



## Benchmark Methodology – Apparel & Footwear Sector

Version 3 (August 2019)

The KnowTheChain methodology assesses companies' efforts to address forced labor risks in their supply chains. It is based on the UN Guiding Principles on Business and Human Rights and covers policy commitments, due diligence, and remedy. The methodology uses the ILO core labor standards (which cover the human rights that the ILO has declared to be fundamental rights at work: freedom of association, the right to collective bargaining, and the elimination of forced labor, child labor, and discrimination) as a baseline standard. The methodology has been developed through consultation with a wide range of stakeholders and a review of other benchmarks, frameworks, and guidelines such as the OECD Due Diligence Guidance on Responsible Business Conduct.

Indicator Name	Indicator Description	Indicator Elements
<b>1 . 0 C o m m i t m e n t a n d G o v e r n a n c e</b>		
<b>1.1 Commitment</b>	The company publicly demonstrates its commitment to addressing forced labor and human trafficking.	The company: (1) publicly demonstrates its commitment to addressing forced labor and human trafficking.
<b>1.2 Supplier Code of Conduct</b>	The company has a supplier code of conduct that requires suppliers throughout its supply chains to respect the ILO core labor standards, including the elimination of forced labor. The standard is easily accessible on the company's website, is regularly updated, is communicated to the company's suppliers, and requires suppliers to cascade the standards to their own suppliers.	The company's supplier code of conduct: (1) requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor; (2) is easily accessible from the company's website; (3) is updated regularly, following internal review and input from external stakeholders; (4) is communicated to the company's suppliers; and (5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.
<b>1.3 Management and Accountability</b>	The company has established clear responsibilities and accountability for the implementation of its supply chain policies that address forced labor and human trafficking, both within the company and at the board level.	The company: (1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and (2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

Indicator Name	Indicator Description	Indicator Elements
1.4 Training	The company takes steps to ensure that relevant decision-makers within the company and in different tiers of its supply chains are aware of risks related to forced labor and human trafficking and are effectively implementing the company's policies.	<p>The company:</p> <ul style="list-style-type: none"> <li>(1) trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;</li> <li>(2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and</li> <li>(3) engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.</li> </ul>
1.5 Stakeholder Engagement	The company engages with relevant stakeholders on forced labor and human trafficking. This includes engaging with policy makers, worker rights organizations, or local NGOs in countries in which its first- and lower-tier suppliers operate, as well as actively participating in one or more multi-stakeholder or industry initiatives.	<p>To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.</p> <p>In the last three years, the company has engaged relevant stakeholders by:</p> <ul style="list-style-type: none"> <li>(1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and</li> <li>(2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.</li> </ul>

**Indicator Name****Indicator Description****Indicator Elements****2.0 Traceability and Risk Assessment****2.1 Traceability and Supply Chain Transparency**

The company demonstrates an understanding of the suppliers and their workers throughout its supply chains by publicly disclosing the names and addresses of its first-tier suppliers, the countries of its below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor and human trafficking, and several data points on its suppliers' workforce.

The company discloses:

- (1) the names and addresses of its first-tier suppliers;
- (2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);
- (3) the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and
- (4) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

**2.2 Risk Assessment**

The company has a process to assess forced labor risks, and it publicly discloses forced labor risks identified in different tiers of its supply chains.

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chains.

Indicator Name	Indicator Description	Indicator Elements
<b>3 . 0 P u r c h a s i n g P r a c t i c e s</b>		
<b>3.1 Purchasing Practices</b>	The company is taking steps toward responsible raw materials sourcing. Further, it is adopting responsible purchasing practices in the first tier of its supply chains, which it demonstrates through disclosing quantitative data points and providing procurement incentives to first-tier suppliers to encourage or reward good labor practices.	Purchasing practices and pricing may both positively impact labor standards in the company’s supply chains and increase risks of forced labor and human trafficking. The company: (1) is taking steps toward responsible raw materials sourcing; (2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting; (3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts); and (4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.
<b>3.2 Supplier Selection</b>	The company assesses risks of forced labor at potential suppliers before entering into any contracts with them, addresses risks related to subcontracting, and discloses details on the outcomes of both processes.	The company: (1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process. (2) addresses risks of forced labor related to sub-contracting and discloses details on the outcomes of this process.
<b>3.3 Integration into Supplier Contracts</b>	The company integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts, and requires its suppliers to do the same.	The company: (1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts; (2) discloses the percentage of suppliers whose contracts include such standards; and (3) requires its suppliers to integrate such standards into contracts with their own suppliers.
<b>4 . 0 R e c r u i t m e n t</b>		
<b>4.1 Recruitment Approach</b>	The company has a policy that requires direct employment in its supply chain, and requires	The company: (1) has a policy that requires direct

Indicator Name	Indicator Description	Indicator Elements
4.1 <b>Recruitment Approach (cont'd)</b>	employment and recruitment agencies in its supply chain to uphold workers' fundamental rights and freedoms. The company discloses information on the recruitment agencies used by its suppliers.	employment in its supply chains; (2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and (3) discloses information on the recruitment agencies used by its suppliers.
4.2 <b>Recruitment Fees</b>	The company requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"). If it discovers that fees have been paid by workers in its supply chains, the company takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers.	According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel). The company: (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and (2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.
4.3 <b>Monitoring and Responsible Recruitment</b>	The company takes steps to ensure the employment and/or recruitment agencies used in its supply chains are monitored to assess and address risks of forced labor and human trafficking. Further, it provides details of how it supports responsible recruitment in its supply chains.	The company: (1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and (2) provides details of how it supports responsible recruitment in its supply chains (e.g., by collaborating with stakeholders to engage policy makers to strengthen recruitment standards).
4.4 <b>Rights of Workers in Vulnerable Conditions</b>	To avoid the exploitation of migrant workers and other workers in vulnerable conditions in its supply chains, the company takes steps to ensure these workers understand the terms and conditions of their recruitment and employment and also understand their rights. It further takes steps to ensure its	Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers'

Indicator Name	Indicator Description	Indicator Elements
4.4 Rights of Workers in Vulnerable Conditions (cont'd)	suppliers refrain from restricting workers' movement, and it provides evidence of how it works with suppliers to ensure the rights of workers in vulnerable conditions are respected.	<p>legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).</p> <p>The company:</p> <ul style="list-style-type: none"> <li>(1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;</li> <li>(2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; and</li> <li>(3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).</li> </ul>

## 5 . 0 W o r k e r V o i c e

5.1 Worker Engagement	The company takes steps to ensure that its forced labor and human trafficking policies are communicated to workers in its supply chains. The company further works with relevant stakeholders to engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education. The company provides evidence of the positive impact of worker engagement in its supply chains.	<p>The company:</p> <ul style="list-style-type: none"> <li>(1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;</li> <li>(2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;</li> <li>(3) provides evidence of the positive impact of worker engagement in its supply chains; and</li> <li>(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.</li> </ul>
5.2 Freedom of Association	To support collective worker empowerment, the company works with local or global trade unions to support freedom of association in its supply chains. It enters into a global framework agreement that covers its supply	<p>The company:</p> <ul style="list-style-type: none"> <li>(1) works with independent local or global trade unions to support freedom of association in its supply chains;</li> <li>(2) discloses that it is party to a global</li> </ul>

Indicator Name	Indicator Description	Indicator Elements
	<p>chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations. Where there are regulatory constraints on freedom of association, the company ensures workplace environments in which workers are able to pursue alternative forms of organizing.</p>	<p>framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;</p> <p>(3) takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and</p> <p>(4) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).</p>

**5.3 Grievance Mechanism**

The company takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives. The company ensures that the mechanism is effective across its supply chains.

The company:

(1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives;

(2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;

(3) takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism;

(4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and

(5) provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.

**Indicator Name****Indicator Description****Indicator Elements****6 . 0 M o n i t o r i n g****6.1 Monitoring Process**

To track and improve implementation of its supply chain policies that address forced labor and human trafficking, the company monitors its suppliers. The process includes non-scheduled visits, a review of relevant documents, off-site interviews with workers, and visits to associated production facilities and related worker housing. The company also takes steps to ensure suppliers below the first tier are monitored.

To improve implementation of its supply chain policies, conditions at supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities). The company has a supplier monitoring process that includes:

- (1) non-scheduled visits;
- (2) a review of relevant documents;
- (3) off-site interviews with workers;
- (4) visits to associated production facilities and related worker housing; and
- (5) steps to ensure that suppliers below the first tier are monitored.

**6.2 Monitoring Disclosure**

The company publicly discloses the following information on the results of its monitoring efforts: the percentage of suppliers monitored annually, the percentage of unannounced monitoring visits, the number or percentage of workers interviewed, information on the qualification of the monitoring organization used, and a summary of findings, including details regarding any violations revealed. The company may want to use worker-driven monitoring (i.e., monitoring undertaken by independent organizations, such as local worker-led organizations, unions, or local civil society partners) to ensure full identification of labor rights violations by those who are on the ground, all year round.

The company discloses:

- (1) the percentage of suppliers monitored annually;
- (2) the percentage of unannounced monitoring visits;
- (3) the number or percentage of workers interviewed; and
- (4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities); and
- (5) a summary of findings, including details regarding any violations revealed.

**7 . 0 R e m e d y****7.1 Corrective Action Plans**

The company has a process to create corrective action plans with suppliers found to violate its policies, with the goal of improving conditions and achieving respect

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work



Indicator Name	Indicator Description	Indicator Elements
7.1 <b>Corrective Action Plans (cont'd)</b>	of the ILO core labor standards, which include the elimination of forced labor. The company's corrective action plans include potential actions taken in case of non-compliance, a means to verify remediation and/or implementation of corrective actions, and potential consequences if corrective actions are not taken.	<p>notices, warning letters, supplementary training, and policy revision;</p> <p>(2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;</p> <p>(3) potential consequences if corrective actions are not taken; and</p> <p>(4) a summary or an example of its corrective action process in practice.</p>
7.2 <b>Remedy Programs / Response to Allegations</b>	<p>The company has a process to provide remedy to workers in its supply chains in cases of forced labor and human trafficking.</p> <p>If no allegation regarding forced labor in the company's supply chains has been identified, the company discloses examples of outcomes of its remedy process for its suppliers' workers.</p>	<p>A. If no allegation regarding forced labor in the first or lower tier of a company's supply chains has been identified and disclosed by a third party(ies) in the last three years, the company discloses:</p> <p>(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and</p> <p>(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.</p>
	<p>-----</p> <p>If one or more allegations regarding forced labor in the company's supply chains have been identified, the company engages in a dialogue with the stakeholders reportedly affected in the allegation and takes steps to ensure the provision of remedy that is satisfactory to the victims or groups representing the victims.</p>	<p>B.1. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:</p> <p>(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;</p> <p>(2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);</p> <p>(3) outcomes of the remedy process in the case of the allegation(s); and</p> <p>(4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.</p>

Indicator Name	Indicator Description	Indicator Elements
7.2 Remedy Programs / Response to Allegations (cont'd)	If one or more allegations regarding forced labor in the company's supply chains have been identified, and the company denies the allegation(s), the company discloses that it engages in a dialogue with the stakeholders reportedly affected in the allegation (or requires its supplier[s] to do so), and it discloses a description of what actions it would take to prevent and remediate the alleged impacts.	B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses: (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; (2) a description of what actions it would take to prevent and remediate the alleged impacts; and (3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.

## G l o s s a r y

**Forced Labor** According to the International Labour Organization (ILO) Forced Labour Convention, 1930 (No. 29), forced or compulsory labor is:  
'all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.' The ILO further notes that: 'forced labor can be understood as work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers, or threats of denunciation to immigration authorities.'

**ILO core labor standards** Fundamental rights at work are set out in and are often referred to as the ILO core labor standards and cover: (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labor; (c) the effective abolition of child labor; and (d) the elimination of discrimination in respect of employment and occupation. (See ILO Declaration on the Fundamental Rights and Principles at Work).

**Supply chains / Suppliers** "Supply chains" and "suppliers" refer to all the supply chains that are directly related to the company's creation of apparel and footwear products. Where no further specification is provided, companies should report as a minimum on policies and practices applicable to all of their first-tier suppliers. Additional reporting on below-the-first-tier suppliers, including raw material suppliers, is welcome.

## G l o s s a r y

<b>First tier of supply chains / First-tier suppliers</b>	Suppliers with whom the company has direct contractual relationships.
<b>Supply chain tiers</b>	Refers to the distance between a company and its supplier and indicates that there can be several different business relationships that link a company and a below-the-first-tier supplier. For example, a company may have first-tier manufacturing suppliers, which source from below-the-first-tier suppliers, which in turn source from raw material suppliers.
<b>Different supply chains contexts</b>	This term is used to evaluate if a company is taking action beyond a one-off pilot project and can provide examples of implementation that refer to different sourcing countries, raw materials, or tiers of its supply chains.
<b>Workers</b>	The term is used to describe workers in a company's supply chains, as opposed to workers contracted or subcontracted to work for the company itself.
<b>Legitimate representatives</b>	Legitimate representatives are those that the affected or potentially affected workers have asked to represent them. They can include (but are not limited to) community representatives, legal representatives and trade unions, community-based organizations, and civil society organizations.
<b>Stakeholder</b>	Any individual or organization that may affect or be affected by a company's actions and decisions. In the UN Guiding Principles on Business & Human Rights (the UN Guiding Principles) the primary focus is on affected or potentially affected stakeholders, meaning individuals whose human rights have been or may be affected by a company's operations, products, or services. Other particularly relevant stakeholders in the context of the UN Guiding Principles are the legitimate representatives of potentially affected stakeholders, including trade unions, as well as civil society organizations and others with experience and expertise related to business impacts on human rights.
<b>Taking steps to ensure</b>	A company should report on steps taken to ensure a process or practice is in place. For example with regards to grievance mechanisms, a company could either take steps to ensure that its suppliers make available effective grievance mechanisms for their workers or it could provide such mechanisms itself (or work with peers or other third parties to ensure that effective grievance mechanisms for workers in its supply chains exist).