

# FROM FARM TO TABLE: ENSURING FAIR LABOUR PRACTICES IN AGRICULTURAL SUPPLY CHAINS

RESULTS FROM THE PRI COLLABORATIVE  
ENGAGEMENT 2017-19



# THE SIX PRINCIPLES

## PREAMBLE TO THE PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.



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We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

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# EXECUTIVE SUMMARY

This report summarises the results of the second phase of a PRI-led engagement on labour practices in agricultural supply chains. A first phase of the engagement, during 2013-16, sought to understand labour rights challenges and risks in supply chains. This second phase, which ran from 2017-19, involved deeper engagement between 29 PRI signatory investors and 33 companies in the Beverages, Food & Drug Retail, Food Producers and General Retailers sectors. Its objective was to identify and assess existing corporate practices, encourage enhanced communication and reporting, and support improvement of performance and impact by target companies.

The engagement involved an assessment of companies across six areas: supplier codes of conduct; governance and accountability; traceability and risk assessment; sourcing and supplier relationships; collaboration on systemic issues; and monitoring and corrective action. For the final analysis, business practices were classified in three categories: basic, standard and leading. The three categories allow investors to assess a given company's preparedness to identify, prevent and mitigate labour risks in its supply chain and, in turn, better tailor engagement efforts according to the company's performance against set objectives.

In all six areas, the engagement found continuous and steady improvement across all sectors regarding labour practices in agricultural supply chains (see Appendix 2). However, there is also considerable room for improvement, especially in areas of leading practice. This report sets what investors should be looking for from companies to eliminate labour abuses in their supply chains.

The main issues impacting labour practices in supply chains in the six areas are as follows:

- **Supplier codes of conduct:** Including the expectations within suppliers' codes of conduct into contracts is a first step in providing suppliers with a concrete framework for managing labour practices. However, there is more work to be done to better communicate and implement these expectations down supply chains to prevent and mitigate labour risks when suppliers subcontract products and services to meet contract agreements.
- **Governance and accountability:** Failure to identify, prevent and address adverse human rights impacts can lead to reputational, operational and financial human rights risks. Responsibility at all levels of the organisation over human rights and labour practices in supply chains is critical. Accountability has to come from the top, with the leadership demonstrating that they understand the main risks and can set up plans to prevent and mitigate them and ensuring that internal incentives across the whole organisation are aligned with the company's commitments around labour rights.
- **Traceability and risk assessment:** By mapping their supply chains, businesses are able to begin to understand the possible labour-related risks to which they are exposed, based on the countries where different commodities are sourced from. Having visibility over the length and complexity of the supply chain will also help businesses prioritise the actions needed to help identify, prevent and mitigate labour risks. As supply chains become more global, the more companies will share suppliers within their own supply chains; collaborating with peers around traceability practices will allow companies to do this in a more efficient and cost-effective way.
- **Collaboration on systemic issues:** The causes of labour rights issues in supply chains, in many cases, are systemic and interlinked. For this reason, investors need to encourage investee companies to collaborate with peers and other stakeholders such as policy makers, NGOs and trade unions to identify the most effective ways to achieve real change. For example, the causes of low wages are systemic; and therefore, to address low pay, companies need to work collaboratively and review practices around other issues, such as strengthening freedom of association and collective bargaining. Robust collective bargaining mechanisms, such as trade unions, can offer workers stronger representation when negotiating wages and protections against wages variations. Prices and cost models negotiated with suppliers should include, at least, minimum wages as part of their calculation. Cost models that put undue pressure on suppliers can reduce their capacity to pay adequate wages or can make them resort to practices such as inadequately compensated overtime, casual labour or outsourcing, increasing the risk of forced or child labour.
- **Sourcing and supplier relations:** Long-term relationships can provide suppliers with stability and security, allowing them to invest in the business. Long-term relationships also avoid short notice requirements and lead times, which can increase the risk of forced labour. Such relationships also need to be accompanied by processes to monitor suppliers' labour performance and clear actions to enhance supplier capacity building, as well as moving them from noncompliance to good practice.
- **Monitoring and corrective action:** According to the UN Guiding Principles, businesses not only have a responsibility to avoid infringing on the human rights of others but should also remediate any adverse human rights impacts they have caused or contributed to. Companies should be more transparent about the effectiveness of their grievance mechanisms and their remediation actions, and ensure that workers in supply chains know of these mechanisms and how to make use of them.

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Finally, the PRI suggests that investors who would like to continue with this engagement should:

- **Set objectives around systemic issues**, such as low pay, full traceability of key supply chains, and forced labour.
- **Assess company's preparedness to achieve set objectives** and assess the level of preparedness against the desired objective, and tailor company engagement accordingly.
- **Collaborate to achieve progress** and make engagements more effective and efficient.

# INTRODUCTION

Companies around the world are failing to address labour abuses in their supply chains. An estimated 40.3 million people are subject to some form of modern slavery, with the agriculture, forestry and fishing sector accounting for 11% of this number, and the wholesale and trade sector another 9%. An estimated US\$150bn each year is generated from the theft of their labour.<sup>1</sup>

It is imperative that businesses and their investors understand their responsibilities toward workers in relation to a range of labour rights issues. The responsibilities of governments regarding labour rights are also becoming clearer through the work of international actors such as the G7, the International Labour Organization (ILO) and the United Nations. They are helping to raise the profile of supply chain labour conditions through soft law mechanisms and within the Sustainable Development Goals (SDGs). At the national level, countries are enacting legislation requiring greater transparency around supply chain practices, such as modern slavery acts in the UK and Australia, and California's Transparency in Supply Chains Act.

The agricultural sector, including forestry and fishing, is a high-risk sector in terms of forced and child labour.<sup>2</sup> To support investors seeking to understand and drive improvement in labour practices in agricultural supply chains, the PRI has supported a multi-year engagement with key companies in the food and drug retail, beverages, food producers and general retailers sectors.

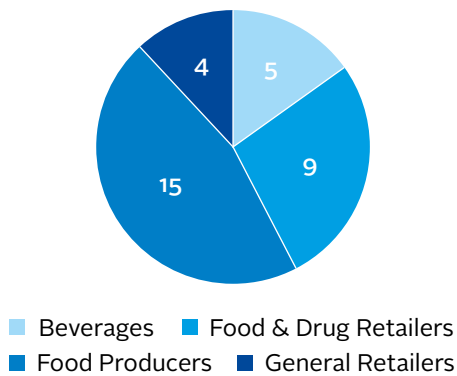
The first phase of this engagement ran from 2013 to 2016 and focused on understanding labour rights challenges and risks in supply chains. The results of this first phase can be found in the 2016 PRI report [From poor working conditions to forced labour – What's hidden in your portfolio?](#)

As a starting point for this engagement, the PRI used the ILO's Declaration on Fundamental Principles and Rights at Work. It defines the following as fundamental rights of workers: freedom of association; the right to collective bargaining; and freedom from forced labour, child labour and discrimination. The ILO commits member states to respect these rights, regardless of whether they have ratified its conventions. In addition to those rights, the engagement also evaluated the rights to appropriate occupational health and safety practices, safe working conditions and fair wages.

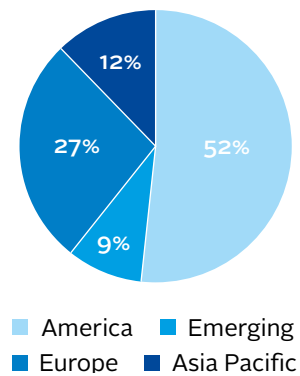
Within the agricultural sector, the major labour risks are forced labour, child labour and high fatality rates. Workers in agriculture also face issues such as the denial of their rights to freedom of association and collective bargaining, hazards to occupational health and safety, poor working conditions, inadequate or non-existent access to medical care or pensions, long hours and insufficient wages.

In the second phase of the engagement, from 2017 to 2019, investors deepened their dialogues with companies that participated in the first phase (see Figures 1 and 2) with the aim of improving supply chain traceability and supplier relationships. The objective was to identify and assess existing corporate practices, encourage enhanced communication and reporting, and ultimately support improvement of performance and impact by target companies. This phase is the subject of this report.

**Figure 1: Sector representation**



**Figure 2: Geographic breakdown**



1 Liechtenstein Initiative for a Financial Sector Commission on Modern Slavery and Human Trafficking (2019), [A Blueprint for Mobilizing Finance Against Modern Slavery and Trafficking](#), Executive Summary  
 2 [ILO says forced labour generates annual profits of US\\$ 150 billion](#), International Labour Organization website, 20 May 2014

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Guidance from the ILO<sup>3</sup> and the Joint Ethical Trading Initiative (JETI)<sup>4</sup> identify the following aspects as central to improved labour practices in global supply chains: contracts and specifications; prices and costs models; worker representation and wages; and length and type of supplier and buyer relationship. This engagement, and the results and recommendations outlined in this report, are focused on these practices which, if not well managed and monitored by companies, can increase the risk of human and labour right abuses in supply chains.

The engagement aimed to address a range of issues, set out in a public statement, [Investor Expectations on Labour Practices in Agricultural Supply Chains](#). This was then used by a sub-set of PRI signatories to support dialogue with 33 companies and to develop scorecards to track engagement progress.<sup>5</sup>

The expectations on labour practices covered in the statement, and the resulting areas assessed through the engagement, include:

- Supplier codes of conduct;
- Governance and accountability;
- Traceability and risk assessment;
- Sourcing and supplier relationships;
- Collaboration on systemic issues; and
- Monitoring and corrective action.

The engagement evaluation methodology was mapped against the UN Guiding Principles on Business and Human Rights and referenced a number of sources, including the Corporate Human Rights Benchmark and the KnowTheChain benchmark on forced labour, among others.<sup>6</sup>

This report summarises the results from the engagement for each of the expectations on labour practices listed above. The indicators used for the evaluation of companies have been classified in three categories: basic, standard and leading (see Appendix 1). For each of the expectations, the report outlines current practices and approaches that investors can use to support companies in improving labour practices in their supply chains.

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<sup>3</sup> International Labour Office (2017), [Purchasing practices and working conditions in global supply chains: Global Survey results](#); INWORK Issue Brief No. 10

<sup>4</sup> Joint Ethical Trading Initiatives (2015), [Living Wages in Global Supply Chains: A new agenda for business](#)

<sup>5</sup> The engagement involved a group of 29 investors – a subset of the 58 investors, representing US\$4.1trn of assets under management, who signed the investor expectations statement on labour practices in agricultural supply chains.

<sup>6</sup> Other sources include: The Global Report Initiative, Morgan Stanley's ESG framework for Retail / Softlines, Mirova's supply chain engagement (apparel + ICT focus), Sustainable Apparel Coalition - Higgs Index, Human rights supply chain report of the Australian Human Rights Commission, the Sustainability Accounting Standards Board, the International Finance Corporate, Behind the Brands.



# CROSS-CUTTING FINDINGS

Over the course of the second phase of the engagement, we found continuous and steady improvement across all sectors regarding labour practices in agricultural supply chains. These results are encouraging and demonstrate the impact of working collaboratively on tackling labour rights issues in supply chains.

Companies – in particular those in the general retailers and beverages sectors – made more progress on those indicators linked to the establishment of policies and processes than on those focused on implementation and performance (where only general retailers showed leadership). This trend could be explained by companies developing policies first against which performance could then be tracked over time. In taking the engagement forward, investors will need to focus on companies' implementation of the policies and process they have established.

The area where there was the poorest performance, on average, was on traceability and risk assessment. However, for almost all the indicators linked to policy and process, at least one company achieved the maximum score, demonstrating that high performance is possible. Only for sourcing and supplier relations was there a significant gap between the maximum score achieved and best practice, and therefore the most room for improvement.

Investors also need to focus engagement efforts on governance and accountability and monitoring and corrective action. As companies move from policy to action, it is important for investors to understand how companies are assigning responsibility for different targets and actions, what the reporting lines are for information to flow at all levels, and the extent of support offered to those employees with responsibility for achieving desired results. In addition, action on the part of companies should be accompanied by clear and robust systems for remediation. Companies should be able to improve traceability and the visibility of any negative impacts they have caused or contributed to and be able to provide timely and adequate remedy to those affected.

Positive findings at the time of the final assessment showed that all companies have included respect for human rights in direct operations and supply chains, either as part of the code of conduct or as a separate commitment or policy. Almost all companies (97%) have a supplier code of conduct in place and 73% include expectations from the code in their contracts with tier 1 (i.e. direct) suppliers. We also found that more than 90% of companies' supplier codes of conduct specifically mention the ILO's eight fundamental and additional workers right conventions with regard to forced labour, child labour, freedom of association, collective bargaining, discrimination and working conditions, including pay.<sup>7</sup>



<sup>7</sup> The ILO's eight fundamental conventions are: Freedom of Association and Protection of the Right to Organise; Right to Organise and Collective Bargaining; Forced Labour; Abolition of Forced Labour; Minimum Age; Worst Forms of Child Labour; Equal Remuneration; and Discrimination. Additional workers' rights under ILO conventions relate to occupational health, working conditions and wages.



### SUPPLIER CODE OF CONDUCT



**95%**

of companies mention all areas of the ILO core labour standards within their supplier codes of conduct



**18%**

describe how they are working with suppliers to improve practices in these areas



**3%**

of companies analyse trends in progress made



### GOVERNANCE AND ACCOUNTABILITY



**88%**

of companies state the board has responsibility over sustainability



**42%**

names an individual board member as accountable



**47%**

of companies said they provide training to relevant staff



### TRACEABILITY AND RISK ASSESSMENT



**70%**

of companies disclose on geographic location of suppliers and volumes of product sourced in each location



**12%**

of the companies evaluated provided a full map of direct and indirect suppliers



### SOURCING AND SUPPLIER RELATIONS



**97%**

of companies have a process to assess or monitor the labour performance of their suppliers



**15%**

report on the process or provide examples of how they have helped suppliers move from non-compliance to good practice



### COLLABORATION ON SYSTEMIC ISSUES



**91%**

of companies stated that they include freedom of association as one of the expectations in their supplier codes of conduct



**12%**

described how they work on this issue with suppliers



**24%**

of companies have commitment to paying living wages in their supply chains



### MONITORING AND CORRECTIVE ACTION



**70%**

of companies state that they have a policy regarding access to remedy for supply chain workers



**30%**

report on their process for solving grievances



**12%**

report on how they track and guarantee closure of corrective actions

- GOOD
- AVERAGE
- POOR



#### POLICIES AND PROCESSES COMPANIES SCORE

38% Initial evaluation

54% Interim evaluation



Final evaluation

#### IMPLEMENTATION AND PERFORMANCE COMPANIES SCORE

17% Initial evaluation

28% Interim evaluation



Final evaluation

To help investors in their engagement with companies, we have classified the indicators in three categories: **basic, standard and leading** (see Appendix 1).



# RESULTS BY AREAS ASSESSED

This section provides the findings for each area assessed in the engagement, based on the classification of indicators as basic, standard and leading (see Appendix 1). This categorisation aims to help investors initiate conversations with companies and rank their performance, in order to encourage good practice.

## SUPPLIER CODE OF CONDUCT

WHAT SHOULD INVESTORS LOOK OUT FOR?	
<b>BASIC</b>	
<ul style="list-style-type: none"> <li>■ The company has a supplier code of conduct</li> <li>■ The supplier code of conduct covers expectations regarding all eight fundamental ILO conventions and additional workers' rights</li> </ul>	
<b>STANDARD</b>	
<ul style="list-style-type: none"> <li>■ Expectations of the supplier code of conduct are included in contracts with all direct suppliers</li> </ul>	
<b>LEADING</b>	
<ul style="list-style-type: none"> <li>■ Expectations of the supplier code of conduct apply and are included in supplier contracts beyond tier 1</li> <li>■ The supplier code of conduct specifically applies to labour brokers and agents, rather than only to product contractors, and is included in their contracts</li> </ul>	

Research by the ILO finds that comprehensive contracts, which clearly state the conditions of the relationship and the company's expectations of the supplier, are necessary to provide a stable context within which a supplier can operate.<sup>8</sup> Such a context helps ensure better working conditions, and reduce last-minute changes to orders and lead times that could put financial pressure on suppliers. Such pressure can increase the risk of forced and child labour. Including expectations set out in the supplier code of conduct (relating to the eight fundamental ILO conventions) into contracts is a first step to providing suppliers with a concrete framework for managing labour practices.

From the interim to the final evaluation, there was a slight increase in average scores for the code of conduct indicator, from 61% to 64% for indicators linked to policy and process and from 27% to 34% for those linked to implementation and performance. These increases are mainly due to a growing number of companies making a public commitment to addressing human rights in supply chains and introducing standalone supplier codes of conduct, covering all aspects of the core ILO labour standards.

A supplier code of conduct is the first step in communicating labour practices expectations to suppliers. However, companies need to better communicate and implement expectations down supply chains. For the final evaluation, even though 95% of companies mention all areas of the ILO core labour standards within their supplier codes of conduct, only 18% describe how they are working with suppliers to improve practices in these areas, and even fewer (just 3% of companies) analyse trends in progress made.

Clear, signed contracts are critical in influencing supplier behaviour, and they are in place at 97% of participating companies, while 73% include expectations regarding their codes of conduct in contracts with direct suppliers. However, when implementation of supplier codes of conduct is examined in more detail, the picture is less positive. Only 64% of companies say the expectations in codes of conduct apply to indirect suppliers and only 52% say they include these expectations into contracts with suppliers beyond the first tier.

The lowest scores were seen regarding the application of supplier codes of conduct to labour brokers or agents, with only 36% of companies explicitly stating that their code of conduct applies to these actors as well. According to research by ILO and JETI, when suppliers are under pressure, the risk increases that workers contracted by third-parties will be subject to abuse.<sup>9</sup> In these instances, it is crucial that codes of conduct apply to labour brokers, and guarantees are sought regarding ethical recruitment of casual workers as well as of permanent staff.

## GOOD PRACTICE EXAMPLES

### Groupe Danone – Application of supplier code of conduct to labour brokers and agents

Country HQ: France | Sector: Food Producer

In 2018, Danone adopted its Global External Workforce Policy, which requires temporary work agencies and labour service providers employing workers on behalf of Danone to respect those workers' fundamental freedoms and rights.

The company also performed a risk mapping exercise, cross-checking human rights issues and the number of agency workers in regions where it operates. From this mapping, three regions were prioritised to start deploying the policy.

Source: [Foster Inclusive Growth](#), Danone website, under the Human Rights section

8 International Labour Office (2017), [Purchasing practices and working conditions in global supply chains: Global Survey results](#); INWORK Issue Brief No. 10

9 International Labour Office (2017), [Purchasing practices and working conditions in global supply chains: Global Survey results](#); INWORK Issue Brief No. 10 and Joint Ethical Trading Initiatives, (2017) [The Joint Ethical Trading Initiatives' Guide to Buying Responsibly](#)

## GOVERNANCE AND ACCOUNTABILITY

WHAT SHOULD INVESTORS LOOK OUT FOR?	
BASIC	
<ul style="list-style-type: none"> <li>■ The board has oversight of sustainability goals</li> <li>■ The board is informed of or regularly discusses issues including human rights/supply chains</li> </ul>	
STANDARD	
<ul style="list-style-type: none"> <li>■ The responsibilities of the board or a board member specifically include oversight of human rights (preferably labour performance in the supply chain specifically)</li> <li>■ The company provides human rights/supplier code of conduct training to at least the most relevant staff</li> <li>■ The goals and targets for the ethical trading/sustainability team are aligned to procurement/buying teams</li> </ul>	
LEADING	
<ul style="list-style-type: none"> <li>■ The board receives training on human rights, ideally including supply chain labour rights</li> <li>■ Remuneration/incentives for senior executives are linked to human rights/labour practices in the supply chain</li> </ul>	

Appropriate governance and accountability systems are key to ensure that a company builds capacity and processes where needed to properly address and mitigate labour-related risks in their supply chains. To this end, companies should assign responsibility for human rights in general, and labour rights and supply chains specifically, at board level and provide the necessary training and development to relevant staff at all levels. This will ensure that company management is able to identify risks in a timely manner, knows what actions it needs to follow and understands accountability for remediating the negative impacts of different business activities.

We found that a small but growing number of companies (from 24% to 42%) report that the board or a particular board member have individual responsibility over human or labour rights and/or supply chain issues. This indicates that companies are increasingly considering human and labour rights in supply chains as a strategic issue for the business. However, this is much lower than the number of companies reporting that the board has responsibility for sustainability issues (88%) and suggests that, even though companies are talking about sustainability at board level, responsibilities over more specific labour rights issues might not be clearly assigned. In addition, and despite the increase in boards taking responsibility for human rights or supply chain issues, only 9% of companies evaluated said that board members receive training on human rights issues, including labour rights in supply chains.

Equally, only 9% of companies assessed link labour rights in supply chains to senior executives' remuneration. The companies who report on this area state that compensation is linked to corporate social responsibility or non-financial targets, but they do not offer more detail on which specific issues or targets are linked to performance and what proportion of executive compensation is dependent on such performance. Even though there is an increase in the number of companies reporting on performance around sustainability issues (from 20% to 28%), companies do not specify which executives are accountable for the business's performance against objectives and targets reported.

Another important aspect of accountability is to provide the appropriate training to those responsible for meeting those targets. However, while 97% of companies evaluated have a supplier code of conduct in place, only half (48%) report that they offer dedicated training to relevant staff on human or labour rights issues. Training should be available to staff with responsibility over, or relationships with, the business's supply chain, so staff can proactively identify practices that raise the risk of human rights abuses and make decisions with greater knowledge of the commitments and targets the business has set for its relationships down its supply chain.

Companies also need to make sure that sustainability teams' objectives and targets are aligned to those of their procurement teams. For this reason, providing training and monitoring its effectiveness are crucial in implementing companies' commitments around human rights and ethical sourcing. In addition, ethical sourcing targets should be linked to procurement teams' remuneration to ensure staff are not given conflicting messages or incentives that can undermine companies' ambitions and activities around labour practices in supply chains.

## GOOD PRACTICE EXAMPLES

### **PepsiCo – Board training on human rights**

Country HQ: United States | Sector: Beverages

For PepsiCo's Board of Directors human rights is an integral part of the business and its Public Policy and Sustainability Committee has oversight over the business' human rights issues and strategy. In 2018, the Committee carried out a deep-dive session to discuss the business' human rights strategy, progress against it and emerging human rights trends and risks. The deep dive is considered as part of the Board of Directors training programme and is developed and delivered by experts in the area.

Source: [2018 PepsiCo's Modern Slavery and Human Trafficking Statement](#), PepsiCo website

### **Wesfarmers – Training for relevant staff on ethical sourcing and human rights**

Country HQ: Australia | Sector: General Retailers

At Wesfarmers, buying and sourcing teams are kept up to date on ethical sourcing and human rights commitments through a mix of training, collaboration and information sharing. For example, findings from the business audit programme are fed back into the training of relevant staff to improve their understanding of human rights and ethical sourcing as well as the impact their business decisions can have on human rights.

Source: [2019 Modern Slavery Statement for Wesfarmers](#), Wesfarmers website

## TRACEABILITY AND RISK ASSESSMENT

WHAT SHOULD INVESTORS LOOK OUT FOR?	
BASIC	
<ul style="list-style-type: none"> <li>The company has a process to map the supply chain, and publicly discloses some information on its supply chain by supplier and geographical location</li> </ul>	
STANDARD	
<ul style="list-style-type: none"> <li>The company has conducted at least one impact assessment during the past three years that examines social issues in the supply chain focused on a specific commodity or region</li> <li>The company evaluates salient risk by both product/sector and country, at least for all high-risk countries and/or most sourced products</li> </ul>	
LEADING	
<ul style="list-style-type: none"> <li>The company provides full disclosure of its supply chain by supplier, product and geography, including potential risks associated with supplier origin</li> <li>The supply chain map includes suppliers beyond tier 1</li> </ul>	

Evidence that a company is completing geographical mapping of different suppliers allows investors to assess whether the company understands the length and complexity of its supply chains, and gives an indication of the possible labour-related risks to which a company might be exposed (and how companies can prioritise their actions on human and labour rights), based on the countries where it sources different products.

Over the course of the engagement, there was an improvement in traceability and supply chain transparency by the end of the engagement: 70% of companies were disclosing on geographic location of suppliers and volumes of product sourced in each location, up from 58% at the interim evaluation. However, only 12% of the companies evaluated provided a full map of direct and indirect suppliers. Companies often argue that they are not able to disclose the full map or list of suppliers for commercial reasons, such as competitive advantage, or to maintain confidentiality. However, given that there are companies among those evaluated who have disclosed their full list of suppliers, as well as volumes sourced, it is clear that a much wider number of companies can undertake this practice than are currently doing so. Furthermore, the engagement identified that, because companies tend to have overlapping supply chain maps, it might be efficient to carry out the effort of mapping long and complex supply chains collaboratively to share costs and resources.

### GOOD PRACTICE EXAMPLES

#### Wilmar – Supply chain mapping

Country HQ: Singapore | Sector: Food Producers

Wilmar has made available an interactive map that displays the full extent of its palm oil supply, going beyond its tier 1 suppliers. The map offers a geographical display with information of the level of traceability from refinery to mill, whether the refineries are Roundtable on Sustainable Palm Oil-certified and their physical address.

Source: [Traceability](#), Wilmar website

#### Heineken – Assessing labour risks in supply chains

Country HQ: The Netherlands | Sector: Beverages

Heineken has assessed the potential impacts of its business activities by conducting in-depth workshops across the world, which involve where possible engagement with potentially affected stakeholders.

Through the workshops, Heineken has been able to identify salient human rights issues that are now the base for its Human Rights Policy. The business has also put in place specific actions plans in countries identified as high risk; other action plans are under development. The business will also continue to update its policy according to new information coming from monitoring and reporting as action plans are implemented.

Source: [Respecting human rights](#), Heineken website

## SOURCING AND SUPPLIER RELATIONS

WHAT SHOULD INVESTORS LOOK OUT FOR?	
BASIC	
<ul style="list-style-type: none"> <li>■ The company has a process to assess/monitor labour performance of its suppliers, including:               <ul style="list-style-type: none"> <li>■ SMART (Specific, Measurable, Achievable, Realistic and Timely) targets</li> <li>■ Unannounced audits</li> <li>■ Alignment with an internationally recognised standard</li> <li>■ Involvement of a third party in the assessments</li> </ul> </li> <li>■ The company reports evidence that auditing and/or monitoring has been undertaken in the past three years, or according to targets</li> <li>■ The company provides a summary of findings of the audit/monitoring activities</li> </ul>	
STANDARD	
<ul style="list-style-type: none"> <li>■ The company has a policy to at least reserve the right to decrease sourcing from or terminate contracts with suppliers where repeated negative performance is identified</li> <li>■ The company provides supplier capacity programmes for strategic or critical suppliers</li> <li>■ The capacity building and training includes suppliers' workers as well as management</li> <li>■ The company incentivises tier 1 suppliers to offer capacity building to their own suppliers</li> <li>■ The company reports on the process to move non-conforming suppliers to good practice</li> <li>■ The company incorporates social criteria into sourcing decisions, particularly when awarding new contracts or renewing existing contracts</li> </ul>	
LEADING	
<ul style="list-style-type: none"> <li>■ The company gives preference to suppliers with higher labour performance</li> <li>■ The company has long-term relationships with some suppliers and sources a significant share of goods from these</li> <li>■ The company rewards suppliers with higher labour performance</li> </ul>	

Creating stable and long-term relationships with suppliers provides security (as outlined further below) and enables them to invest in their business. According to JETI, long-term partnerships with suppliers enables the sharing of risks and agreement on broader standards for the relationship beyond price.<sup>10</sup>

One benefit of forging long-term relationships with suppliers is that they provide stability, especially for suppliers, by having a set cost model that incorporates at least minimum wages, and by helping to avoid short notice requirements and short lead times. According to recent research by the ILO, OECD and the International Organization for Migration, short lead times and last-minute changes in orders mean that suppliers incur higher costs, which in turn reduces their capacity to pay adequate wages and/or makes them resort to practices such as inadequately compensated overtime, casual labour or outsourcing, increasing the risk of forced or child labour.<sup>11</sup>

The final assessment found that this is an area for improvement for most companies. Only 21% of companies evaluated have a policy on incentivising good practice or on building long-term partnerships with socially compliant suppliers. Only 14% have a target related to this practice. Furthermore, even though 97% of companies have a process to assess or monitor the labour performance of their suppliers, only 15% report on the process or provide examples of how they have helped suppliers move from non-compliance to good practice.

While companies are increasingly being more explicit about their requirements regarding labour practices, only 42% of evaluated companies provide suppliers with some kind of capacity-building programme, such as training or technical assistance, and a smaller number (12%) provide financial support to fill gaps in supplier health and safety compliance. This indicator has the potential to send a strong signal in terms of indicating the depth of a company's commitment to respecting human and labour rights in supply chains. The ILO's Global Survey found that, overall, this practice is not widespread, with only 51% of suppliers expected to follow companies' codes of conduct receiving support for implementation from buyers.<sup>12</sup> In addition, JETI found that, even when this support is provided, some suppliers are being charged fees by buyers to participate in training or capacity-building activities.<sup>13</sup>

<sup>10</sup> Joint Ethical Trading Initiatives, (2017) [The Joint Ethical Trading Initiatives' Guide to Buying Responsibly](#)

<sup>11</sup> International Labour Organization, Organisation for Economic Co-operation and Development, International Organization for Migration and United Nations Children's Fund (2019), [Ending Child Labour, Forced Labour and Human Trafficking in Global Supply Chains](#)

<sup>12</sup> International Labour Office (2017), [Purchasing practices and working conditions in global supply chains: Global Survey results](#); INWORK Issue Brief No. 10

<sup>13</sup> Joint Ethical Trading Initiatives, (2017) [The Joint Ethical Trading Initiatives' Guide to Buying Responsibly](#)

## GOOD PRACTICE EXAMPLES

### **Mondelez – Long-term relationships and supplier capacity building**

HQ Country: United States | Sector: Food Producers

CocoaLife is Mondelez' US\$400m cocoa supply chain programme, with a goal for all the business's chocolate brands to source their cocoa through this programme by 2025.

One focus of the programme is female empowerment, to enable women to gain greater access to and control over both household and productive resources, strengthening their ability to act as leaders in their community.

The programme provides 50,000 women annually with access to finance to fund education and encourage entrepreneurship. By the end of 2018, an additional 74,318 community members had been trained in gender awareness, with the aim of changing perceptions, attitudes and behaviours, with the wider goal of reducing gender inequalities.

Source: [Empowering women for more sustainable cocoa communities](#), Mondelez International website

### **Tesco – Moving non-conforming suppliers to good practices**

Country HQ: United Kingdom | Sector: Food & Drug Retailers

Tesco works with suppliers regarding wages paid to workers; when suppliers are found to be non-compliant – that is, they are not paying wages on time and in full – Tesco requires suppliers to pay back any missing wages. If suppliers do not agree, Tesco looks to exit the relationship in a responsible manner. In 2018/19, 110 cases of concern were identified, involving 88 sites. More than 7,000 workers received a total of US\$508,307 as a result of Tesco's intervention.

Source: [Modern Slavery Statement 2018/19](#), Tesco website



## COLLABORATION ON SYSTEMIC ISSUES

WHAT SHOULD INVESTORS LOOK OUT FOR?	
BASIC	
<ul style="list-style-type: none"> <li>■ The company participates in certification schemes that cover labour standards and has SMART targets for certification</li> <li>■ The company participates in at least one initiative/ multi-stakeholder partnership related to social issues in the supply chain</li> <li>■ The company reports details of how stakeholder engagement is undertaken and collaborates with peers to address systemic issues</li> </ul>	
STANDARD	
<ul style="list-style-type: none"> <li>■ The company plays an active role in one or more multi-sector or industry body initiative (MSI) on labour supply chain issues, or forms a partnership with a union to improve labour standards, and articulates how it uses its membership of MSIs to advance its own practices and better human rights outcomes</li> <li>■ The company reports on how it works with suppliers to improve their practices in relation to freedom of association</li> <li>■ The company reports on how it works with suppliers and/or trade unions to improve their living wage practices</li> </ul>	
LEADING	
<ul style="list-style-type: none"> <li>■ The company collects data and analyses trends in the progress made around freedom of association and living wage</li> <li>■ The company has a pledge to pay living wages to employees within its direct operations and suppliers at least up to tier 1</li> </ul>	

According to a recent report from JETI the causes of low wages are systemic, meaning that efforts by individual companies are not likely to have a sustained impact. In ensuring that workers earn a living wage, companies also need to take action on wider issues, including strengthening freedom of association and collective bargaining.<sup>14</sup>

This is an area that requires improvement among almost all companies assessed in the final evaluation, as only 24% of companies evaluated have a commitment to paying living wages in their supply chains and only one company has a living wage pledge.

Research cited above from ILO, OECD and IOM and JETI shows that aggressive price negotiations on the part of buyers can be a key factor in the incidence of poor labour practices such as low wages and inadequately compensated overtime, and can increase the risk of using forced or child labour as a way to reduce costs to meet buyers' demands. However, while companies demonstrated improvement in terms of commitments to good labour practices in supply chains, none of the companies evaluated said they have a product cost model that incorporates labour costs to ensure suppliers are able to pay at least legal minimum wages.

The vast majority (91%) of companies stated that they include freedom of association as one of the expectations in their supplier codes of conduct; however, only 12% described how they work on this issue with suppliers, and no company reported that it analyses trends or collects data on the issue.

Wider cross-sector collaboration is needed here, and companies need to work with peers and policy makers to strengthen local policy around minimum wages, as well as work with suppliers on pricing and contracts to determine how any increases in statutory minimum wages can be incorporated into different products' cost models. A sudden increase in labour costs could put suppliers out of business or increase their temptation to engage in or overlook poor labour practices such as forced or child labour, setting penalties for workers, or failing to provide other employee benefits and social contributions.

### GOOD PRACTICE EXAMPLES

#### ABF – Living wage commitment

Country HQ: United Kingdom | Sector: Food Producers

ABF has a commitment in its supplier code of conduct to pay a living wage, stating that “wages should always be enough to meet basic needs and to provide some discretionary income.”

ABF is a signatory of Malawi Tea 2020, which supports living wages for workers in tea supply chains. The first collective bargaining agreement for the sector resulted in a large wage increase for tea workers. As of 2019, 5,376 people had received help to increase their incomes, and 1,317 had attended financial literacy and inclusion programmes.

Source: ABF (2019), [Living our values: Responsibility Report 2019](#)

<sup>14</sup> Joint Ethical Trading Initiatives (2015), [Living Wages in Global Supply Chains: A new agenda for business](#)

## MONITORING AND CORRECTIVE ACTION

WHAT SHOULD INVESTORS LOOK OUT FOR?	
BASIC	
<ul style="list-style-type: none"> <li>■ The company has a policy regarding remediation for workers in its supply chain</li> <li>■ The company reports some information on its grievance process and provides examples of outcomes</li> <li>■ The company has a communication/grievance mechanism for workers in its supply chain in place and reports on the means of communication</li> </ul>	
STANDARD	
<ul style="list-style-type: none"> <li>■ The company has a clear and effective procedure for tracking the resolution of identified social and/or labour corrective actions in the supply chain</li> <li>■ The company reports on the use of the communication/grievance mechanism and grievances raised are investigated and resolved in a timely manner</li> <li>■ The company encourages suppliers to have communication/grievance mechanisms in place</li> </ul>	
LEADING	
<ul style="list-style-type: none"> <li>■ The company describes the impact of remediation activities on supply chain workers or provides evidence that remediation is or would be undertaken systematically</li> <li>■ The grievance mechanism complies (wholly or partially) with the effectiveness criteria of the UN Guiding Principles for Business and Human Rights (e.g. the company engages workers in the establishment of the mechanism and the resolution of grievances; the mechanism is easily accessible, confidential and trusted, i.e. workers are aware of it and can use it without fear of penalty, dismissal or reprisal of any kind)</li> </ul>	

Grievance mechanisms and access to remedy are key responsibilities of states and businesses as defined by the UN Guiding Principles. Businesses not only have the responsibility to avoid infringing on the human rights of others but should also provide remediation of any adverse human rights impact they have caused or contributed to.<sup>15</sup>

Although overall scores remained low over the period of this engagement, there has been improvement regarding two-way communications and grievances mechanisms, from an average of 45% to 53% of companies reporting basic and standard indicators linked to policy and processes, and from 30% to 37% on standard and leading indicators linked to implementation and performance. This shows that a growing number of companies are offering workers in their supply chains a mechanism to report on violations of their supplier codes of conduct, and that companies are also being more proactive in mitigating potential risks and acting more effectively in providing remedy.

However, there is still room for improvement when it comes to disclosure around the implementation and effectiveness of grievance mechanisms. Although the majority (70%) of companies evaluated have a policy regarding access to remedy for workers in their supply chains, only 30% report any information regarding processes for solving grievances. In terms of implementation, only 12% report that they have a clear procedure for following up and tracking the resolution of identified social or labour corrective actions in the supply chain, and a mere 6% describe the impact of remediation activities on supply chain workers. The same trend is seen in the reporting of the use of grievance mechanisms, with only 27% of companies doing so. Only 21% encourage suppliers to put a communication or grievance mechanism of their own in place, and just 12% confirm that their grievance mechanism complies with criteria in the UN Guiding Principles.

Companies are often reluctant to disclose numbers of grievances, as a large number could be perceived as poor performance. However, a high number of reported grievances is often a reflection of a better functioning mechanism and workers feeling more empowered to report on violations or allegations. One key aspect of grievance mechanisms is how companies ensure that they are actually being used, including how companies communicate around them, and how reports produced by third-party managed systems are used.

Investors should encourage companies to be more transparent about the use and effectiveness of their grievance mechanisms and remediation actions and recognise those who already report on this area even if results show a high number of reported grievances.

<sup>15</sup> United Nations Human Rights Office of the High Commissioner (2011), [Guiding Principles on Business and Human Rights](#)

## GOOD PRACTICE EXAMPLES

### Wilmar – Reporting on grievances

Country HQ: Singapore | Sector: Food Producers

Wilmar publishes a Grievances Update document on its website detailing grievances reported, broken down by issue raised and stakeholder(s) affected. The update also provides information on the progress of any investigation and the steps taken by the business to resolve any concerns and/or provide remedy to affected stakeholders. For example, in 2017 the company reported changes made to its wages and employment policies and practices after concerns were raised about these practices among suppliers in North Sumatra.

Source: [Grievance Update](#), 22 March 2018, and [Strengthening Labour Practices: Twelve Month Progress Report](#), 4 December 2017, Wilmar International website

### ADM – Process of solving grievances

Country HQ: United States | Sector: Food Producers

ADM provides information on its website regarding how employees and suppliers can report grievances to the business. The document explains the link between the grievance process and wider policies and commitments and provides guidelines for anyone who decides to report concerns. The document also includes a workflow that explains the different steps of the review process, and how long the process will take.

Source: [Grievances and Resolutions – Background](#), ADM website

# RECOMMENDATIONS

Collaboration by investors can lead to improvement in corporate performance. The results of the second phase of this engagement on labour practices in agricultural supply chains show continuous improvement over time, but they also show there is still ground to cover for companies to fully identify, prevent and mitigate labour rights risks in their supply chains.

The engagement shows the need for dialogue between investors and companies to focus more on systemic issues and on how different policies and processes affect labour practices. A more holistic understanding of the impact of companies' practices on labour rights is needed, as is greater attention to the implementation of different policies and the monitoring of impacts.

The PRI suggests the following recommendations for investors who would like to continue with this engagement. They should:

- **Set objectives around systemic issues**, such as measurable objectives (i.e. paying living wages to tier 1 and tier 2 suppliers, reporting on full traceability of key commodities' supply chains and eliminating any type of forced labour throughout the supply chain). Understanding systemic issues around labour rights in supply chains will inform the steps necessary to bring about change for the whole sector.
- **Assess company's preparedness to achieve set objectives** by making use of the indicator categorisation in Appendix 1 (basic, standard and leading), assess the level of preparedness of different companies against the desired objective and tailor company engagement accordingly. This assessment should provide a guidance on where to start the conversation with different companies for a more effective engagement.
- **Collaborate to achieve progress**. Collaboration can enhance efforts to change practices not only for companies but within sectors and can enable engagements to be more effective and efficient as investors share costs and resources.

# APPENDIX 1 – INDICATOR CATEGORIES AND CRITERIA










The following table outlines the three categories of indicators to use to assess the preparedness of companies in identifying, preventing and mitigating labour right risks in supply chains.

These three categories of indicators are intended to serve as a tool for investors in two ways: first by helping investors assess a given company's preparedness to identify, prevent and mitigate labour rights risks in its supply chain, and second by using the assessment to tailor engagement efforts depending on levels of performance against set measurable objectives.









- Basic indicators form the basis on which investors may start the discussion with companies that are in the very early stages of supply chain management. Most target companies in this engagement have already met these indicators.

- Standard indicators are those that demonstrate companies' further commitment to respecting labour rights in supply chains. These indicators cover the implementation of existing policies and the necessary mechanisms to monitor the effectiveness of such policies and practices.
- Leading indicators are those that show long-term commitment by companies to address systemic issues and work with suppliers in risk prevention and mitigation, but also in providing remedy to those affected by abuses directly or indirectly linked to their operations. Leading indicators focus on impact and outcome measurement rather than simply standard supply chain management.

Investors can use the indicator categories to tailor their discussion and engagement asks according to the level of awareness and preparedness of the company. The colours in the table denote which indicators relate to policies and processes and which relate to implementation and performance.

	BASIC	STANDARD	LEADING
SUPPLIER CODE OF CONDUCT	<ul style="list-style-type: none"> <li>The company has a supplier code of conduct</li> <li>The supplier code of conduct covers expectations on all eight fundamental ILO conventions and additional workers' rights</li> </ul> 	<ul style="list-style-type: none"> <li>Expectations of the supplier code of conduct are included in contracts with all direct suppliers</li> </ul> 	<ul style="list-style-type: none"> <li>Expectations of the supplier code of conduct apply to suppliers beyond tier 1 </li> <li>Expectations of the supplier code of conduct are included in supplier contracts beyond tier 1 </li> <li>The supplier code of conduct specifically applies to labour brokers/agents, rather than to product contractors, and it is included in the contract </li> </ul>
	<ul style="list-style-type: none"> <li>The board has oversight of sustainability goals </li> </ul>	<ul style="list-style-type: none"> <li>The responsibilities of the board or a board member specifically include oversight of human rights (preferably labour performance in the supply chain specifically)</li> <li>The company provides human rights/supplier code of conduct training to at least the most relevant staff</li> <li>The goals and targets for the ethical trading/sustainability team are aligned to those of the procurement/buying teams </li> </ul>	<ul style="list-style-type: none"> <li>The board receives training on human rights, ideally including supply chain labour rights</li> <li>Remuneration/incentives for senior executives are linked to human rights/labour practices in the supply chain </li> </ul>
	<ul style="list-style-type: none"> <li>The board is informed of/discusses issues including human rights/supply chain regularly </li> </ul>		

 Policies and processes     Implementation and performance

	BASIC	STANDARD	LEADING
TRACEABILITY AND RISK ASSESSMENT	<ul style="list-style-type: none"> <li>The company has a process to map the supply chain, and publicly discloses some information on the supply chain by supplier and geographical location</li> </ul> 	<ul style="list-style-type: none"> <li>The company has conducted at least one impact assessment during the past three years that examines social issues in the supply chain, focused on a specific commodity or region</li> <li>The company evaluates salient risk by both product/sector and country, at least for all high-risk countries and/or most sourced products</li> </ul> 	<ul style="list-style-type: none"> <li>The company provides full disclosure of its supply chain by supplier, product and geography, including potential risks associated with supplier origin</li> <li>The supply chain map includes suppliers beyond tier 1</li> </ul> 
SOURCING AND SUPPLIER RELATIONS	<ul style="list-style-type: none"> <li>The company has a process to assess/monitor labour performance of its suppliers, and the process includes: <ul style="list-style-type: none"> <li>SMART targets</li> <li>Unannounced audits</li> <li>Alignment with an internationally recognised standard</li> <li>Involvement of a third party in the assessments and the extent of this involvement</li> </ul> </li> </ul> 	<ul style="list-style-type: none"> <li>The company provides supplier capacity programmes, such as training or technical assistance for strategic/critical suppliers</li> </ul> 	<ul style="list-style-type: none"> <li>The company gives preference to suppliers with higher labour performance</li> <li>The company has long-term relationships with some suppliers and sources a significant share of goods from strategic, long-term suppliers</li> <li>The company rewards suppliers with higher labour performance and provides details of this practice</li> </ul> 
	<ul style="list-style-type: none"> <li>The company reports evidence that auditing/monitoring was undertaken in the past three years, or according to targets</li> <li>The company provides a summary of findings of the audits/monitoring activities</li> </ul> 	<ul style="list-style-type: none"> <li>The company has a policy to at least reserve the right to decrease sourcing from or terminate contracts with suppliers where repeated negative performance was identified (and corrective action plans were unsuccessful)</li> <li>The capacity building/training includes workers (not only management of suppliers)</li> <li>The company incentivises tier 1 suppliers to offer capacity building to their own suppliers</li> <li>The company reports a process on how it helps to move non-conforming suppliers to good practice</li> <li>The company incorporates social criteria into sourcing decisions, particularly when awarding new contracts or renewing existing contracts, and considers the supplier's capacity to manage compliance with the supplier code of conduct</li> </ul> 	

	BASIC	STANDARD	LEADING
COLLABORATION ON SYSTEMIC ISSUES	<ul style="list-style-type: none"> <li>The company participates in certification schemes that covers labour standards and has SMART targets for certification</li> <li>The company participates in at least one initiative/multi-stakeholder partnerships related to social issues in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>The company plays an active role in one or more multi-sector or industry body initiative (MSI) on labour supply chain issues or forms a partnership with a union to improve labour standards, and articulates how it uses its membership in MSIs to advance its own practices and better human rights outcomes</li> <li>The company reports on how it works with suppliers to improve their practices in relation to freedom of association</li> <li>The company reports on how it works with suppliers and/or trade unions to improve their living wage practice</li> </ul>	<ul style="list-style-type: none"> <li>The company collects data and analyses trends in the progress made around freedom of association and living wage</li> <li>The company has a pledge around paying living wage for direct operations and suppliers at least up to tier 1</li> </ul>
MONITORING AND CORRECTIVE ACTION	<ul style="list-style-type: none"> <li>The company has a policy regarding remediation for workers in its supply chain</li> <li>The company reports some information on the process for solving grievances and provides examples of outcomes</li> <li>The company has a communication/grievance mechanism for workers in its supply chain in place and reports on the means of communication</li> </ul>	<ul style="list-style-type: none"> <li>The company has a clear and effective procedure for tracking the closure of identified social and/or labour corrective actions in the supply chain</li> <li>The company reports on the use of the communication/grievance mechanism and grievances raised are investigated and resolved in a timely manner</li> <li>The company encourages suppliers to have communication/grievance mechanisms in place</li> </ul>	<ul style="list-style-type: none"> <li>The company describes the impact of remediation activities on supply chain workers or provides evidence that remediation is or would be undertaken systematically</li> <li>The grievance mechanism complies (wholly or partially) with the effectiveness criteria of the UN Guiding Principles for Business and Human Rights (e.g. the company engages workers in the set-up of the mechanism and the resolution of grievances; the mechanism is easily accessible, confidential and trusted, i.e. workers are aware of it and can use it without fear of penalty, dismissal or reprisal of any kind)</li> </ul>

 Policies and processes       Implementation and performance

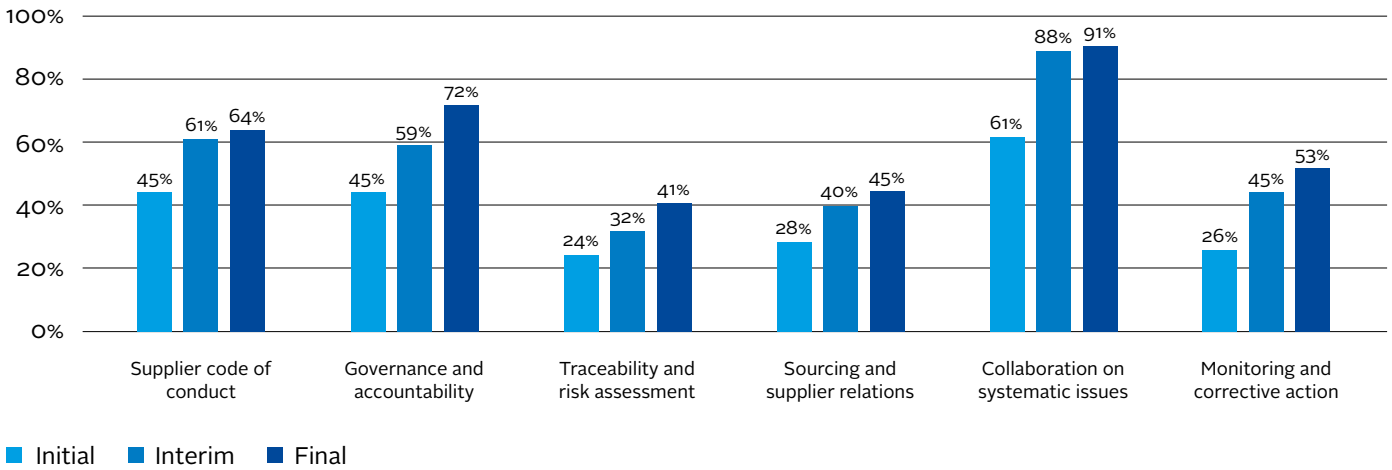
# APPENDIX 2 - RESULTS OF THE SECOND PHASE OF THE ENGAGEMENT

The evaluation of companies was divided into two main sections: policy and processes, and implementation and performance. Policy and processes refers to the management of labour practices in supply chains in order to create the right incentives within the business, whereas implementation and performance refers to the application of the different policies and processes and the measurement of progress towards the desired objectives.

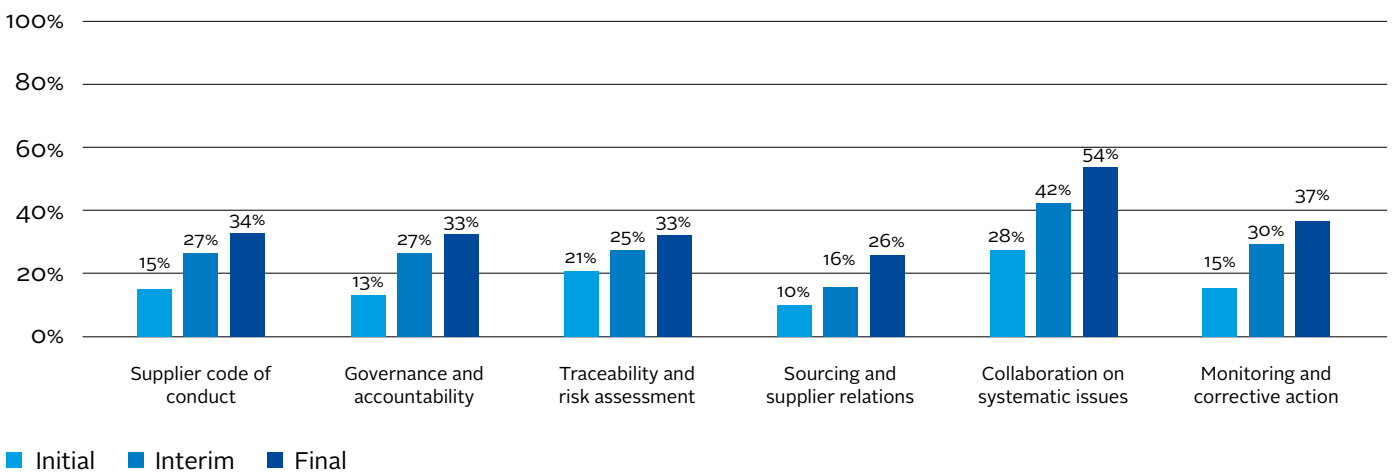
The following graphs show the overall performance over the course of three evaluations (initial, interim and final) of the 30 companies assessed for this engagement, with Figure 3 showing policy and processes and Figure 4 implementation and performance. The graphs show that companies have improved consistently in all areas assessed since the initial evaluation.

In order to compare companies' scores between different sections of the scorecard, final scores were normalised to indicate scores based on percentages rather than absolute totals.

**Figure 3: Overall results - policy and processes**



**Figure 4: Overall results - implementation and performance**

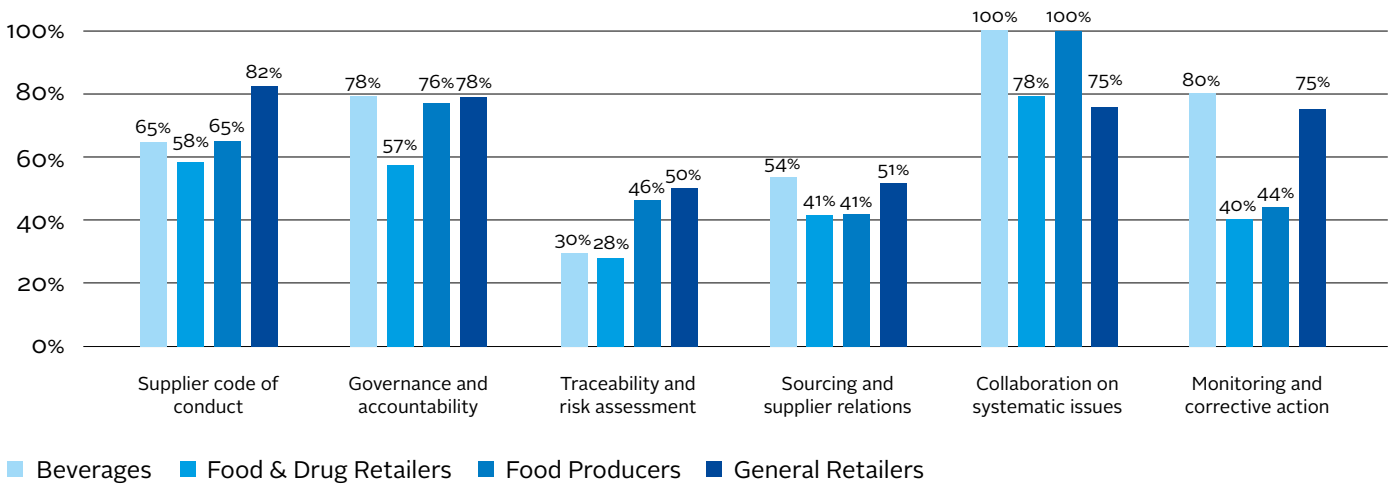




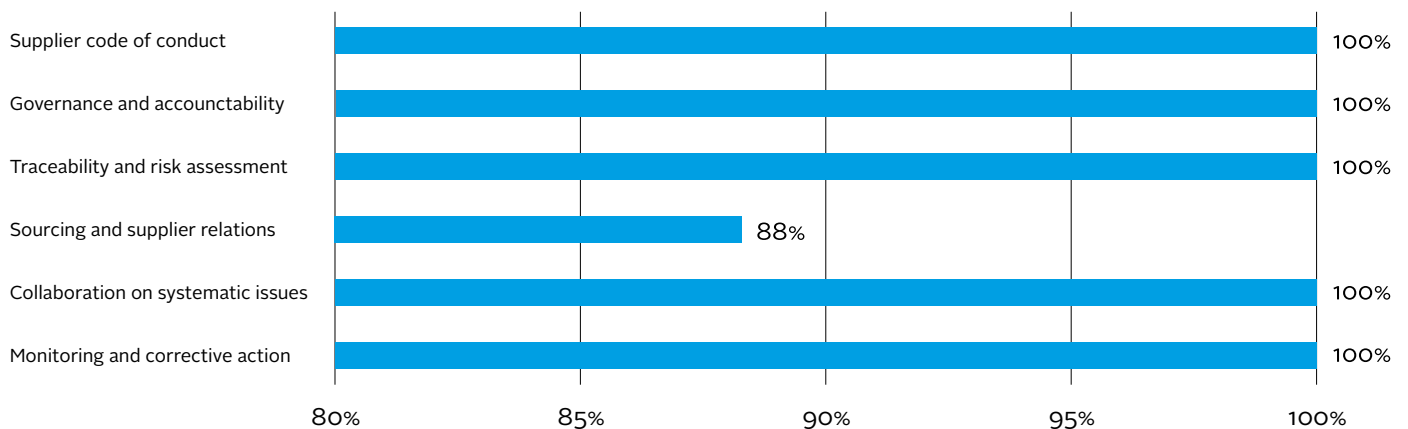
The graphs below show the overall performance of each sector on the final evaluation (Figure 5 for policy and processes and Figure 7 for implementation and performance). Graphs 6 and 8 capture the maximum score achieved for each indicator by at least one company. This representation of the maximum score shows that the indicators used are not aspirational given that some companies are already fulfilling the requirements to score the full mark.

Overall, this demonstrates that what is often considered as “best practice” or aspirational can realistically be achieved and, therefore, it is reasonable to ask that these standards be met by investee companies, whether in regards to the policy and processes they put in place or how they go about implementing them and tracking progress.

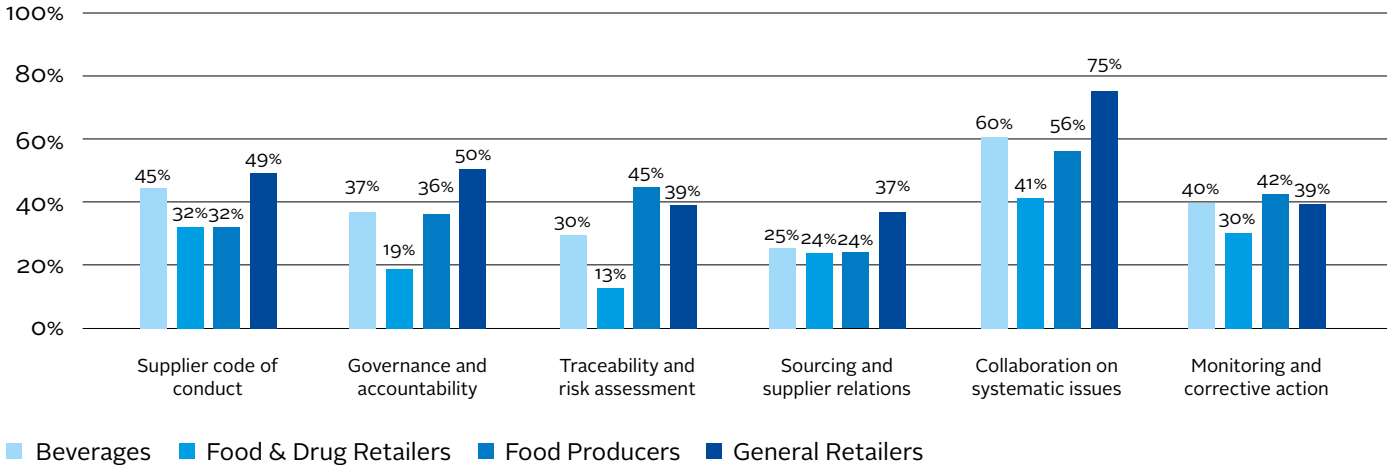
**Figure 5: Sector Results - Policy and Processes**



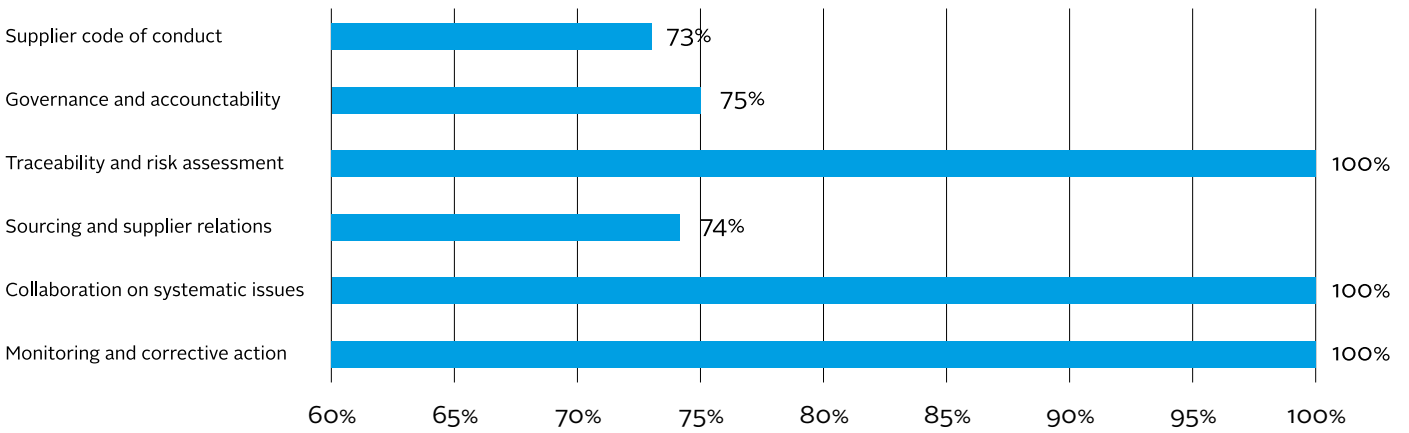
**Figure 6: Maximum score achieved – Policy and Processes**



**Figure 7: Sector Results - Implementation and Performance**



**Figure 8: Maximum score achieved – Implementation and Performance**



## CREDITS

### AUTHOR:

Elena Espinoza, PRI

### CONTRIBUTORS:

Bettina Reinboth, PRI  
Nabylah Abo Dehman, PRI  
Paul Chandler, PRI  
Shelagh Whitley, PRI

### EDITOR:

Mark Nicholls, PRI

### DESIGN:

Will Stewart, PRI

## The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: [www.unpri.org](http://www.unpri.org)



## The PRI is an investor initiative in partnership with **UNEP Finance Initiative** and the **UN Global Compact**.

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UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

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### United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

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