Resource and Action Guide for Food & Beverage Companies

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This resource provides guidance to companies in the food and beverage sector on addressing risks of forced labor in their supply chains. It complements the key findings of KnowTheChain’s first benchmark of 20 large food and beverage companies, and its advice is relevant to the whole sector. The guidance prioritizes areas of engagement that the benchmark found to be particularly weak.
Commitment and Governance

Levels of awareness and commitment to address forced labor among the companies assessed in the sector are growing. Most companies publicly demonstrate this awareness and commitment, and many have adopted clear policies to establish a normative framework for engagement. These are important steps. On the other hand, only a small number of companies have established training programs to socialize these policies across the supply chain to ensure they are effectively implemented. Even fewer engage stakeholders or participate in multi-stakeholder or industry coalitions.

Training & Capacity Building

Companies are encouraged to adopt comprehensive policies to address forced labor and consider setting out specific protections for vulnerable workers such as migrants. Policies should address all related risks of forced labor, including those associated with the pre-employment phase such as recruitment and migration. To ensure effective implementation of policy commitments, companies should invest in robust awareness raising and capacity building across their own operations and the supply chain. This should include senior managers, supervisors, and other key personnel from procurement, legal, and human resources as well as staff responsible for commodity sourcing. Training should be implemented with suppliers from which finished products are sourced and where business relationships, visibility, and influence are stronger—though every effort should also be made to extend this engagement to sub-contractors, business partners that provide raw materials, traders, and third party service providers such as agencies that recruit, hire, and/or manage workers. Training should cover the full scope of forced labor risks (e.g., limitations on freedom of movement, debt bondage, etc.) as well as effective strategies to address them. It should also target at-risk countries, regions, commodities, and suppliers to start, then be rolled out to include all operations within the supply chain. Companies are encouraged to adopt a comprehensive and strategic approach to training and, where possible, to partner with other brands, suppliers, multi-stakeholder initiatives, and topic experts to ensure deeper learning. Companies should also consider joint training with tier 1 and 2 suppliers to promote greater clarity and consistency on standards and their implementation.
Working with Stakeholders

Companies are also encouraged to engage stakeholders in their efforts to address forced labor. These can include: brand peers, business partners and suppliers, industry representatives, trade associations and employer organizations, and/or civil society organizations, trade unions, academics, or others with expertise on the subject. Stakeholder engagement can help companies develop and implement supply chain standards, more effectively honor policy commitments, ensure greater reach in awareness and training programs, and strengthen the overall effectiveness of corporate engagement. This is achieved when stakeholders bring their own networks, areas of expertise, and perspectives to the table.

Multi-stakeholder initiatives and industry coalitions are an important vehicle through which companies can engage stakeholders. They serve an important purpose in formalizing stakeholder engagement and help companies share information and experience, learn from each other, disseminate and replicate good practice, and reduce some of the inefficiencies of working in supply chain silos. Companies in the food and beverage sector are encouraged to join and actively participate in relevant multi-stakeholder initiatives that promote sustainability in the production of agricultural goods, for example the Roundtable on Sustainable Palm Oil, the International Cocoa Initiative, and others. Within them, companies should support robust standards, due diligence, and third-party verification as key strategies to eliminate risks of forced labor. Companies should also engage local stakeholders, including trade unions and community-based organizations.

Further Resources

- Institute for Human Rights and Business (IHRB), Dhaka Principles for Migration with Dignity
- Verité, Fair Hiring Toolkit: Improving Codes of Conduct & Company Policies
- Verité, Fair Hiring Toolkit: Raising Awareness & Building Capacity
Traceability & Risk Assessment

Traceability systems and risk assessments in the food and beverage sector are at very different stages of development. While some progress has been made in recent years by companies tracing parts of their supply chains (e.g., palm oil, sugar, and cocoa), companies have made less progress in conducting assessments focused on forced labor risks in specific commodities and/or regions.

From Traceability to Remedy
Companies are encouraged to trace their product supply chains. This should start with high-risk commodities where cases of forced labor are well documented and be rolled out to cover all commodities for all products over time. Traceability should be rigorous and reveal each step in production from the agricultural base or farm through processing to the finished product. Traceability should not stop at the level of the commodity trader, who purchases, aggregates, and resells, nor should it only reach as far back as the mill or production site where raw materials are collected and processed. In both cases, important parts of the supply chain may remain invisible to brands and untouched by corporate compliance programs. Companies are also encouraged to publicly disclose the names and locations of their first-tier suppliers and progressively disclose the same for suppliers beyond that tier. Traceability must include labor metrics (e.g., total number of workers) and should be aligned with supply chain due diligence and remedy to ensure that tracing not only helps companies understand the complexity of their supply chain, but also enables them to inspire improvements therein.

Implementing Forced Labor Risk Assessments
Companies should implement risk assessment as a measure to prevent forced labor across commodity and product supply chains. This assessment should cover the full scope of risk associated with forced labor, including but not limited to issues such as debt bondage, compulsory overtime, and restrictions on freedom of movement. Companies are encouraged to conduct assessments periodically, integrate them into due diligence systems, and ensure that their results are taken into consideration in sourcing and procurement decisions.
Further Resources

- ILO, Global Estimate of Forced Labor Results & Methodology
- Verité, Responsible Sourcing Tool
- US Department of Labor, List of Goods Produced by Child Labor or Forced Labor
- US Department of State, 2016 Annual Trafficking in Persons Report

Purchasing Practices

A majority of companies in the sector integrate labor and human rights expectations in their supplier contracts. This is an important step. However, only a small number reveal that they screen or assess potential suppliers based on such criteria ahead of contracting, and even fewer demonstrate an awareness of the link between some common purchasing practices and risks of forced labor. A small minority extend their social policies beyond first-tier suppliers where risks of forced labor are reportedly greater.

Improving Purchasing Practices & Cascading Standards Through Supply Chains

Companies are encouraged to integrate forced labor policies into supplier contracts, assess and screen suppliers using human and labor rights criteria, and ensure that supplier selection processes are fully integrated into ongoing due diligence. Companies should review procurement and sourcing procedures to prevent practices that exacerbate risks of forced labor (e.g., the systemic use of short term contracts, excessive downward pressure on pricing, or sudden changes in orders and workload). Companies should also raise awareness of relevant procurement staff and decision makers, integrate this into training programs, and extend awareness raising on policy expectations on forced labor deeper in the supply chain.

Companies should make every effort to cascade social and human rights policies throughout their supply base. They should work with direct suppliers; encourage broader application of supply chain policies; increase visibility, assessments, and due diligence beyond the first tier; and work with suppliers where visibility, access, and influence are limited. Companies can help suppliers develop their own standards, due diligence systems, and grievance mechanisms in addition to training auditors to better identify forced labor beyond the first tier.
Further Resources

- Verité, Responsible Sourcing Tool

Recruitment

Recruitment practices are an important new area of focus in supply chains as companies grapple with the forced labor risks faced by vulnerable migrant workers. However, in the food and beverage sector, despite strong policies from a small number of companies, overall levels of awareness and commitment on the issue are very low.

Strengthening Due Diligence in Labor Supply Chains

Companies are encouraged to adopt strict “no fees to workers” policies and ensure that they are fully respected and implemented throughout the supply chain. To give effect to these policies, companies should strengthen audit protocols and other due diligence measures, enhance training programs to include a focus on recruitment, and consider adopting policies to strengthen protections for migrant workers, given their vulnerability to debt bondage. Companies should also:

- Promote direct hiring of workers across the supply chain to ensure greater transparency and accountability for recruitment, hiring, and other human resource functions;
- Where workers have paid recruitment fees, reimburse them in full and remit directly to the worker(s) concerned;
- Provide anonymous, confidential means for workers to report whether they have been charged fees at any point during recruitment, migration, and/or job placement, and ensure that any such means do not result in reprisal against workers that use them; and
- Report on the specific measures taken throughout the supply chain to address recruitment-related risks and vulnerability of migrant workers.

Companies may also wish to join one of the new initiatives that seek to promote responsible recruitment in supply chains, including the ILO Fair Recruitment Initiative, the International Organization for Migration’s International
Recruitment Integrity System, or the Leadership Group for Responsible Recruitment established by the Institute for Human Rights and Business. The Consumer Goods Forum also provides a platform around which companies can engage on recruitment, while some of the aforementioned multi-stakeholder initiatives are also active on the subject.

Further Resources

- IHRB, *Responsible Recruitment Resource Bank*
- UN Global Compact & Verité, *Eliminating Recruitment Fees Charged to Migrant Workers*
- Verité, *Fair Hiring Toolkit: Improving Codes of Conduct & Company Policies*

Worker Voice

Food and beverage companies rank poorly on policies and practices to promote worker voice in supply chains. Only a small number demonstrate that they communicate forced labor policies to supply chain workers in their own language, while even fewer report engaging workers directly (e.g., during audits or in national or sectoral dialogue). Although just over fifty percent of companies state that they have developed a grievance mechanism, none report how that mechanism is communicated to or used by workers.

Strengthening Worker Voice for Vulnerable Workers in Supply Chains

Worker voice and empowerment—and the fundamental rights and freedoms they represent—are key ingredients in promoting decent work and the fight against forced labor. Freedom of association for all workers is an “enabling right” that allows workers to join together, create their own organizations, protect themselves, and promote their collective interests. This creates an environment in which other rights can be exercised, including protections against coercion, deception, and other common features of forced labor. For some workers, however, these rights are restricted by law, regulation, or long-standing patterns of discrimination. Special attention should be paid to them in the context of over-arching commitments in order to ensure that their rights and freedoms are also respected.
Companies should adopt clear policies on freedom of association and consider advocating for legal or regulatory reform in jurisdictions where restrictions exist. Cooperation with like-minded employers, advocates, and other stakeholders—and formal engagement through representative trade associations—can strengthen this engagement.

**Improving Grievance Mechanisms**

It is important that workers have access to grievance mechanisms that meet the effectiveness criteria established by the UN Guiding Principles on Business and Human Rights. Grievance mechanisms should be accessible to all workers, fair and impartial, transparent, and follow a clear and established procedure. Where possible, companies should support mechanisms that are independently operated by credible, third-party service providers.

Mechanisms like this can be an important “early warning” system for companies about structural or systemic problems, including forced labor or debt bondage that can result from excessive fees charged to migrant workers. They can also be part of broader policies to promote better communication, trust, and understanding between management and workers, which in turn allows for problems to be raised and solved before they escalate into conflict. Companies should:

- Articulate a written grievance policy to receive and address workers’ grievances;
- Ensure that the grievance mechanism is accessible to all workers across all tiers of the supply chain and including migrants, taking into consideration the latter’s unique language needs;
- Guarantee that any worker—migrant or otherwise—acting individually or as part of a group can submit a grievance without suffering prejudice or retaliation of any kind;
- Make sure that workers in the supply chain are aware of the grievance mechanisms and how to access and use them; and
- Explore developing sector-wide grievance mechanisms where possible.

**Further Resources**

- CSR Europe, [Assessing the Effectiveness of Company Grievance Mechanisms](#)
- UN Global Compact, [Webinar: Grievance Mechanisms for Business & Human Rights](#)
- Verité, [Fair Hiring Toolkit: Establishing Effective Grievance Mechanisms & Protections for Whistleblowers](#)
Monitoring

A majority of the companies assessed for the benchmark report have systems in place to monitor supplier compliance with supply chain policies. This is an important step. On the other hand, only four companies report speaking directly with workers during assessments, and only seven offer information about audit findings and publish these in aggregate form.

Strengthening Forced Labor Audits

Forced labor and human trafficking are complex crimes. They are often characterized by fraud and deception and carried out not by a single person—or perpetrator—but by different actors involved in the recruitment, transport, hiring, and employment process. They are often hidden from view, deeper in supply chains where work and production is outsourced, sub-contracted, or performed at the margins of the formal economy, rendering abuse invisible to all but the most robust due diligence systems. To address this, companies need equally complex and sophisticated monitoring mechanisms.

There are many steps companies can take to strengthen their assessments. They should prioritize unannounced assessments over announced and gather information directly from workers alongside other common means of data gathering. Workers are a key, reliable source of information. Companies should consider developing a protocol for worker interviews to elevate and extend good practice in this critical aspect of the audit process.

It is also important to consider where assessments are conducted. Companies are encouraged to look deeper in their supply chains to examine working conditions in sub-contracted facilities, among third party service providers such as recruitment agencies, security or transport companies, and in companies that provide processing, manufacturing, bottling, or packaging services. Companies should extend assessments to their so-called “base” of the supply chain to shine a light on conditions in the production of commodities used in consumer food and beverage products. This will be a challenge, but partnership strategies and multi-stakeholder engagement can support these efforts.
Further Resources

- Verité, *Fair Hiring Toolkit: Strengthening Assessments & Social Audits*

Remedy

Most companies in the sector report having a process in place to develop corrective action plans. Only four companies, however, indicate that they have a remedy program for victims of forced labor or that they require suppliers to have such a program. None of the companies assessed report on the outcomes of remedy programs or action to compensate victims, even in those cases where they have been publicly linked to forced labor allegations.

From Corrective Action Plans to Systems Improvement

Forced labor and human trafficking are crimes under international law and in most countries around the world. A case of abuse must be treated accordingly—as a major breach of company policy that requires immediate corrective action. This should guarantee effective remedy to identified victims based on a victim-centered approach that prioritizes the well-being and best interests of the worker(s) involved.

Corrective Action Plans (CAPs) are an important part of remedying the wrongs faced by workers. Companies should ensure that they have in place a process to create such plans with suppliers, that they verify the timely and full implementation of those plans, and that the consequences (and their escalation) of failure to implement CAPs are clear to suppliers. Moreover, CAPs should be placed in the broader context of systems improvement planning to ensure that remedy not only supports the worker, but also contributes to future prevention efforts as well. A systems improvement plan should:

- Detail specific responses to cases that arise;
- Establish protective measures for workers;
- Address root causes; and
- Feed the results and learning from corrective action into future planning and prevention measures to promote continuous improvement.
To effectively address a case of forced labor, remedy must be comprehensive and systematic. It will involve both short- and longer-term solutions and must provide for the full protection of the worker, including rehabilitation, repatriation (if desired), and support for reintegration into the labor market and community. Public and non-governmental organizations with expertise in supporting victims will be valuable partners and resources. Specific remedial action may include:

- An immediate investigation and site visit by company representatives;
- Identification of the workers affected;
- Determination of the extent and form of the problem;
- Development, implementation, and monitoring of a CAP by the company or supplier; and
- Implementation of full protection measures (e.g., full reimbursement of fees charged to workers for recruitment, immediate return of any passports or other valuable personal items, payment of all owed wages, etc.)

Further Resources

- Verité, Fair Hiring Toolkit: Taking Corrective Action & Developing Systems Improvements
ABOUT KNOWTHECHAIN

KnowTheChain—a partnership of Humanity United, Business & Human Rights Resource Centre, Sustainalytics, and Verité—is a resource for businesses and investors who need to understand and address forced labor abuses within their supply chains. It benchmarks current corporate practices, develops insights, and provides practical resources that inform investor decisions and enable companies to comply with growing legal obligations while operating more transparently and responsibly. Find out more: knowthechain.org

**Humanity United** is a foundation dedicated to bringing new approaches to global problems that have long been considered intractable. It builds, leads, and supports efforts to change the systems that contribute to problems like human trafficking, mass atrocities, and violent conflict. Find out more: humanityunited.org.

**Sustainalytics** is an independent ESG and corporate governance research, ratings, and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. Find out more: sustainalytics.com.

**Business & Human Rights Resource Centre** is a non-profit that tracks the human rights conduct of over 6,000 companies worldwide. Find out more: business-humanrights.org.

**Verité** is an international nonprofit social auditing, training, consulting and research organization that aims to ensure that people worldwide work under safe, fair, and legal conditions. Find out more: verite.org.