



KnowTheChain

# THREE SECTORS, THREE YEARS LATER

PROGRESS AND GAPS IN THE FIGHT AGAINST FORCED LABOR

MARCH 2019

In 2018, KnowTheChain benchmarked 119 companies in three high-risk sectors—information and communications technology (ICT), food and beverage, and apparel and footwear—on their efforts to address forced labor in their supply chains.

**Recruitment and Worker Voice are the lowest scoring themes across the sectors. Yet these are the two areas assessed by the benchmark that have the most direct impact on workers' lives.**

The International Labour Organization estimates that 24.9 million people are victims of forced labor, 16 million of whom are exploited in the private sector.<sup>1</sup> The conditions that allow for forced labor to persist in today's supply chains, across sectors and around the world, need to be understood and addressed.

**"It's been three months already and we have had no pay; it is very very hard," a Nepalese worker said. "I can't send the money back to my family who need it."**

**Another Nepalese worker reported: "When I wake up every morning I am filled with dread. I think: 'How can I get through the next 12 hours of working? I don't know if I can do it any more.'"**  
- The Guardian<sup>2</sup>

KnowTheChain has identified areas where progress has been made in addressing forced labor risks, as well as gaps where corporate practice continues to fall short.

## Report Highlights

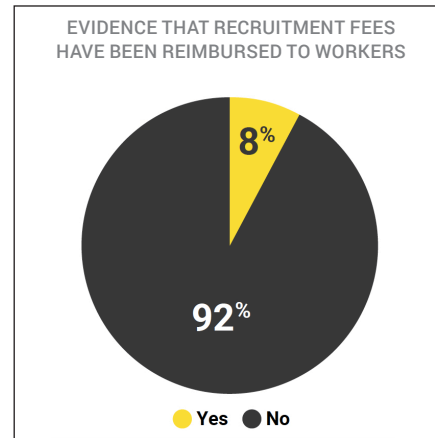
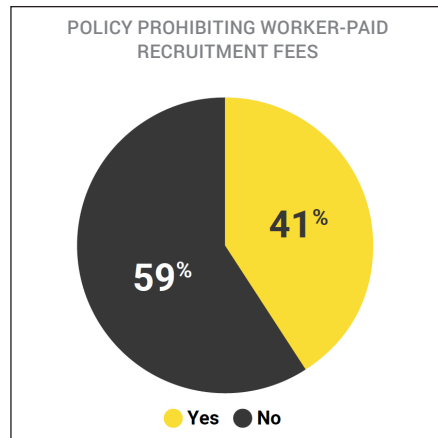
- **The average overall score across all 119 companies is low at 33/100.** Commitment and Governance is the only theme where the average score is above 50/100, indicating that many companies are still in the early stages of their corporate efforts to address forced labor and are focused on developing standards, defining internal responsibilities, and training staff and suppliers on these standards. However, a note of progress, **the majority of companies benchmarked in both 2016 and 2018 showed improvements.**<sup>3</sup> Companies covered in the apparel and footwear sector benchmark showed the most significant improvements.

<sup>1</sup> International Labour Organization (ILO), "[Forced labour, modern slavery and human trafficking](#)." Accessed 22 January 2019.

<sup>2</sup> The Guardian (9 December 2018), "[NHS rubber gloves made in Malaysian factories linked with forced labour](#)." Accessed 1 February 2019.

<sup>3</sup> This is significant as the KnowTheChain methodology is strengthened between benchmark years such that it would be difficult for a company to maintain the same score without substantively improving its policies on forced labor.

- **Across sectors, companies have not taken sufficient action to address exploitative recruitment practices in their supply chains.** High recruitment fees can leave workers, particularly migrant workers, open to further exploitation as they work to pay off the debts they take on as a result of the fees. Despite the risks associated and the vulnerabilities of large groups of supply chain workers, fewer than half of the 119 companies benchmarked disclosed policies prohibiting worker-paid recruitment fees.



- **Benchmarked companies show limited efforts to support and enable supply chain workers to exercise their rights.** Many vulnerable workers in supply chains, such as migrant workers, may be unfamiliar with and unable to exercise their rights. Increasing worker agency is a key component to ending forced labor and companies are not yet doing enough to support an enabling environment for independent unions and worker associations. Workers are essential in building solutions that are sustainable and address the root causes of forced labor.
- **Buyers score higher than their suppliers,** even though most buyers require their suppliers to cascade their standards to the next tier. Both the benchmark data and conversations with company representatives show that, when buyers address risks in the second tier of their supply chains, they tend to monitor second-tier suppliers directly and request that first-tier suppliers source from pre-qualified second-tier suppliers, rather than enabling first-tier suppliers to take ownership of their supply chains.
- **Companies based in Asia score lower than those based in Europe and North America** across sectors and themes. Even though there are documented cases of forced labor in the Asia-Pacific region and most of the production, particularly in the ICT and apparel sectors, takes place in this region, this isn't reflected in additional due diligence and action by companies.

The full report includes guidance to companies on how to start or expand their efforts to address forced labor risks in supply chains. KnowTheChain has prepared an [Excel tool](https://bit.ly/2019_KTC_Tool) (bit.ly/2019\_KTC\_Tool) with guidance to companies on first steps and good practice examples. The report also provides suggested questions investors can use when engaging with investee companies on the issue of forced labor.

For more information, please visit [knowthechain.org/benchmarks](https://knowthechain.org/benchmarks) or contact [info@knowthechain.org](mailto:info@knowthechain.org).