

WEBINAR

The logo for the Intentional Endowments Network is a dark green square tilted slightly to the right. Inside the square, the words "Intentional Endowments Network" are written in a white, sans-serif font, stacked in three lines.

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KnowTheChain Benchmarking Findings

How companies are addressing forced labor and human trafficking risks in their supply chains?

January 19, 2017

Speakers

Intentional
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Bennett Freeman, Senior Advisor, KnowTheChain; former Senior VP, Sustainability Research and Policy, Calvert Investments



Megan Wallingford, Senior Advisor, Sustainalytics



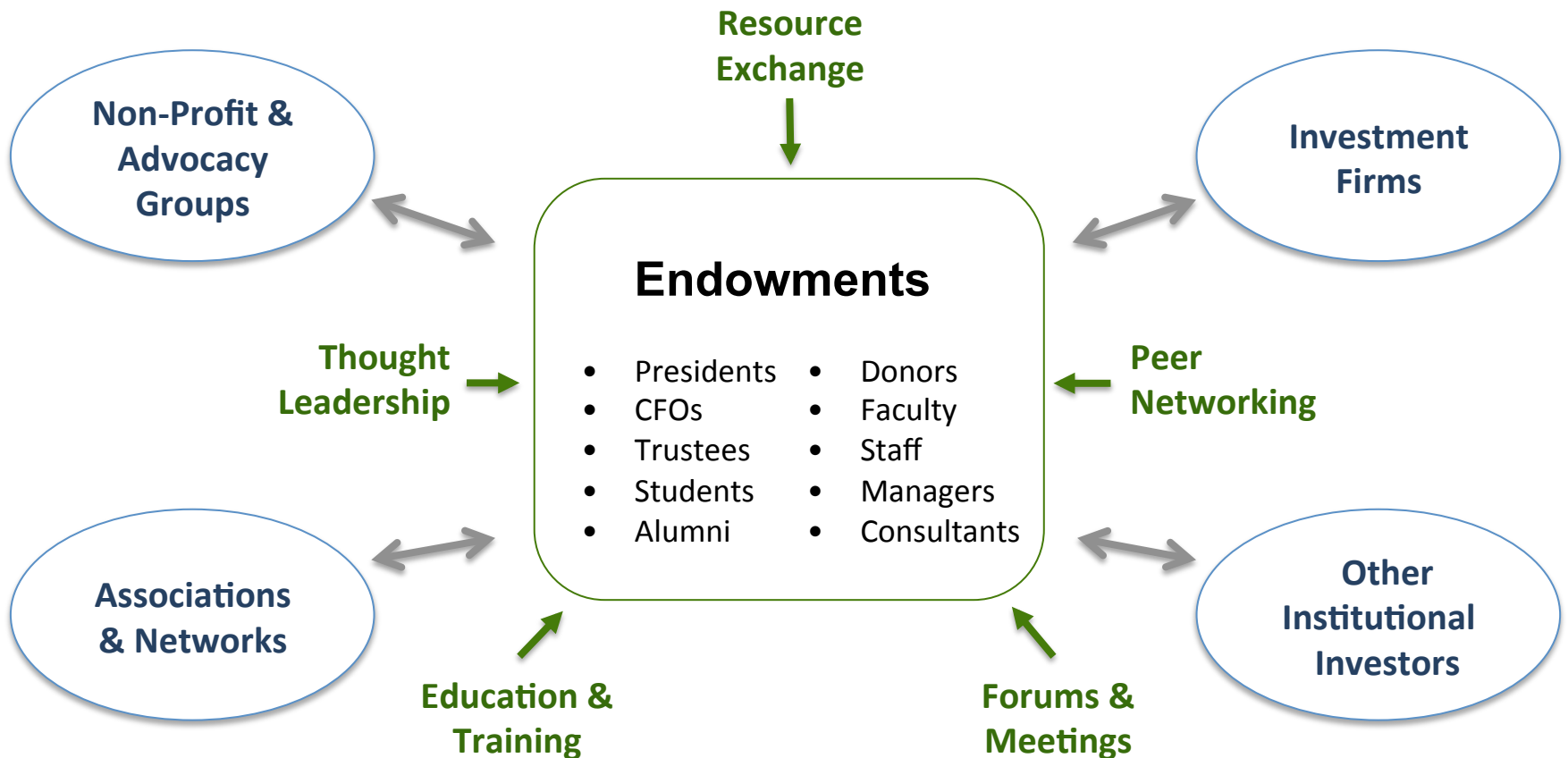
Felicitas Weber, KnowTheChain Project Lead, Business & Human Rights Resource Centre




Moderator: **Sonal Mahida**, Director, Intentional Endowments Network

Intentional Endowments Network

*A Peer-Learning Network for Higher Education, Philanthropic & Non-Profit Endowments
Aligning Investment Portfolios with Institutional Mission, Values, & Sustainability Goals*





KnowTheChain benchmarking findings: How are companies addressing forced labor and human trafficking risks in their supply chains?

January 2017



HUMANITY
UNITED



Business & Human Rights
Resource Centre



SUSTAINALYTICS





Senior Advisor, KnowTheChain; former Senior VP, Sustainability Research and Policy, Calvert Investments

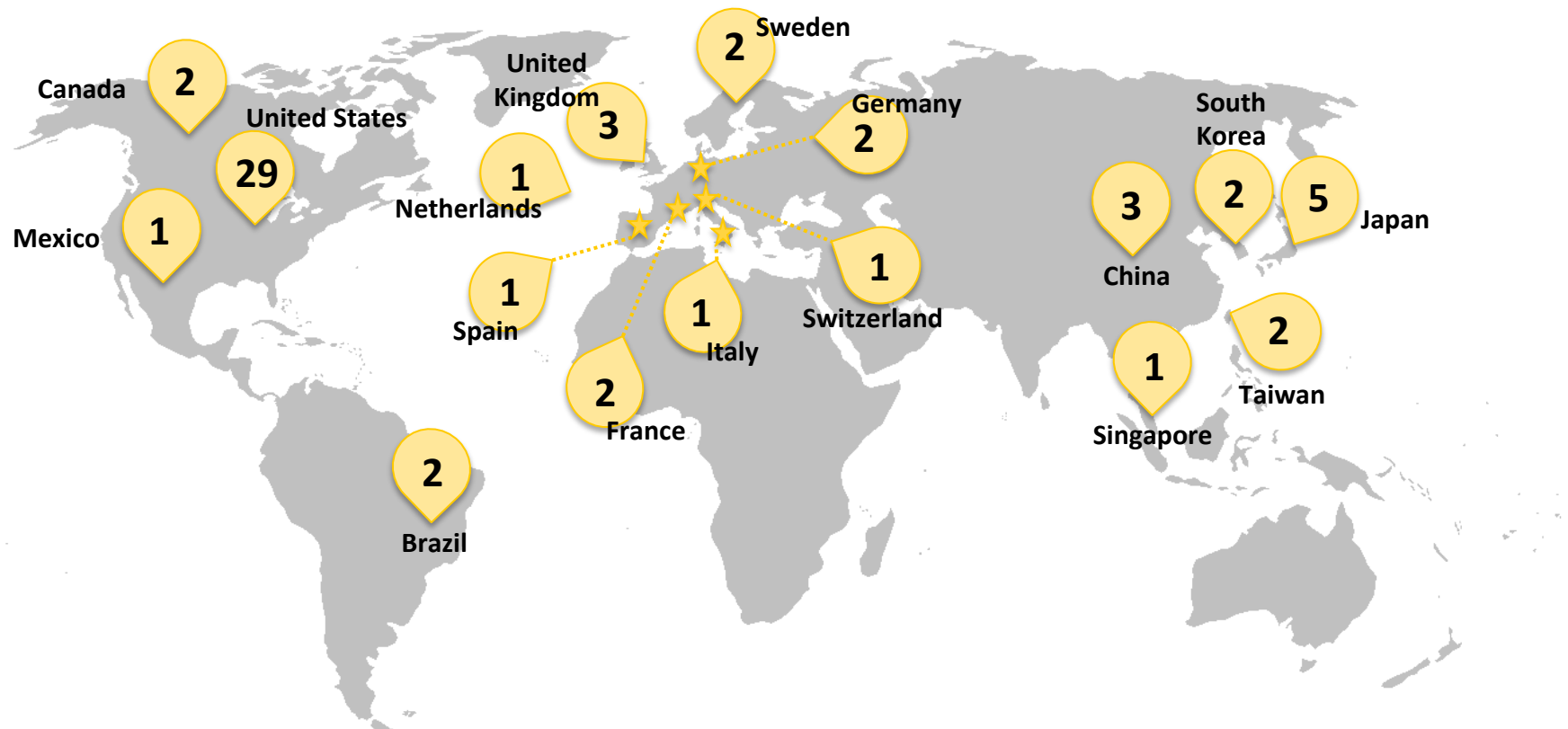
Setting the Scene:

- Why is forced labour relevant to investors?
- How can investors address forced labour risks in their portfolio?

Which companies are included?

COMPANY SELECTION

- 20 companies in each sector (60 companies total)
- Selection criteria:
 - (1) market capitalization;
 - (2) degree to which they derive revenues from physical products (ICT)
 - (2) degree to which they derive revenues from branded food and drink products. (F&B)
 - (2) degree to which they derive revenues from branded footwear and apparel products (F&A)



How were companies evaluated?

1. COMMITMENT AND GOVERNANCE

2. TRACEABILITY AND RISK ASSESSMENT

3. PURCHASING PRACTICES

4. RECRUITMENT

5. WORKER VOICE

6. MONITORING

7. REMEDY

How do the benchmarks perform?

39/100

ICT sector: average overall company score

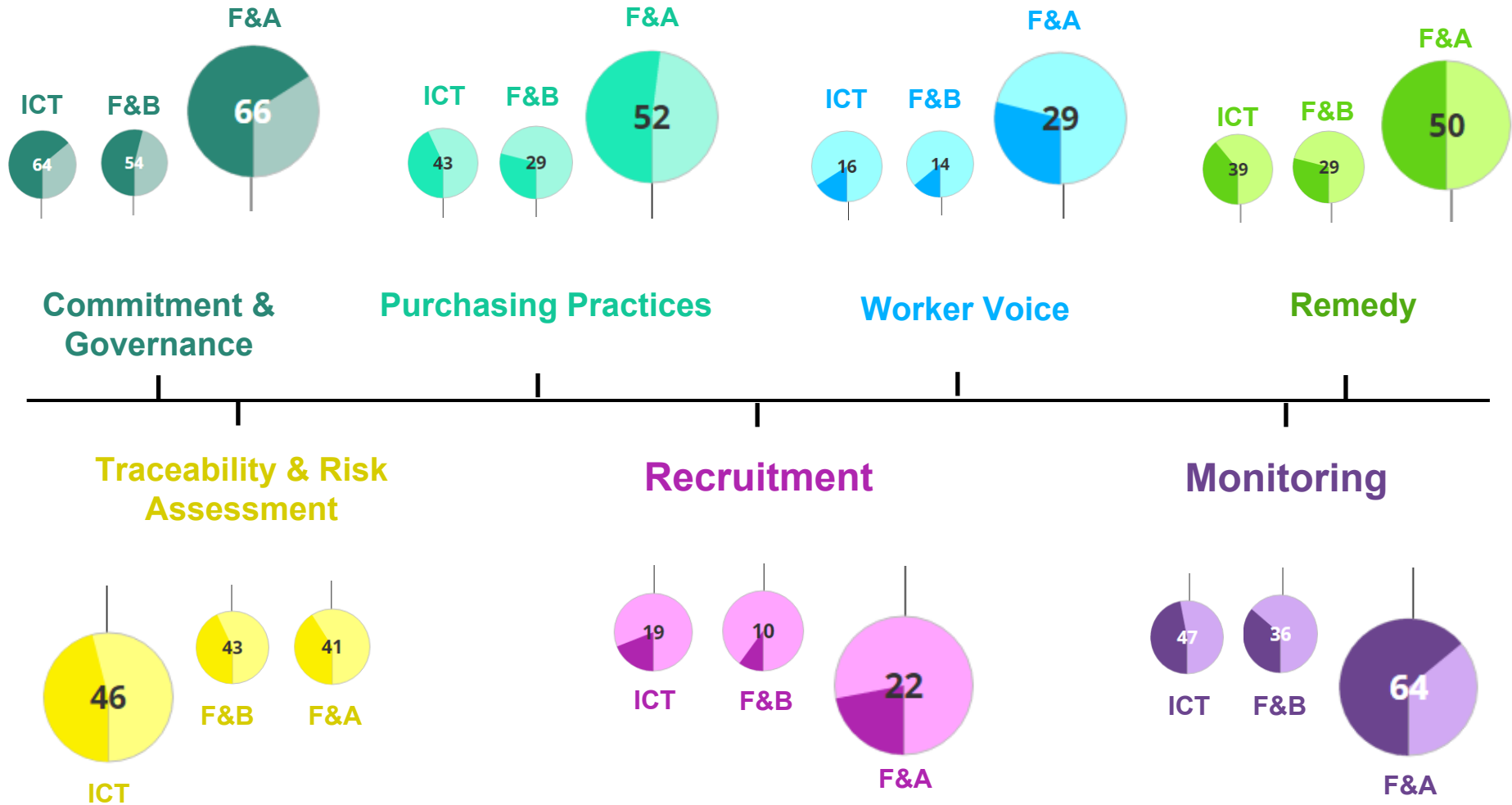
31/100

Food & Beverage (F&B) sector: average overall company score

46/100

Footwear & Apparel (F&A) sector: average overall company score

How do the benchmarks perform across themes?

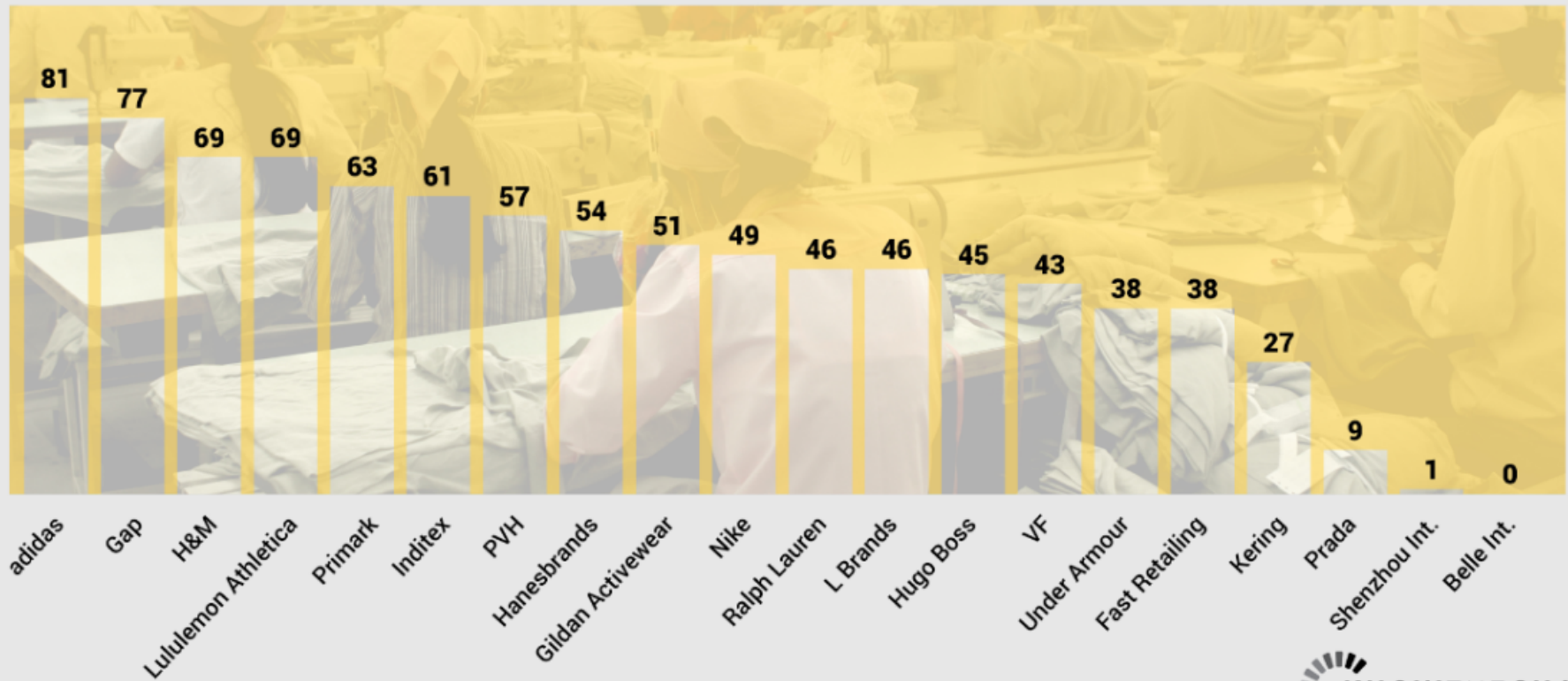


- ICT = Information communication technology
- F&B = Food and beverage
- F&A = Footwear and apparel

How do the footwear & apparel companies perform?

APPAREL AND FOOTWEAR BENCHMARK

Overall Company Ranking



Levels of engagement across sectors

LEVEL OF ENGAGEMENT*	APPAREL & FOOTWEAR	ICT	FOOD & BEVERAGE
High engagement	80%	55%	45%
Low engagement	10%	10%	30%
Awareness	10%	5%	15%
No engagement	0%	30%	10%

*High engagement = company sent response to questions. Low engagement = company sent link to disclosure. Awareness = interaction between KnowTheChain and the company. No engagement = company did not acknowledge KnowTheChain's outreach.

How to use the KnowTheChain.org website

KnowT

INFORMATION AND COMM. TECHNOLOGY BENCHMARK


[THEMES](#)
[COMPANIES](#)
[METHODOLOGY](#)

FOOD AND BEVERAGE BENCHMARK


[THEMES](#)
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APPAREL AND FOOTWEAR BENCHMARK


[THEMES](#)
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Benchmarks can play a powerful role in encouraging companies to uphold labor standards and protect workers' rights. In 2016 KnowTheChain has benchmarked 60 large global companies in the Information & Technology Communication, Food & Beverage, and Apparel & Footwear sectors on their efforts to address forced labor and human trafficking in their supply chains.

Resources

Benchmark reports | Downloadable company scorecards | Engagement resource



Food and Beverage Benchmark: Company Scorecard

Mondelez International Inc.

TICKER: NASDAQ: MDLZ **MARKET CAPITALIZATION:** US\$ 66 billion **HEADQUARTERS:** United States

8 OUT OF 20
Company's Overall Ranking


30 OUT OF 100
Company's Overall Score

Mondelez International Inc. (Mondelez) demonstrates average disclosure compared to its peers of its policies and practices aimed at addressing forced labor risks in its supply chain, ranking eighth on the benchmark overall. The company exhibits leading practice with respect to its integration of forced labor standards into supplier contracts. Additionally, its rank is driven by its training practices, processes to trace its supply chain, and corrective action plans. The company is encouraged to strengthen its supply chain standards, its approach to responsible recruitment of workers in its supply chain, and disclose evidence that it ensures suppliers workers' voices are heard.

THEME LEVEL SCORE	
Commitment and Governance	49 out of 100
Traceability and Risk Assessment	38 out of 100
Purchasing Practices	31 out of 100
Recruitment	0 out of 100
Worker Voice	10 out of 100
Monitoring	35 out of 100
Remedy	50 out of 100

LEADING PRACTICES

Integration into Supplier Contracts
Mondelez integrates its forced labor and human trafficking standards into supplier contracts. Within its Purchase Order Terms and Conditions, the company specifically prohibits forced labor and restrictions on freedom of movement and, amongst other things, specifically prohibits restricting workers' freedom of movement by controlling identity papers.



Food & Beverage Benchmark Findings Report

How are 20 of the largest companies addressing forced labor in their supply chains?

KnowTheChain Investor Resources

A resource to help investors engage portfolio companies on forced labor risks. This tool answers questions such as: How can I identify forced labor risks in my portfolio? What questions should I ask companies?

ShareAction, Forced labour: What investors need to know

This briefing provides information on the risks and implications of forced labor in company operations and supply chains. It highlights the role for investor engagement in addressing this global problem.

Questions to ask companies

Less advanced companies

- *Commitment*: Does your organization have a supply chain standard and/or formal commitment to address forced labor?
- *Traceability*: To what extent do you trace your supply chain (beyond first tier, down to commodity level)? Where do you source from?
- *Risk Assessment*: What steps do you take to identify and assess forced labor risks in your supply chain (for specific commodities, regions or groups)? Which risks have you identified?

More advanced companies

- *Purchasing Practices*: How do you translate your expectations with regards to forced labor into your purchasing practices?
- *Recruitment*: How do you mitigate forced labor risks related to recruitment practices, in particular for migrant workers?
- *Worker Voice*: How do you ensure supply chain workers are empowered to exercise their rights, and ensure their voices are heard (e.g. freedom of association, grievance mechanisms)?



UK Modern Slavery Act Registry

Open access, searchable registry with
over 1200 statements



Over 80 statements of US companies

KnowTheChain: What's next?

2017:

- Methodology revision
- Analysis of modern slavery statements in each sector
- Linking disclosure to impacts on the ground

2018:

Next round of benchmarks: same sectors, larger set of companies

Questions?

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Thank you!

www.intentionalendowments.org