



KnowTheChain

2018 FOOD & BEVERAGE BENCHMARK PREVIEW

The risk of forced labor is pervasive across today's food and beverage supply chains. Tea pickers on tea estates, crew members on fishing vessels, harvesters of palm fruit, and laborers on cattle ranches, cocoa farms, and rice mills are among a multitude of workers at risk of forced labor. Yet, there are concerns about the extent to which companies are addressing the risks of worker exploitation.

KnowTheChain evaluated 38 of the largest global food and beverage companies on their efforts to address forced labor in their supply chains. The companies in the report represent a combined market capitalization of \$1.9 trillion. The upcoming benchmark report, due to be released in October, analyzes companies' disclosure and performance against seven themes and provides good practice examples and recommendations for each of the companies benchmarked. It also provides recommendations for investor action and evaluates corporate commitments and compliance with relevant regulations.

Worker voice and recruitment practices have the most impact on workers' lives, yet they remain the lowest scoring themes in the benchmark.

Report Highlights

- Worker voice and recruitment are the lowest scoring themes of the benchmark. The average company takes little or no action to engage with and empower workers in its supply chains to ensure they are able to understand and enforce their rights. However, leading companies in the benchmark demonstrate some efforts on worker voice.
- While more companies now prohibit worker-paid recruitment fees, no company discloses evidence that it reimbursed recruitment fees paid by workers in its supply chains.
- Where relevant, disclosed company actions tend to focus on palm oil despite the fact that numerous other commodities are at risk of forced labor in agricultural supply chains.

Notable Findings

RECRUITMENT (Sector Theme Average 16/100)

Ethical Recruitment

Coca-Cola discloses that it is co-chairing AIM-PROGRESS' workstream promoting the implementation of principles on responsible recruitment, including raising awareness among suppliers and industry peers, conducting training, and sharing best practices. Coca-Cola reports two supplier events in Dubai and Thailand where this has been implemented to date.



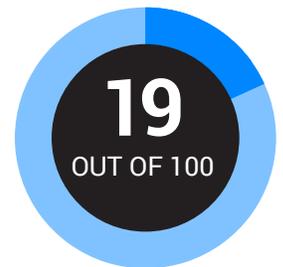
Migrant Workers' Rights

Kellogg discloses that it partnered with one of its Turkish apple suppliers to gather information about migrant workers in its supply chains, in recognition of the unique challenges faced by migrant workers. The company reports that its goal is to gain deeper insight into both worker status and how to best support improvement activities. Interviews with workers included first-person accounts of living conditions, wage payment structures, and employment situations of migrant workers in the region.

WORKER VOICE (Sector Theme Average 19/100)

Worker Voice

Walmart discloses that members of its teams including merchants, responsible sourcing managers, and sustainability specialists have interviewed fishermen on tuna boats in Southeast Asia, spoken with tomato farmers in fields and greenhouses, smallholders and ranchers in Brazil, and have held working sessions with small producers in Mexico during on-site visits. The company states that it uses this opportunity to listen to workers "at the far end of the chain."



Freedom of Association

Tesco states that it monitors all sites in Latin America to ensure workers are able to democratically elect representatives to worker committees. It states that five years ago in Peru none of its suppliers had democratically elected worker representatives, but all Tesco suppliers now have free and fair elections to choose their representatives. It reports that this covers a number of supply chains in Peru including cherries, grapes, and avocados.

2018 KnowTheChain Benchmarks

Food and Beverage benchmark | *Release date: October 2018*

The 38 food and beverage companies benchmarked include 18 North American companies (e.g., **Walmart** and **Coca-Cola**), ten European companies (e.g., **Nestlé** and **Unilever**), and ten companies from Australia, Asia, the Middle East, and Latin America (e.g., **BRF** and **Wilmar**).

Apparel and Footwear benchmark | *Release date: Winter 2018*

The more than 40 apparel & footwear companies benchmarked include 16 North American companies (e.g., **Amazon** and **Gap**), 14 European companies (e.g., **Prada** and **Primark**), and 13 Asian companies (e.g., **Fast Retailing** and **Li & Fung**).

Information & Communications Technology (ICT) benchmark | *Date of publication: June 2018*

The 40 ICT companies benchmarked include 19 US companies (e.g., **Apple** and **Microsoft**), 15 Asian companies (e.g., **Foxconn** and **Canon**), and six European companies (e.g., **ASML Holding** and **Ericsson**).

For more information, please visit <https://knowthechain.org/benchmarks/>.

Investor Resources

The KnowTheChain investor statement, which is supported by more than 70 global investors representing \$3.4 trillion in assets under management, lays out expectations towards investee companies and can be used to engage with companies.

KnowTheChain also provides a quarterly newsletter and other investor resources. For more information, please visit <https://knowthechain.org/resources/investors/>.

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