk assessments, and establishing a process to monitor its suppliers on compliance with its supply chain standards and disclosing outcomes of this process.

THEME LEVEL SCORE

Commitment and Governance	10 out of 100
Traceability and Risk Assessment	0 out of 100
Purchasing Practices	0 out of 100
Recruitment	0 out of 100
Worker Voice	0 out of 100
Monitoring	0 out of 100
Remedy	0 out of 100

LEADING PRACTICES

None.

NOTABLE FINDINGS

Awareness and Commitment

Shenzhou International discloses in its annual report that in 2013 it has formulated formal requirements including "Strict Prohibition of Forced Labor Administrative Provisions".

The company further discloses that over the past 21 years there have not been any cases of forced labor or child labor. The company reports taking preventive measures, such as laying out "comprehensive provisions and accountability procedures in respect to the recruitment, labor use and



dismissal", in order to comply with relevant laws in China, Vietnam, and Cambodia.

OPPORTUNITIES FOR IMPROVEMENT

Commitment and Governance

The company is encouraged to develop and disclose supply chain standards related to forced labor and to establish clear managerial oversight for forced labor related policies and standards.

The company discloses that "employees participate actively in the interactions with management at all levels to eradicate forced labor effectively", and that it provides trainings for both directors and staff to raise corporate standards. To improve its performance and disclosure, Shenzhou International may consider training relevant internal decision makers and suppliers on its human trafficking and forced labor standards and policies.

The company is further encouraged to engage with local stakeholders and in multi-stakeholder or industry initiatives that are working to address forced labor risks in its supply chain.

Traceability and Risk Assessment

Shenzhou International identifies the materials procured from suppliers, including "cotton yarn, dyestuffs, trims, office supplies, fixed assets, equipment and spare parts, and canteen supplies." The company may consider adopting and disclosing on a process to trace its supply chain beyond its first tier suppliers down to the commodity level. Further, the company is encouraged to develop and disclose a process through which it assesses the forced labor risks associated with specific commodities, regions, and/or groups.

Monitoring

While Shenzhou International discloses conducting monitoring measures in the purchase and manufacture of products based on a comprehensive quality management system, the company may consider monitoring suppliers on its supply chain standards. Furthermore, in order to identify forced labor it should consider conducting scheduled and non-scheduled audits of its suppliers, review relevant documents (such as wage slips, information on labor recruiters, contracts, etc.) and interview supply chain workers. To improve the transparency of its monitoring process, the company is also encouraged to disclose information on the results of its supplier audits.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

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