KNOWTHECHAIN 2022 ICT BENCHMARK
PANEL DISCUSSION

Aykut Kazanci, Manager of Monitoring Capacity, Electronics Watch

Dina Ciarmatori, Senior Research Analyst, Neuberger Berman

Mike McDonnell, Senior Manager Supply Chain Human Rights and Assessment, Intel Corporation
WHAT IS KNOWTHECHAIN?

KnowTheChain is a resource for companies and investors to understand and address forced labor risks within their global supply chains.

KnowTheChain benchmarks corporate practices in three high-risk sectors:

- Information and Communications Technology
- Food & Beverage
- Apparel & Footwear
CONTEXT

• Conflict and supply chain volatility
• Covid-19 and cost-of-living crisis: reduced protections and precarious work
• Mandatory due diligence
• Forced labour risks in electronics supply chains
RANKING

Information and Communications Technology BENCHMARK

2022
SCORES BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Min</th>
<th>Average</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>0</td>
<td>46</td>
<td>10</td>
</tr>
<tr>
<td>Europe</td>
<td>9</td>
<td>42</td>
<td>22</td>
</tr>
<tr>
<td>North America</td>
<td>12</td>
<td>63</td>
<td>29</td>
</tr>
</tbody>
</table>
KEY FINDINGS

AVERAGE COMPANY SCORES

- Commitment & Governance: 44
- Traceability & Risk Assessment: 24
- Purchasing Practices: 2
- Recruitment: 17
- Worker Voice: 8
- Monitoring: 15
- Remedy: 15
KEY FINDINGS: PURCHASING PRACTICES & WORKER VOICE

➢ Extremely limited disclosure of any responsible purchasing practices: planning, forecasting, ring-fencing of labour costs, though some companies cite awareness

➢ No company discloses data on living wages in supply chains

Worker voice:
Freedom of association and grievance mechanisms

8/100 AVERAGE SCORE

➢ Only one company reports engaging with a union in its supply chains – yet supporting the right to organise is critical to addressing forced labour risks

➢ Most companies disclose some form of grievance mechanism for suppliers’ workers: but fewer demonstrating use by supply chain workers

Purchasing practices

2/100 AVERAGE SCORE
### KEY FINDINGS: POLICY VS PRACTICE

<table>
<thead>
<tr>
<th>The average company has in place:</th>
<th>The average company typically lacks:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A policy prohibiting worker-paid recruitment fees (75%)</td>
<td>Evidence of how the Employer Pays Principle is implemented by suppliers, and how fees are proactively prevented from being charged to workers (13%)</td>
</tr>
<tr>
<td>A supply chain human rights risk assessment (55%)</td>
<td>Disclosure of forced labour risks identified (22%, with only 8% disclosing detail on risks identified across supply chain tiers)</td>
</tr>
<tr>
<td>A grievance mechanism for supply chain workers (83%)</td>
<td>Data showing that the mechanism is used by workers (12%)</td>
</tr>
</tbody>
</table>
KEY FINDINGS: HRDD

➢ Policies addressing forced labour commonplace in the sector
➢ Just over half of companies disclosing a human rights risk assessment on supply chains
➢ Gap between policy/process and implementation reinforced: low disclosure of risks

Supply chain traceability and transparency:
➢ 20% of companies disclose a first-tier supplier list

Stakeholder engagement:
➢ 13% engage with relevant stakeholders as part of risk assessment
➢ 8% work with relevant stakeholders on responsible recruitment in supply chains
TRENDS: IMPROVEMENTS SINCE 2020

Recruitment
Since 2020... 12 companies adopted policies on recruitment-related fees or improved existing ones; 9 companies showed stronger steps to prevent fees; 6 companies disclosed reimbursement of fees to workers. Overall, 87% of companies benchmarked have a policy prohibiting fees.

Risk Assessment
Since 2020... 13 companies disclosed a human rights risk assessment; but only 3 companies started disclosing results/outcomes.

Commitment & Governance
Companies strengthening their supplier code of conduct, disclosing day-to-day responsibility/oversight of forced labour in supply chains
## GOOD PRACTICE – PURCHASING PRACTICES

<table>
<thead>
<tr>
<th>Company</th>
<th>Practice</th>
</tr>
</thead>
</table>
| Cisco   | • quarterly forecasts to suppliers & reviews  
          • working with suppliers to address labour costs independently of production costs |
| Corning | Disclosing:  
          • 97% of small disadvantaged suppliers are paid in 60 days or less;  
          • average length of its contracts is two years;  
          • 15% of all orders are changed after an order is placed. |
GOOD PRACTICE – WORKER VOICE

<table>
<thead>
<tr>
<th>Company</th>
<th>Practice</th>
</tr>
</thead>
</table>
| HPE     | • Working with a final assembly supplier, a union, a third party expert and an NGO to address concerns raised by an NGO  
          • Spoke with a large sample of worker and union representatives  
          • Engaging supplier in six-month programme including worker engagement, heightened monitoring focusing on effective grievance mechanisms and effective union engagement |
| Samsung | Disclosing details on use of grievance mechanism including number of grievances filed in each of the following categories: complaints related to managers, wages, environmental health and safety, and benefits |
### GOOD PRACTICE – MIGRANT WORKER RECRUITMENT

<table>
<thead>
<tr>
<th>Company</th>
<th>Practice</th>
</tr>
</thead>
</table>
| **Apple** | • Requires prospective suppliers in some countries to undergo labour agency mapping and responsible labour recruitment training: reports identifying *1,182 labour agencies* supporting *482 supplier facilities* in *32 countries*.  
• Specialised debt-bonded labour audits in high-risk environments and high-risk labour corridors. |
| **HPE** | • Requires suppliers to provide evidence of payment & to have written contracts with labour agencies prohibiting charging of fees  
• Supplier in Nepal which repaid recruitment fees to workers ensured workers were consulted on the remediation plan |
| **Intel** | • Required 50 of its own suppliers to work with 3 of their own major suppliers to address forced labour risks: reached *135 suppliers at second tier*  
• Resulted in second-tier suppliers engaging with their recruiting agents and changes to second-tier supplier recruiting policies |
| **Amazon** | Worked with IOM CREST on recruitment practices in Japan: risks and challenges for migrant workers |
PANEL DISCUSSION

Aykut Kazanci, Manager of Monitoring Capacity, Electronics Watch

Dina Ciarmatori, Senior Research Analyst, Neuberger Berman

Mike McDonnell, Senior Manager Supply Chain Human Rights and Assessment, Intel Corporation
CORE ISSUE
Freedom of Employment

Forced student internships
Restrictions on right to resign
Forced overtime
Recruitment fees and related costs
Not in possession of identity documents
Recruiters promise wages or bonuses, workers do not receive
Workers not informed of toxic chemicals they handle

Penalties
No diploma
No wages
Poor evaluation or denial of overtime

Entrapment
Debt bondage
No access to passports
Deceit or withholding of essential information
KNOWTHECHAIN RESOURCES

- Benchmark findings report
- Investor Brief
- Japan Brief (in Japanese)
- Full dataset
- Scorecards per company
- Buyer-supplier mapping

2022-23 Company Lists:
https://knowthechain.org/company%20list/

Benchmark Findings:
https://knowthechain.org/benchmark/

Benchmark methodology:
https://knowthechain.org/benchmark-methodology/