CANDRIAM
A NEW YORK LIFE INVESTMENTS COMPANY

Cultivating Human Rights in the Food Supply Chain

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Marketing communication

About the authors.

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Sairindri joined Candriam in 2021 as an ESG analyst specializing in food and consumer goods, extending her experience in human rights due diligence and supply chains.

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Vincent joined the firm in 2017 as one of the ESG Investments & Research team's Senior ESG Analysts. In 2019, he was appointed Deputy Head of ESG Investments & Research. Previously, he worked at AXA IM as an SRI Analyst of the Transport and Industrial Goods sectors where he monitored the development and follow-up of green investments, including AXA Group and AXA IM's Green Bonds. He also worked at ERAFP, France's first 100% SRI pension fund, and Bloomberg. He has worked in the financial services industry since 2007.

Vincent earned a Master's 2 in Economics and Finance from the Sorbonne (France).

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Executive Summary.

How should investors analyse human rights risks in the food supply chain?

We believe that investors have a role to play in advancing human rights in supply chains.

At Candriam it is our conviction that companies which embrace sustainability-related opportunities and challenges in combination with financial opportunities and challenges are the most likely to generate shareholder value.

The fraying -- and even collapse -- of supply chains during the Covid-19 pandemic brought to light some stark realities about the need to understand human rights risks throughout the supply chain. It also underscored the importance of the 'S' in ESG (Environmental, Social and Governance analysis) and the analysis of social issues and human rights has deepened across many parts of the investment community.

We expect investor focus on human rights risks to continue to grow, not just at company level but through the full value chain. To evaluate human rights risks as part of our business and financial analyses, investors must increasingly demand information and transparency into the human rights policies and outcomes not just at our investee companies, but throughout their supply chains. Insufficient understanding of a company's human rights risks and exposures can lead to the investee company suffering legal breaches or fines, and reputational damage along with financial costs. Reputation damage can arise for the asset manager as well.

At the moment, analysing the human rights risk footprint in supply chains can be a challenging exercise. Historically, there has been a lack of transparency, data, and understanding of the issues. What we do have, is a framework -- the 2011 UN Guiding Principles on Business and Human Rights (UNGP BHR). Moreover, this framework aligns well with the 2023 EU Corporate Sustainability Reporting Directive (EU CSRD).

ESG ratings and other external or purchased solutions are emerging for investors. While helpful as points of reference, we demonstrate that they offer rather generic, high-level suggestions. The use of news reports and controversies as a basis for identifying human rights risks provides backward-looking, rather than forward-looking, information for investing.

Based on the already-available frameworks we offer specific case studies and examples in an effort to help investors design their own human rights risk analysis methodologies. While data availability and quality remain an issue, we have chosen the food industry to demonstrate an assessment method as food supply chains are one of the most in the news.[1] This provides an opportunity to evaluate examples of good practices, and identify where even current best practice may not be enough.

We address these questions:

- What progress has been made on human rights in food supply chains?
- Where can we find information on the building blocks of a company's human rights due diligence for itself and its suppliers?
- What might a due diligence analysis framework for investment analysis look like?

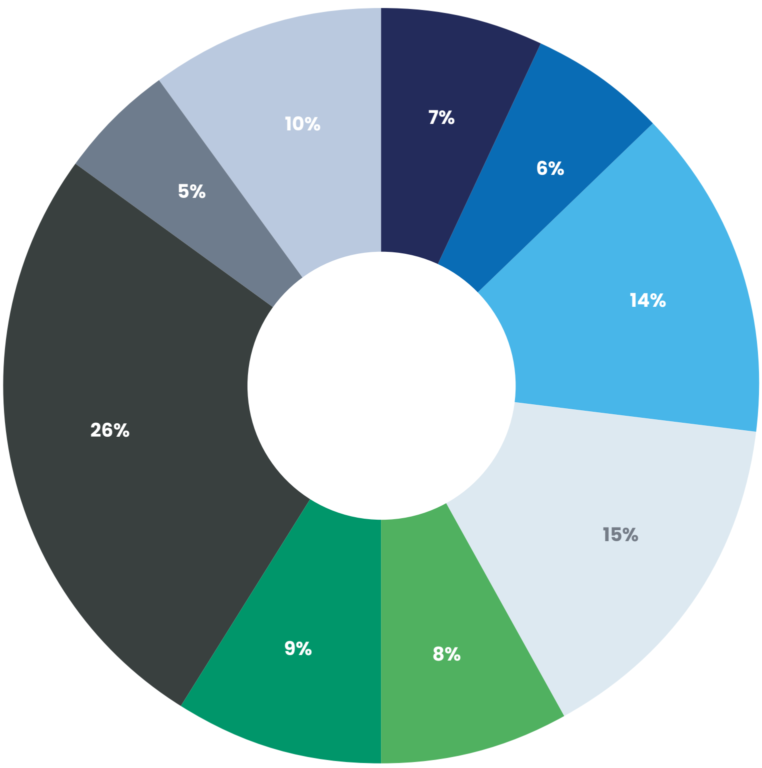
We believe our answers demonstrate the role investors can play in addressing human rights risks in supply chains.

The Progress Begins.

The food industry is among the most fundamental industry sectors, given its role in the global supply of food to populations and its involvement in the development of both rural and urban livelihoods. These companies play a role in poverty reduction, food security, and national welfare and economic growth. Food corporations are major employers, driving development and technologies, income, domestic consumption, and foreign trade.[2]

The food industry faces numerous human rights risks and controversies because of the vast and complex supply chains spanning agriculture, transport, packaging, and retail. These include social and cultural rights, such as the right to work in just and favourable conditions, freedom from slavery and discrimination, freedom of association, and the prohibition of degrading treatment.[3]

Figure 1:
Human Rights Violations
Relative prevalence of types of violations, as identified in the 2022 Corporate Human Rights Benchmark report



Types of allegations

The right to a safe clean healthy and sustainable environment	7%
Land rights (incl. forced displacement)	6%
Health & safety	14%
Discrimination	15%
Freedom of association and collective bargaining	8%
Child labor	9%
Forced labor	26%
Right to security of persons incl. freedom from torture and cruel, inhuman or degrading treatment	5%
Working hours	10%

Source: World Benchmarking Alliance[4]

> **The first step is the hardest.**
>
> **– St. Denis, Patron Saint of France**

The non-profit *Corporate Human Rights Benchmark* chose to survey three industries in its most recent (2022) study on their realisation of human rights in supply chains. More than half this universe of global firms consisted of food companies. Among the 127 companies assessed, 174 allegations of human rights violations were registered. Forced labour remains the leading complaint, rising to 26% of the instances versus 22.5% in 2020. The frequency of this type of alleged human rights violation was followed most notably by discrimination, health and safety, and working hours (Figure 1).[5] Roughly 45% of allegations were reported within in companies' own operations, while 55% arose elsewhere in their supply chains.[6]

Of course the economic and physical disruptions of the Covid-19 pandemic further exposed the depth of human rights risks in supply chains. For example, order cancellations led to late or failed payments to suppliers, and thence to wage cuts and/or dismissals, cascading into broad human rights implications for workers up and down the line. According to Moody's, labour controversies with significant impacts on communities rose by 237% in the five-year period ending in the middle of the pandemic.[7]

Progress -- the first step is the hardest. Disclosure of and visibility on human rights risks in supply chains has moved forward, and ***that progress appears to have begun within companies themselves.*** For instance, 90% of the companies in the S&P 500 Index published Sustainability Reports in 2019, compared to only 20% in 2011.[8]

Importantly, there appears to be a greater understanding of human rights risk in supply chains. Global companies are increasingly self-reporting data to the UNGP[9] Reporting Database.[10] According to Deloitte, over half of the 1,000 largest European companies already report on human rights risks identified in their supply chains, while 70% of Chief Procurement Officers feel they have good visibility on the risks within their direct (Tier 1) suppliers.[11]

We view this company self-awareness as a first, and positive, step to disclosure and accountability.

Still Challenging Landscape

Despite an auspicious first step, human rights risks in supply chains remain challenging to analyse. Investors need to be two steps ahead in our sustainable and responsible investing diligence, while managing the limited data availability.

The visibility of human rights risks at investee companies remains murky, especially concerning conditions at the external suppliers to these companies. The Deloitte 2021 survey concluded that **only 26% of Chief Procurement Officers had the confidence to predict risks within their supply bases, and a mere 15% had visibility into Tier 2 suppliers or beyond.**[12]

By sector, out of 97 food and beverage companies assessed by the Alliance for Corporate Transparency, only **3.2% disclosed their lists of suppliers in high-risk supply chains.** And within this sector, a whopping 68.4% do not even provide information on the structure and risks of their supply chain.

Figure 2:
Data Availability on Supply Chain Risks

	All sectors	Apparel	Food and Beverages	Consumption
No information on the structure of the supply chain	77.1	50.9	68.4	82.4
General description of high-risk supply chains	19.7	35.5	21.1	17.6
Lists of suppliers in high-risk supply chains was shared with an external actor	0.9	1.8	6.3	0
List of suppliers in high-risk supply chains was published	1	1.8	3.2	0
List of individual ultimate factories is available for download	1.3	10	1.1	0
Traceability of company products and services	10.1	24.5	24.2	5.9
% of materials or products linked to high risk supply chains	3.8	5.5	8.4	10.3
% of certified social purchases	2.8	7.3	11.6	1.5
Supply chains with high risks of harm for small-scale suppliers/ farmers	1.9	2.7	5.3	1.5

Source: Alliance for Corporate Transparency, 2019[13]

More specifically for human rights risks, only 30.5% of food and beverage companies disclosed specific descriptions on human rights risks in supply chains.

Strikingly low, only 22.2% of companies across all sectors report on due diligence processes.[13]

Current Solutions

ESG Data Ratings

Given the data and other challenges, external ESG data ratings or industry benchmarks are increasingly used by many investors and other stakeholders. They provide quick snapshots and comparable trends of ESG risks and profiles across companies, from issues such as supply chain standards, labour and community relations, society, etc. Newer ratings such as those from the non-profit World Benchmarking Alliance (Corporate Human Rights Benchmark, or CHRB) and KnowTheChain (KTC) also provide complementary information for investors on human rights and labour rights management in, respectively, own operations and supply chains of companies.[14]

Figure 3, we summarize major relevant indicators and metrics for investors on supply chains, including elements such as labour management, supply chain standards and controversial sourcing, community relations/Society – Human Rights, traceability and risk assessment, etc. The challenge is **to define how investors should use these indicators to effectively develop their own analysis approach to a company's human rights profile within in its supply chain. Are these sufficient to our needs as sustainable investors?**

Figure 3:
Selected ESG Ratings and Industry Benchmarks

Data providers	MSCI[15]	Sustainalytics	World Benchmarking Alliance	KnowTheChain
Score ranges	AAA to CCC	0 – 10 (Negligible) 10 – 20 (Low) 20 – 30 (Medium) 30 – 40 (High) 40+ (Severe)[16]	Total score (out of 100) Social inclusion (out of 30)	Out of 100 (the same range per indicator)
Some indicators used on social matters in own operations and supply chains	Human capital Labour management Health & safety Human capital development Supply chain standards Product liability Product safety & liability Chemical safety Consumer financial protection Privacy & data security Responsible investment Health & demographic risk Stakeholder opposition Controversial sourcing Community relations Social opportunities Access to communications Access to finance Access to health care Opportunities in nutrition & health	**Human Rights** **MEI:** Society – Human Rights and Employees – Human Rights **Human Rights – Supply Chain** **MEI:** Society – Human Rights – SC, Employees – Human Rights – SC, Occupational Health and Safety – SC, Labour Relations - SC[17] **Score allocated per indicator:** 0 – 100.[18]	**Core social indicators:** Respect human rights Provide and promote decent work Act ethically Other indicators on social include social inclusion such as land rights, forced labour, living wage, farmer and fisher productivity and resilience[19]	Commitment and governance Traceability and risk assessment Purchasing practices Recruitment Worker voice Monitoring Remedy

Source: Candriam, MSCI, Sustainalytics, World Benchmarking Alliance. This list is not exhaustive.

To illustrate the need for analysis, we aggregated ESG (risk) ratings and industry benchmark scores from Sustainalytics, MSCI, KnowTheChain, and CHRB using publicly available information.

Figure 4 compares the ratings for some of the world's largest Fast-Moving Consumer Goods (FMCG) companies.

Figure 4:
Comparison of ESG (Risk) Ratings and Industry Benchmarks for Selected Food and Beverage Companies

Company Name	Sector	Market Cap[20]	Sustainalytics ESG Risk Rating	MSCI[21] ESG rating	KnowTheChain Score – 2020 (out of 100)[22]	Corporate Human Rights Benchmark (out of 100)[23]
Procter & Gamble	Household & Personal Care	$364 bn	26.7 (Medium)[24]	A	Not available	Not available
Nestlé SA	Food products	$318 bn	27.4 (Medium)[25]	AA	55	34.3
The Coca-Cola Company	Beverages	$257 bn	22.5 (Medium)[26]	AAA	52	21.0
PepsiCo	Beverages	$241 bn	16.3 (Low)[27]	AA	41	40.1
Unilever PLC	Household & Personal Care	$129 bn	24.1 (Medium)[28]	AAA	60	50.3
Reckitt	Household & Personal Care	$52 bn	22.9 (Medium)[29]	AA	Not available	Not available
Danone SA	Food Products	$37 bn	19.9 (Low)[30]	AAA	41	27.7

Source: Candriam, Sustainalytics, MSCI, KTC, CHRBm, AlphaSense (ratings accessed July 2023, market cap as of 4 September 2023).

All this data is indeed pertinent to sustainable investors. Yet it begs the question, *Is a company with a triple-A ESG rating less risky than one which carries a single-A or double-A ESG rating from MSCI? Will we, or should we, adapt our views on a company's human rights profile if we consider, for example, the KnowTheChain scores?* Generally, the answer is unfortunately not always obvious. Consider the scores for Unilever and Nestlé (Figure 4), where KnowTheChain scores are similar, but CHRB scores differ. As Candriam has written elsewhere, *This discrepancy between ESG analyst opinions does not invalidate ESG ratings per se. It instead reiterates the need for investors to understand underlying ESG rating methodologies, including their strengths and limitations.*[31]

Provider company coverage is one reason. Some companies are not evaluated by all the providers. Another issue is that limited data and vague disclosures make it challenging for investors -- or the ratings and data providers! -- to perform a granular analysis on human rights.

Engagement: Necessary, but not sufficient

Engagement can enhance our understanding of companies' human rights practices and due diligence, and this should include its practices with respect to external companies within its supply chain. And, as it has for other topics, investor engagement can lead to additional transparency and data disclosure over time. Shareholders are filing a rising number of annual meeting proposals regarding human rights, not just at company operations, but also human rights at suppliers.

In fact, *engagement plays a significant role in determining our investment decisions at Candriam*; 53% of our dialogue triggers at Candriam in 2022 were linked to "support[ing] investment decision- making".[32] Social issues – the 'S' in ESG – indeed were the largest share of our direct dialogue engagement focus (among Environmental and Governance-related matters) on all our direct dialogues over the past three years.[33]

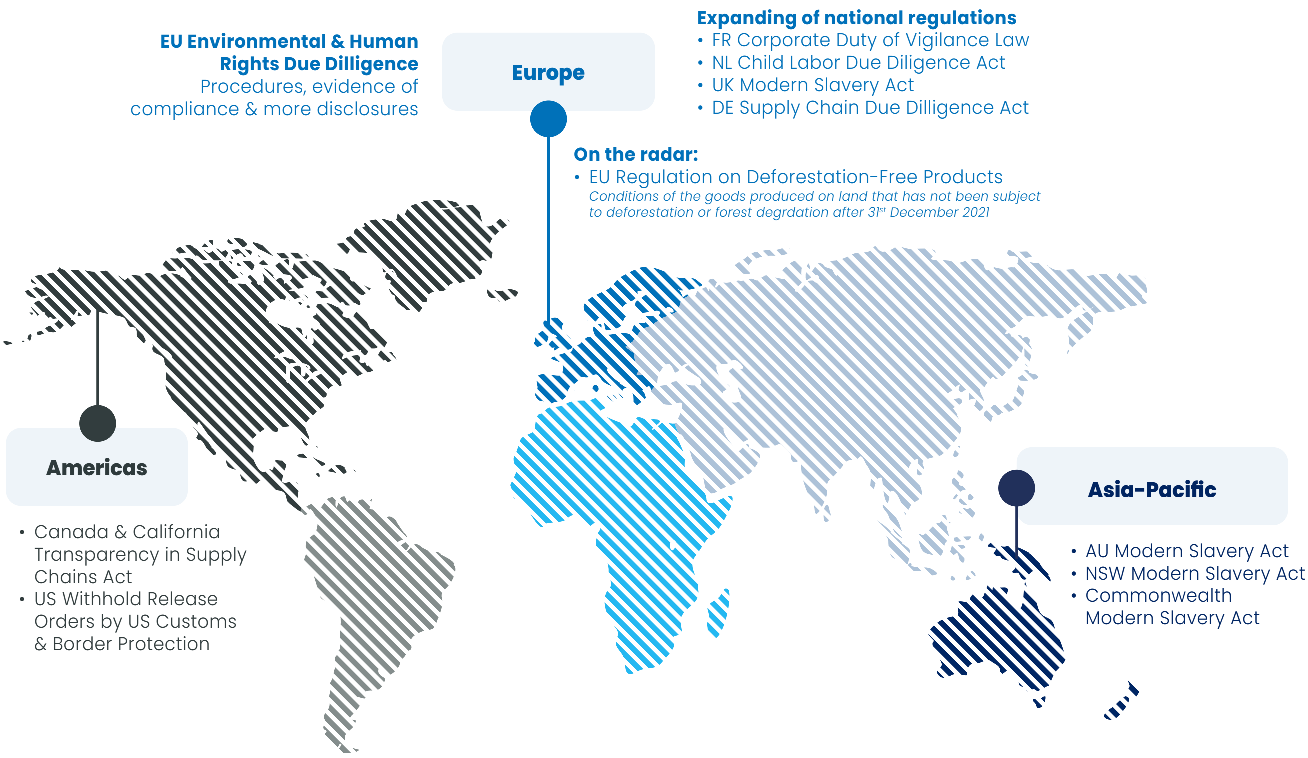
Yet, engagement alone cannot be used as the sole barometer in evaluating a company's due diligence on human rights in its supply chain.[34] Currently, data generated through engagement usually focuses on industry practices in particular locations, or a company's own specific conduct rather than its full chain.[35]

At the moment, ESG data ratings and engagement provide complementary inputs for an initial ESG assessment. Much homework remains in each case for sustainable investors to complete their analysis.

Regulatory Guidance Emerging.

Emerging regulatory frameworks can help to set expectations for companies. The EU Corporate Sustainability Reporting Directive,[36] in force since January 2023, provides a required framework for company reporting on business activities, impacts, overall management of, and mitigating or remedy actions on human rights abuses throughout their global value chains. Other types of regulations, across other regions, are also increasingly imposing requirements on companies to monitor and manage human rights and labour risks in supply chains. These include the US Uyghur Forced Labor Prevention Act[37] and the German Supply Chain Act,[38] among others.

Figure 5:
Regulatory Frameworks on Supply Chain Responsibility and Transparency



Source: Candriam, US Customs and Border Protection, Homeland Security, Business & Human Rights Resource Centre, UK Home Office, Australian Government Feder Register, German Federal Ministry of Labour and Social Affairs.

From an ESG analyst point of view, the establishment of a legal framework helps clarify the creation of sustainable value by a company and hopefully establishes a baseline for relevant reporting on key materiality issues. The expected data availability and quality should enhance investors' visibility into investee the supply chains of investee companies. Investors should have a more concrete, obvious, and material insight with which to evaluate the risks which are such a factor in informed investment decisions.

In the Appendix, we offer a detailed but non-exhaustive list of relevant existing and upcoming regulations from various countries in different regions which pertain to specific requirements on the disclosure of supply chain transparency (e.g., to publish information on risk identification, mitigation or due diligence, and corrective actions).

A framework for assessing the strength of a company's human rights due diligence already exists. The UN Guiding Principles on Business and Human Rights (UNGP BHR), adopted in 2011, offer a strong alignment with the 2023 EU Corporate Sustainability Reporting Directive (EU CSRD) requirements for companies, and the EU SFDR requirements on investment product-level disclosures for investors.[39] We map this structure in Figure 6.

Figure 6:
Human Rights Due Diligence Framework - The UNGP BHR vs EU CSRD

Applicable for corporates		Applicable for investors	
Four components as per the UNG on Business and Human Rights	**Elements outlined in the EU CSRD Scope**	**Product-level Disclosures under the EU SFDR Requirements[40]**	**Potentially Relevant Indicators for Human Rights in Supply Chain[41] (list is not exhaustive)**
(a) **Identifying** and **assessing actual or potential adverse human rights impacts that the enterprise** may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships	Integrate **due diligence into policies.** **Identify** actual or potential adverse **human rights and environmental impacts.**	Disclosures on **how sustainability risks are integrated in investment decisions/advice;** impacts on risks; and returns of the products **If risks are not integrated, an explanation needed.**	PAI10. **Share of investments in investee companies** that have been **involved in violations** of the UNGC principles or OECD Guidelines for Multinational Enterprises. PAI11. **Share of investments in investee companies without policies to monitor compliance** with the UNGC principles or OECD Guidelines for Multinational Enterprises or **grievance /complaints handling mechanisms to address violations** of the UNGC principles or OECD Guidelines for Multinational Enterprises. PAI14. **Share of investments in** investee companies **involved in the manufacture or selling of controversial weapons.**
(b) **Integrating findings from impact assessments** across relevant company processes and **taking appropriate action** according to its involvement in the impact;	**Prevent or mitigate** potential impacts. **Bring to an end** or **minimize** actual impacts. Establish and maintain **a complaint procedure**.	**Explain the consideration of PAIs (Principal Adverse Impacts) of a product.** **If not considered, an explanation is needed.**	
(c) **Tracking the effectiveness of measures and processes to address** adverse human rights impacts in order to know if they are working; and	**Monitor** the effectiveness of the **due diligence policy and measures**.	For products promoting environmental or social characteristics or having sustainable investment as their objective, **explain how, comparison with designated index.**	
(d) **Communicating on how impacts are being addressed** and showing stakeholders – in particular affected stakeholders – that there are adequate policies and processes in place.	**Publicly communicate** on due diligence.	**Explain which characteristics the product promotes or which objective it has.** Explain to what extent the **investments underlying the product are in activities that qualify as "environmentally" or "socially sustainable"** under the Taxonomy Regulation.	

Source: UN Guiding Principles on Business and Human Rights, European Commission, and PwC Belgium

Considering our fiduciary duty to prevent any social harm by insisting companies to implement systems in order to ensure that human rights are respected[42], how do we put it into practice in our analysis?

Human Rights Risks and Supply Chain Due Diligence Assessment.

Applying the Candriam framework

The logic and conceptual framework of Candriam's proprietary model offers an approach that can be applied by any investor when developing its own methods of evaluating a company's human rights due diligence. The Candriam framework evaluates a company's ESG risk and management along two axes -- Business Activities and Stakeholder management.

- **Business Activities assessment:** Analysing the extent of impacts on a company's business models of key global challenges such as climate change, resource use, global health issues, and digitalization, among others.
- **Stakeholder Management assessment:** Evaluating the strategies an issuer has in place for preventing, addressing, mitigating and/or remedying impacts or risks, or its likely ability to innovate and create new solutions.

Business Activities Analysis – The Supply Chain Footprint

What, Which and Where? It is our conviction that companies should be able to identify and measure the footprint(s) of their activities. In assessing the human rights risks in their supply chains, companies should demonstrate their visibility into their supply networks and publicly report relevant information for investors and other stakeholders.

In the food and beverage sectors, this obviously includes key commodities. Where are the suppliers based? What is the percentage of revenue dependency? Answers to these questions serve as an initial risk barometer, and provide insight into the structure and business model of the company's supply chain.

The answers should generate further questions –- How are the most important commodity inputs sourced? What are the parameters of the risk exposure, that is, geography, controversial sourcing, and risk exposure to materiality issues such as deforestation/biodiversity loss, land conflicts, forced or child labour? And what are the potential magnitudes of these risks.

The CDP Forest questionnaires, from the non-profit environmental impact organization, are filling a fundamental role in furthering disclosures sourcing practices, particularly with respect to forestation impacts or agricultural commodities.

We show a practical example in Figure 7, using publicly-available CDP Forest data and company filings of seven consumer products companies to understand their revenue dependencies on certain commodities. Timber products are highly essential for most of these, suggesting that as investors, we should follow up on deforestation topics, land conflicts, defining source countries, and timber sourcing.

Figure 7:
Analysis Example – Online Public Data Sources Comparing Selected FMCGs using CDP Forest Data

Commodity (source: CDP)	Procter & Gamble[43]	Nestlé SA[44]	The Coca-Cola Company[45]	PepsiCo[46]	Unilever PLC[47]	Reckitt[48]	Danone SA
Timber products	21 – 30%	51 – 60%	6 – 10%	Not disclosed	91 – 99%	91 – 99%	Online, publicly accessible format is not available
Palm oil	51 – 60%	61 – 70%	Not applicable	Not disclosed	51 – 60%	1 – 5%	Ibid.
Cattle products	Not applicable	1 – 5%	Not applicable	Not disclosed	11 – 20%	1 – 5%	Ibid.
Soy	Not applicable	11 – 20%	< 1%	Not disclosed	11 – 20%	1 – 5%	Ibid.
Other – Rubber	Not applicable	N/A	Not applicable	Not disclosed	Not applicable	1 – 5%	Ibid.
Other – Cocoa	Not applicable	6 – 10%	Not applicable	Not disclosed	11 – 20%	< 1%	Ibid.
Other - Coffee	Not applicable	21 – 30%	6 – 10%	Not disclosed	Not disclosing[49]	Not applicable	Ibid.
Additional information (own research)			80% of global procurement spends by volume: sugar (sugar cane and sugar beet, corn (high-fructose corn syrup), and orange juice				

Source: Candriam, 2021 CDP Forest report, company reports. FMCG = Fast-Moving Consumer Goods companies.

With P&G, Nestlé SA and Unilever PLC all strongly dependent on palm oil, we focus on deforestation risks in palm oil plantations, land conflicts potentially involving indigenous communities, and country risk and regulations in the two major palm-producing nations, Indonesia and Malaysia. Companies which disclose revenue-dependent data by commodity are demonstrating to their stakeholders that they have not only done their own due diligence, but are willing to offer visibility to be held accountable for the human rights involved in their sourcing.

This type of analysis allows us to identify and flag companies that do not report to the CDP (e.g., PepsiCo). In our analysis, the lower visibility on PepsiCo's supply chain suggests an area for improvement. It may also lead to an engagement topic.


Palm oil ....
conflicts... potentially
involve indigenous
communities.

Is supply chain disclosure too good to be true?

Detailed information remains minimal, especially information broken down by commodity or by country. Three possible explanations :

- Companies may be concerned that providing too much information will undermine their competitive position, and/or subject them to criticism.
- Data is challenging to collect and substantiate. Information on upstream supply chain practices may not exist, or that which exists may be prone to errors.
- The cost of collecting and reporting the information may appear to be too high to justify. The Return of Investment (ROI) for investing in transparency is not always clear in the near term.[50]

There may be legitimate competitive reasons for not disclosing certain information, including the names of suppliers. However, this should not be used as an excuse for of not disclosing any information at all. Considering the increasing expectations from shareholders and other stakeholders for expanding disclosures in general, managements may need to re-consider whether privacy of certain types of supply chain information is really a competitive advantage. The intention is not to disclose every piece of information possible but there at the very minimum, there should be a level of disclosure on revenue relevance of commodities, their supply, and locations.

Supply chain disclosure is already best practice.

Some companies already disclose supply chain information for their key commodities with an estimated analysis of its revenue-dependent commodities. We applaud these efforts. They demonstrate that relevant reporting is indeed possible in practice. This level of granularity in supply chain information is not too good to be true; in fact, it is best practice and must become the norm.

This information is vital to investors for two reasons. We need to understand whether the company itself actually has the visibility into its suppliers, and into its full supply chain. Further, investors must be able to identify and measure the risk exposures of investee companies. Related to both these issues, companies, investors, an other stakeholders should be able to evaluate suppliers within different tiers such as Tier 1, 2, 3, and so on.

Tiering-based information, while foundational, is not sufficient alone. (To clarify, Tier 1 are direct suppliers of a purchased input 'end product', where oversight is rather easier or more visible. Tier 2 are suppliers or subcontractors of the Tier 1 suppliers, where oversight starts to become challenging. Tier 3 are suppliers or subcontractors of the Tier 2, which go even further upstream, and so on.)[51]

While advances are being made in the reporting of supplier information, the data does not always cover key commodities. For instance, nearly all the above companies are highly dependent on timber products, so one would expect that more in-depth information would be available on timber. Yet there is still very limited public information on timber-related suppliers. So far, the information is concentrated in Tier 1, or direct, suppliers, as outlined in Figure 8.

If supplier information is not disclosed in a company's sustainability or ESG reports, it may be reported in another format. Look for the specific commodities on which companies rely, and check whether information is available on multiple tiers in the supply chain(s).

A few companies offer the information outside the normal documents but still on their websites, or a PDF file is available online via desktop research.

If unavailable, flag supplier chain information as an area for attention, and an area for engagement.

Figure 8:
Examples: Company's Supply Chain Disclosure Information (Online Sources)

Note: Nestlé SA, Unilever PLC, The Coca-Cola Company, Reckitt, Procter & Gamble (companies which publicly disclosed its revenue-dependent commodity in CDP Forest 2021)

	Procter & Gamble	Nestlé SA[52]	The Coca-Cola Company	Unilever PLC	Reckitt
Tier 1	Paper packaging[60] Palm oil[61]	Cereals Cocoa Coconut Coffee Dairy Hazelnut Meat (incl. upstream) Palm oil Pulp & paper Seafood Origin Soya Spices Sugar Vegetables	Sugarcane & sugar beet (location not specified) Corn (HFCS)[58] Orange juice suppliers[59]	Soybean[53] Tea[54] Palm oil[55] Cocoa[56]	Palm oil[62]
Tier 2	Not identified	Cereals Cocoa (in Ghana & Cote D'Ivoire) Coffee Hazelnut Palm oil	Not identified	Palm oil mills*[57]	Palm oil[63]
Tier 3 & beyond	Not identified	Not identified	Not identified	Not identified	Palm oil[64]
Information	Sourcing/supplier country information is not available. Only the name of the companies.	Sourcing/supplier country information is available. Except for pulp converter (by region only)	Sourcing/supplier country information is not available. Only the name of the companies.	Sourcing/supplier country information is available.	Sourcing/supplier country information is available (very detailed).

Source: Candriam, company reports.
***It remains unclear which mills are considered as Tier 1 suppliers supplying directly to Unilever PLC, or Tier 2 suppliers supplying to the company's Tier 1.**

Identify material commodities of the company based on the business activities, determine what has been disclosed so far, and under which tiers of the supply chain. It is key to understand what is material, which data is made available, and in turn, what initiatives are in place to mitigate risks or remedy situations (i.e. whether or not established initiatives are relevant to the most tangible risk). We offer case studies on *Coffee and Cocoa*, and on *Palm Oil*.

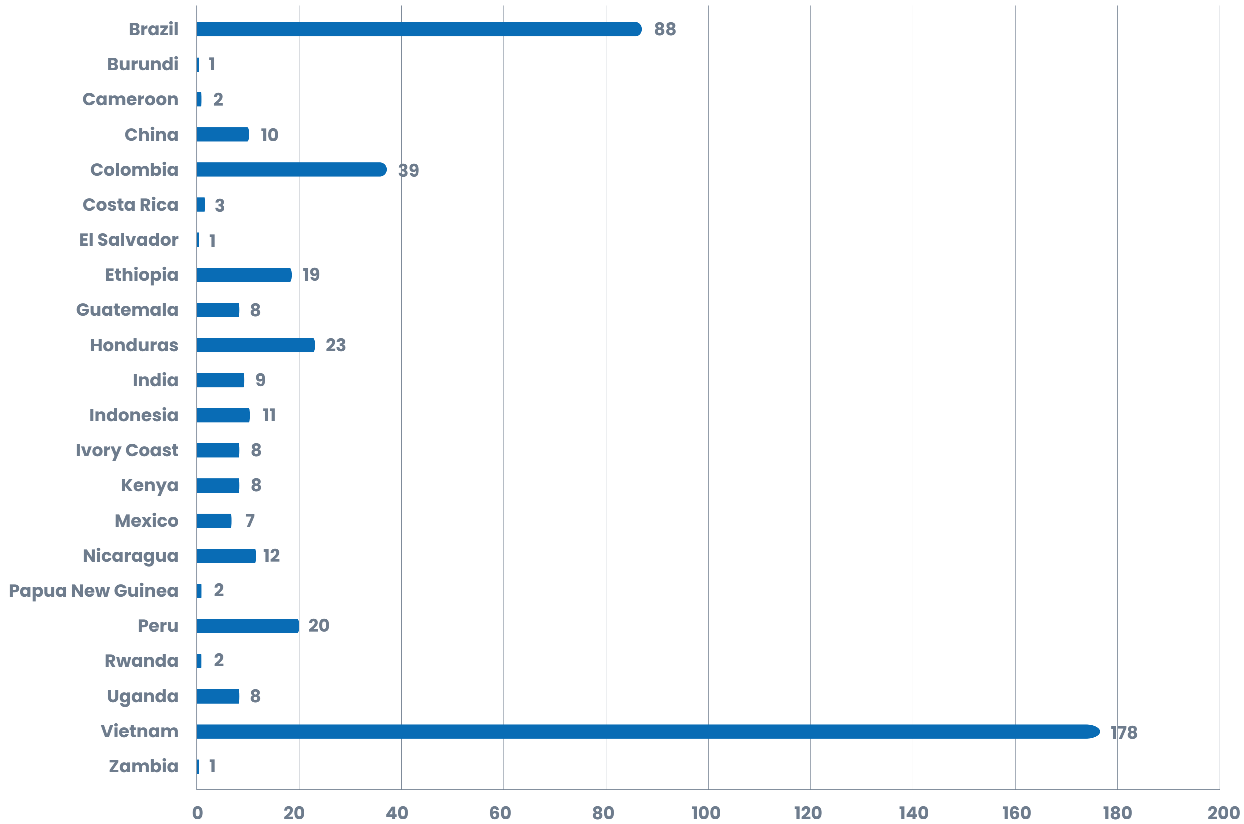
Case Study:
Coffee and Cocoa

We use Nestlé SA as an example for examining a coffee supply chain. Combining the supply chain data Nestlé reports directly on its website with data the company reports to CDP Forest, we conclude that between 21% and 30% of the company's 2021 revenues depended on coffee. The company has visibility into its Tier 1 and 2 coffee suppliers and publicly discloses this information, which we view as a good practice. On its website*, Nestlé provides Tier 1 coffee suppliers, and Tier 2 (warehouses), including city and country – several hundred instances.

Based on their reporting, we can also determine that Nestlé's coffee supplier exposure is concentrated in Vietnam, Brazil and Columbia. This gives us an idea on country level especially in terms of sectoral risk exposures such as child labour in agriculture, forced labour in manufacturing), and insight into the national regulatory frameworks and law enforcement regimes for Nestlé suppliers.

* https://www.nestle.com/sites/default/files/2019-07/nestle-supply-chain-disclosure-coffee-tier-1.pdf, accessed 16 February, 2023

Figure 9:
Nestlé – Analysis of Tier 1 and Tier 2 Coffee Suppliers

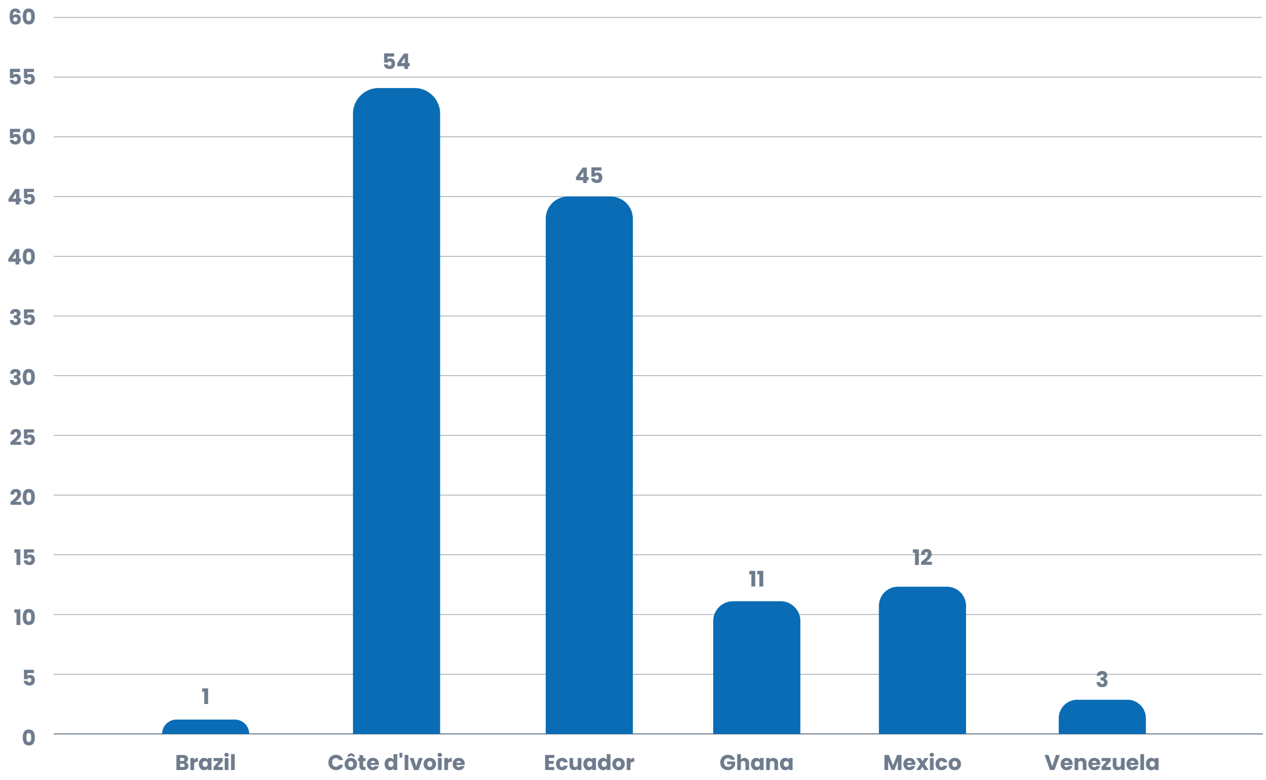


Sources: Nestlé supply chain disclosure – Coffee (Tier 1 & 2); Candriam Analysis

There are multiple approaches to determining risk at the country level, such as a purchased third-party rating service, in-house country risk exposure models (as we do here at Candriam), or not-for-profit sources such as Freedom House Index or the INFORM/Country Risk Profile from the EU,[65] or dedicated governmental reports such as the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.[66] These help determine the risk exposure based on locations and robustness of legal protection, as well as whether a company puts in place relevant initiatives in its most exposed locations or for specific value chains.

Scrutinize supply chain link to business activity risk exposures, relevancy, and actions in place to identify 'social' washing initiative reporting. Identifying companies that develop targeted initiatives in the most exposed countries, versus those that develop initiatives in countries where the risk is minimal, can help to discourage "social-washing reporting".[67]

Figure 10:
Nestlé – Analysis of Tier 1 and Tier 2 Cocoa Suppliers



Sources: Nestlé supply chain disclosure – Coffee (Tier 1 & 2); Candriam Analysis

The exercise also helps anticipate and broaden monitoring For instance, again using company reports and CDP Forest date, we estimated 6% to 10% of Nestlé SA's revenues are dependent on cocoa. Based on the public supply chain disclosure, its largest supplier exposure remains in Côte d'Ivoire (43%)[68] and Ecuador (36%).[69] It shows that the risk of child labour is highly material for Nestlé SA because of the conditions in both the Côte d'Ivoire and Ecuador, which helps investors to anticipate and internally flag the two countries as a possible risk within our monitoring radar, along with other countries in our analysis chart.

Closely monitor both well-known risks and geographical exposure, and attempt to forecast the less-obvious risks based on the exposure.

The risk of child labor is highly material...

Case Study:
Palm Oil

Palm oil offers another example of ''Which Commodity, What Tiers". While a highly pertinent input for P&G, Nestlé and Unilever in particular, there seems to be little disclosure on Tier 2 suppliers and beyond.

Of our analysed companies (Figure 7), only Reckitt currently discloses of palm oil suppliers from Tier 1 to Tier 3. Only 1% to 3% of Reckitt's revenues are dependent upon palm oil.

Nestlé discloses Tier 1 and 2 suppliers, while Unilever PLC discloses Tier 1 and palm oil mills (although it remains unclear whether these are considered as Tier 2 or Tier 1).

It is worth acknowledging that Unilever[70] and Nestlé[71] disclose a list of suppliers that are suspended or with whom they no longer work, which we consider a good practice demonstrating the companies' stance on suppliers and aiding supply chain transparency.

Business Activities – Key takeaway: Investors should analyse Tier 1 and Tier 2 supply chain disclosures, and advocate for transparency beyond Tier 2 in supply chains.

The greater the supply Tier visibility and transparency, the better understanding management and stakeholders have of human rights risks and the less reputational risk the company faces. Companies should expand disclosure of sourced commodities to include at least Tier 1 and Tier 2, and prioritizing the mapping of supplies in Tier 3 and beyond.

Normalize the disclosure of Tier 1 and Tier 2 suppliers for primary commodities; and strive for disclosures of Tier 2 and beyond.

Stakeholder Analysis – Risks and Impacts.

How? Having analysed the business activities of the company's supply chains -- the *What, Which and Where*– we address the How using Stakeholder Analysis. That is, we assess how companies address the risks and impacts arising from its business activities and operations. We also show their innovations – new due diligence and reporting which they have adopted to align with the UN Guiding Principles on Business and Human Rights (UNGP BHR).

Since 2000, the voluntary principles of the UN Global Compact offered guidance to investors in evaluating controversies, and whether companies were taking appropriate follow-up actions. But the use of news reports and controversies as a basis for identifying human rights risks are backward-looking, rather than forward-looking, information for investing.

UN Guiding Principles on Business and Human Rights provides guidelines for *preventing* human rights abuses in business operations. For investment analysis, it offers a framework. At Candriam, we analyse three aspects of a company's human rights due diligence, in alignment with this framework:

- **Policy Governance**
- **Risk Identification, and**
- ***Actions***

Policy Governance

As policy governance is a foundational aspect for the 'E' and 'S' pillars of ESG, it should be the first component for every analysis – including a human rights due diligence analysis. Governance includes board oversight of human rights, adoption of a code of conduct, and a human rights policy and/or statement, enabling the implementation and monitoring mechanisms of human rights risks throughout a firm's value chains.

Companies which demonstrate best practice usually already have a dedicated human rights policy or statement in place at a company-wide level, along with a dedicated focus on human rights by specific directors.

Figure 11:
Analysis of Human Rights Due Diligence: Policy Governance

Theme	Pointers	Procter & Gamble	Nestlé SA	PepsiCo	Unilever PLC	Reckitt	Danone SA
Board Oversight (human rights as dedicated focus)	A presence of assigned directors	In place[72]	In place	In place	In place	In place	In place
Code of Conduct/ Human Rights Policy	Salient human rights issues and clear commitments to cascade it to suppliers or business partners	In place	In place	In place	In place	In place	In place

Source: Candriam, company reports.

Nestlé SA[73] has gone one step further by establishing a human rights strategy and roadmap aligned with the with UN's Human Rights Due Diligence (HRDD) framework. Similarly, PepsiCo, Unilever PLC, Reckitt each have a dedicated human rights due diligence process and provide more granular information on their respective processes. Nevertheless, only three of the seven companies have dedicated and clear human rights roadmaps, or indicated a further expansion of their HRDD process(es) and risk management.

Check for a dedicated human rights policy (good practice) and a dedicated human rights officer (best practice) with a companywide mandate.

Review company strategy for a direct reference to the human rights due diligence process. It may seem trivial, but every action starts with the governance and framework as a basis to embed and employ human rights due diligence principles.

Risk Identification
and *Actions*

"You can't manage what you can't measure." Companies cannot address a problem they do not know about. To address a human rights problem, a company has to identify it, which is much more likely if they are actually looking for it – hence our emphasis on ascertaining the existence of a human rights policy. Companies should also employ dedicated human rights personnel.

It is vital for investors to determine whether companies have undertaken a human rights impact assessment (HRIA) across their supply chains. Such an assessment should cover actual and potential human rights risks and impacts of a company's business activities on both internal and external stakeholders. These should include customers/consumers, employees, communities, and others. That is, an assessment of human rights risks should go beyond labour-related risks and cover broader human rights risks such as discrimination and impacts on local communities.

The existence of an HRIA can provide an additional indicator for investors to evaluate a company's human rights footprint, and the company's actions to preserve human rights. Elements of an assessment include planning and scoping, data collection and baseline development (eg on-site visits, stakeholder interviews), impact analysis, mitigation and management of impacts, and evaluation and reporting.

Most of the companies in this sample analysis have demonstrated sincere efforts in conducting HRIAs.

Figure 12a:
Analysis of Human Rights Due Diligence: Risk Identifications

Theme	Pointers	Procter & Gamble	Nestlé SA	PepsiCo	Unilever PLC	Reckitt	Danone SA
Board Oversight (human rights as dedicated focus)	A presence of assigned directors	In place[74]	In place	In place	In place	In place	In place
Code of Conduct/ Human Rights Policy	Salient human rights issues and clear commitments to cascade it to suppliers or business partners	In place	In place	In place	In place	In place	In place
Human Rights Impact Assessment	Details on the HRIA disclosed	Not identifiable	In place	In place	In place	In place	In place

Source: Candriam

Figure 12b:

Analysis Pointers – Human Rights Due Diligence: Risk Identifications and Actions (Monitoring)

Theme	Pointers	Procter & Gamble	Nestlé SA	PepsiCo	Unilever PLC	Reckitt	Danone SA
Board Oversight (human rights as dedicated focus)	A presence of assigned directors	In place[75]	In place	In place	In place	In place	In place
Code of Conduct/ Human Rights Policy	Salient human rights issues and clear commitments to cascade it to suppliers or business partners	In place	In place	In place	In place	In place	In place
Human Rights Impact Assessment	Details on the HRIA disclosed	Not identifiable	In place	In place	In place	In place	In place
Monitoring Programs	Type of monitoring programs (internal and external = best practice)	Company-wide Earthqualizer Monitoring of Supplier Operations Sedex SMETA RSPO	CARE Audit Program (own operations) Earthworm Foundation Proforest SGS SupplyShift Sedex SMETA FSSC220000, Roundtable on Responsible Soy, Proterra (Soy), PEFC (timber), RSPO	Sedex SMETA RSPO Sustainable Sourcing Program, Sustainable Farming Program (proprietary, in-house assessment)	Sedex SMETA RSPO Unilever's URSA (Understanding Responsible Sourcing Audit) program (proprietary, in-house assessment)	Earthworm Foundation Airbus Starling RSPO certification Fair Rubber Association certification	Sedex SMETA RSPO, Earthworm Foundation (palm oil), FSC or PEFC, ProForest (Sugar cane), Transparency for Sustainable Economies (TRASE), RTRS or Proterra, UTZ
Engagement and Grievances	Supplier trainings on human rights	Unclear (unable to find online information on it)	In place[76]	In place[77]	In place[78]	In place[79]	In place[80]
	Grievance Mechanism (Hotline)	In place	In place	In place	In place	In place	In place

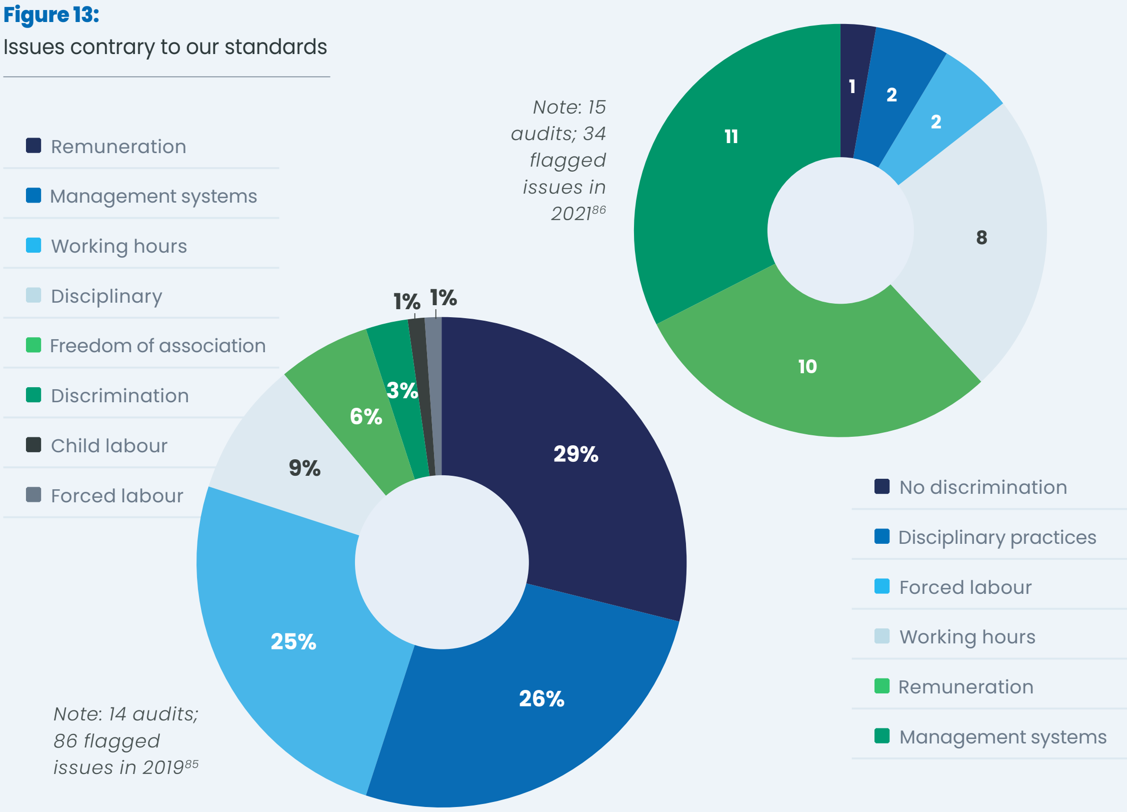
Source: Candriam, company reports.

Case Study:
Risk Identification and Response

UK-based Reckitt conducted its first human rights impact assessment in early 2019, aided by the Danish Institute for Human Rights (DIHR), an independent human rights institution modelled in accordance with the United Nations Paris Principles.[81] The assessment covered Reckitt's own operations, plus upstream, midstream, and downstream suppliers, which were identified by the scoping process. The assessment generated recommendations for policies and procedures, especially for contract labour management, procurement practices and working conditions. Examples such as the priorities for the Durex division's Thai suppliers can be found on the DIHR website.[82]

Reckitt has demonstrated progressive improvement in its disclosure on its supply chain risk monitoring disclosure. Comparing this disclosure each year from 2017[83] to the most recent in 2021[84] shows improvement from 2019. The most recent offers significantly more detail and insight into the companies risks and management of those risks, in much more detail and we can compare the development, including a breakdown of auditing findings by issue (eg, working hours, remuneration, freedom of association) in 2021 versus 2019. (Reckitt follows up with tracked, substantiated, closed, and pending cases – see 2019, 2020, and 2021).

Figure 13:
Issues contrary to our standards



Source: Reckitt Sustainability Insights.

Look for the presence of human rights impact assessments and public disclosures on its findings. The best practice is to undertake such assessment by involving an independent and well-recognized third-party.

Thanks to this improving disclosure, we would flag the top three supplier risk exposures for our further analysis as health and safety, environment, and working conditions (including working hours, wages, regular employment). We would also further explore capacity expansion programs in some regions. Ideally, we would like to assess the company's supplier performance over the past years on each of these three risk categories. The full information is not disclosed for suppliers. Reporting of further information across suppliers, in the same manner as the company discloses for its own operations, would be encouraged.

Data on another topic, Health and Safety, is again reported only for Reckitt's own operations, not for suppliers. Within its own operations, Health and Safety improved between 2018 and 2020. But we would again encourage information at supplier level.

Figure 14:
Reckitt – Health and Safety Disclosure

Total Recordable Incident Rate, Lost Work Day Accident Rate (LWDAR), total accidents, and actual lost work day accidents

	TRFR	LWDAR	Total recordable accidents	Actual lost work day accidents
2021*	0.13	0.046	121	42
2020*	0.14	0.050	132	47
2019*	0.19	0.076	181	74
2018	0.21	0.084	187	76

* Assured by ERM CVS as part of their limited assurance scope; for details, see our Sustainability governance, reporting and assurance insight.
Note: All accident reporting KPIs are based on 100,000 hours worked.

Source: Reckitt's Total Recordable Incident Rate (TRFR), Lost Work Day Accident Rate (LWDAR), total accidents, and actual lost work day accidents from the Company's Reports between 2021 and 2019.[87]

Advocate for companies to report supplier information in types and categories which are similar to that disclosed for a company's own operations (or the other way around). Do companies and suppliers walk the talk?

Case Study: Supplier Audit

Unilever PLC offers another good practice, offering insights for stakeholders into both the company and its suppliers. In 2021 Human Rights Progress Report,[88] Unilever reports data from its supplier audit, including the number of key incidents (e.g., fire safety, health and safety, working hours, etc) and the proactiveness of the company or the progress in addressing key incidents (open, closed, supplier delisted, etc).

In 2020, over 6,000 incidents are shown at suppliers, with 111 identified as ''key''. Of these, 100 incidents were closed, while six remained open. Although the information does not specify the status by type -- fire safety, forced labour, etc -- this offers investors insight into the speed at which these have been addressed. For example, the user of this report can determine that 73 of the 111 key incidents were related to fire safety, and at least 50 of the fire investigations completed. Indeed, not only when assessing human rights, but also for assessing other risks, an impact assessment for risk identification and action planning, should also include monitoring programs, grievance mechanisms, and remedy frameworks.

Some key questions we must ask ourselves in our analysis include:

- What monitoring programs are in place? Are there internal programs, e.g. any presence of a dedicated division and C-Suite with direct mandates on human rights, internal assessments, site visits? Only external mandates, e.g. certification programs? Or both internal and external?

  ***Best practice*: use of both internal and external mechanisms.**

- Is the company actively engaging with and supporting its suppliers in adopting good practices and framework similar to those that the company establishes in its own operations?

  ***Best practice*: engagement initiatives that to support suppliers, and incentives for suppliers in terms of resources, tool, capacity building programs.**

- Does the company have a grievance mechanism in place, and also make it accessible for all third parties, including suppliers and its stakeholders?

  ***Best practice*: Confidential grievance hotline accessible to all third parties to report findings of flagged – substantiated – treated/closed – pending cases with the information on trends. Transparent reporting regarding follow up, including tracked, substantiated, closed, and pending cases.**

Most of the companies assessed for this white paper have established monitoring programs, supplier engagement, and grievance channels, all of which we view as *good* practices. Unfortunately, detailed information of tracked findings, progress on supplier engagement initiatives, and capacity building programs, while *best* practices, are not yet implemented as a *standard* practice.

Steady on...

Caution: Eyes open when relying on external audits or certifications

Companies tend to rely on third-party programs such as Sedex SMETA and third-party certification programs as monitoring tools for commodities sourcing. This includes certification organizations such as the Roundtable for Sustainable Palm Oil (RSPO), Round Table on Responsible Soy Association (RTRS) or Proterra for soy, and UTZ/Rainforest Alliance for cocoa, among others.

Audits are only one mechanism in the toolkit for responsible sourcing. Indeed, we still rely on information from companies when assessing them, as company information is the most detailed currently available for us. However, we need to further scrutinize the presence and reporting of external certifications in the overall due diligence strategies, notably:

- *Under which certification programme is the commodity classified?* Some certification organisations may be more stringent than others. For example, the RSPO has <u>four</u> main certification types.*[89]
- *What are the main findings of the assessments?**
- *Have the findings triggered specific actions by the company?**
- *What are the next steps planned to address the findings? Does the company disclose this information?**

Unfortunately, we have noticed an absence of disclosure or weak disclosure on details of certification schemes and corrective actions.

Granular findings of the assessments from third-party and internal assessments become an important element for investors to evaluate how proactive companies track and address flagged or potentially non-compliant actions. This could include information such as:

- Percent of suppliers flagged as non-compliant.
- Percent of suppliers with a low compliance rate broken out by country;
- Percent of suppliers which lost certification status or which have been terminated for non-compliance (for instance, over the past three years, or a three-year average).
- A share and/or a number of issues raised via grievance mechanism channel, and which issues.
- Number of supplier initiatives (e.g. environmental management of suppliers such as targets or deadline set, human rights training, capacity building programs) and number of suppliers engaged and tracked for their progress against relevant KPIs.

Unfortunately, we have not been able to identify such in-depth information based on our research.

*Each of these elements should be included in the company's disclosures on audit findings.

Few Grievance Mechanisms, Limited Transparency on Results

Noting the existence of grievance channels, and **reporting the findings on flagged, treated, substantiated, and pending cases** reported through these channels are two different actions. The former is good practice, the latter is best practice. Investors and other stakeholders need to understand whether the mechanism is functioning effectively.

We describe an example of the existing best practice in figures 15, 16, and 17 in the Nestlé case study.

Limited Impact Measurement of Supplier-Focused Initiatives

While all the companies we assessed have provided some information on their human rights training, impact measurement on such trainings at the supplier level is rare. Typically, information is limited to the number of trainings conducted for a specified number of suppliers, or a dedicated investment in training modules for suppliers. All of which is good practice, and implies supplier engagement.

Nevertheless, information is lacking on the *effectiveness* and *progress* of such initiatives. The more companies report information and meaningful KPIs on human rights initiatives by key suppliers, the less likely it becomes for such initiatives be considered as "social washing".

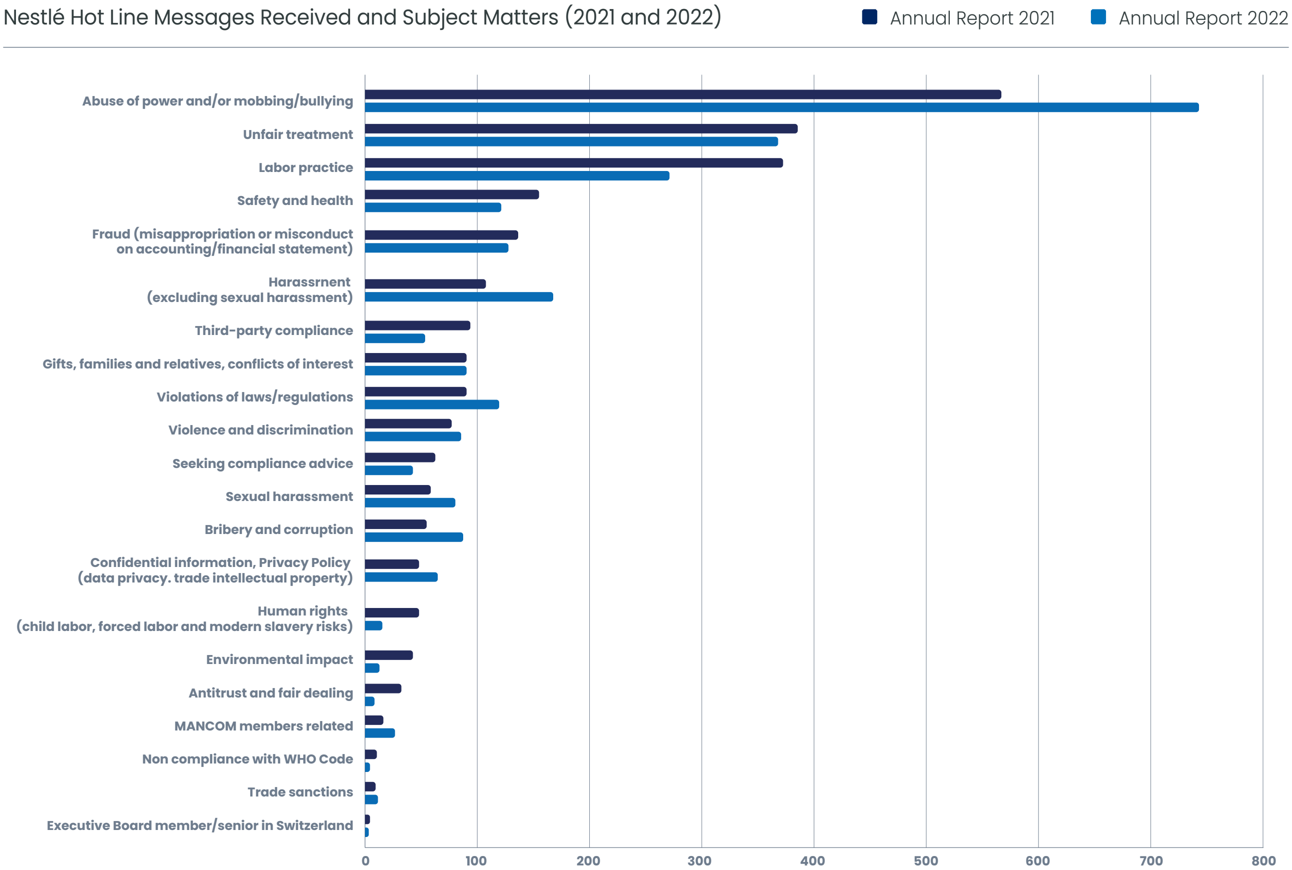
Investors should advocate for establishment and reporting of such metrics .

Case Study:
Incident Reporting and Follow-up

Nestlé SA[90] provides an example of disclosure on follow-ups raised through its 'Speak Up' program (formerly 'Tell Us'), a global internal and external reporting channel for concerns and questions, including those on human rights. In the case study we aggregate the messages received and substantiated, and the subject matters raised, as disclosed in company reports.

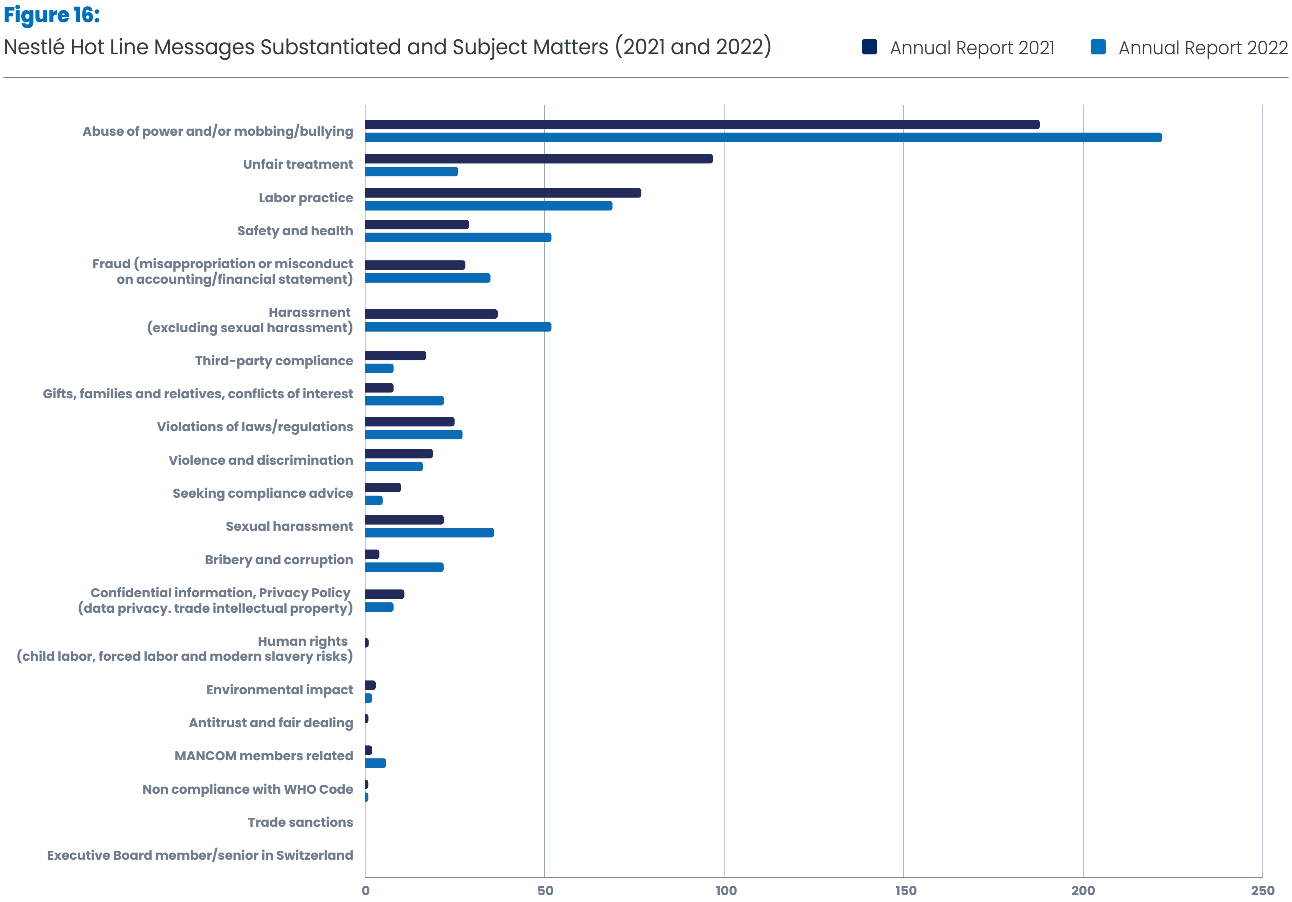
We consider this disclosure as the best practice although we would welcome further substantiation on the cases closed (e.g. which topics have been closed) in order to understand the evolution and trends. At this stage, we are only able to conclude that over the three years between 2020 and 2022, an average of 77% of the cases received have been closed, with 21% substantiated, and 2% remaining undetermined.

Figure 15:
Nestlé Hot Line Messages Received and Subject Matters (2021 and 2022)



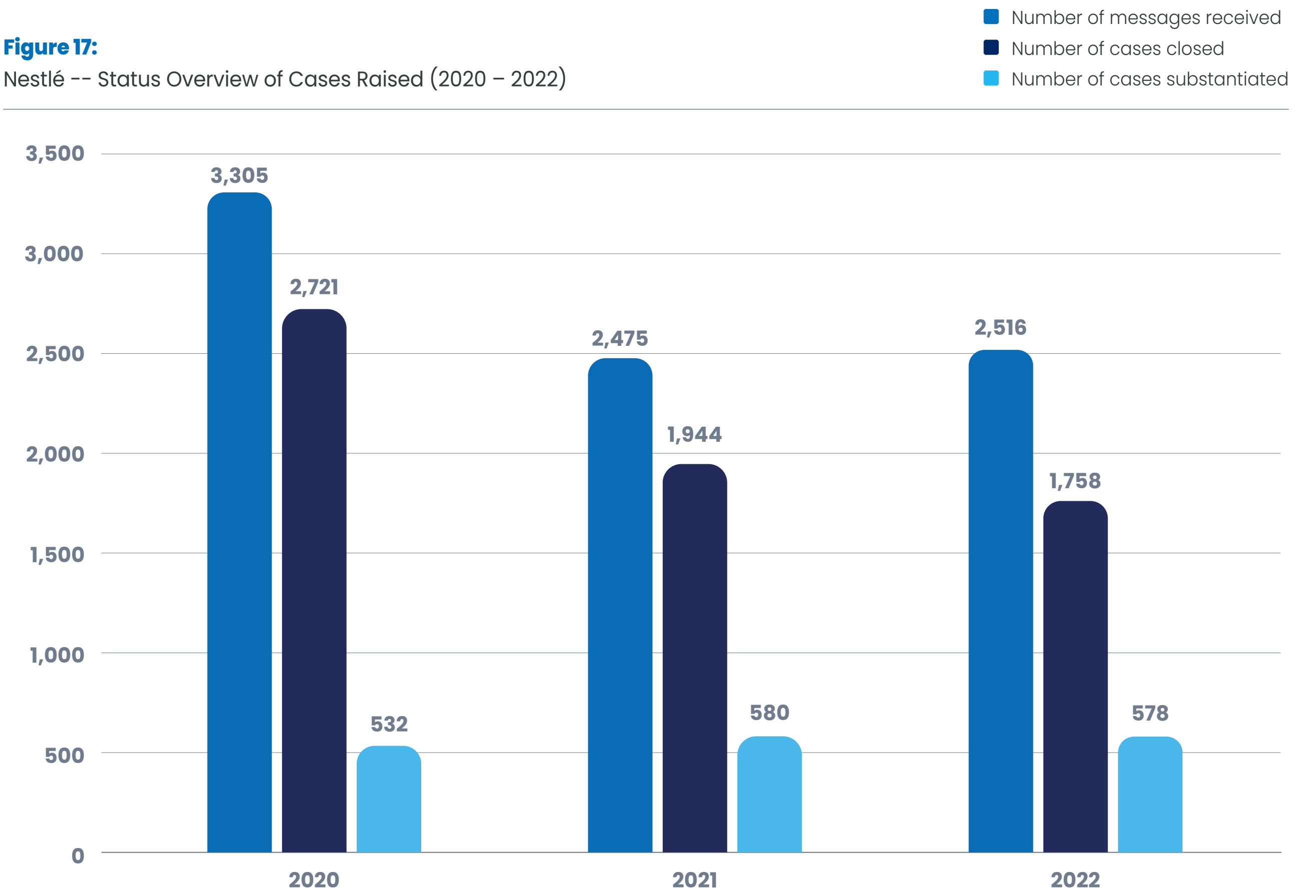
Source: Company Reports, Candriam Research, [Nestlé SA's Creating Shared Value Sustainability Report 2022]

Figure 16:
Nestlé Hot Line Messages Substantiated and Subject Matters (2021 and 2022)



Source: Company Reports, Candriam Research, Nestlé SA's Creating Shared Value Sustainability Report 2022

Figure 17:
Nestlé -- Status Overview of Cases Raised (2020 – 2022)



Source: Company Reports, Candriam Research, Nestlé SA's Creating Shared Value Sustainability Report 2022

Conclusion: First Steps, Next Steps..

The global food sector has made strides in its management and disclosure of human rights practices in supply chains. Nevertheless, information, and the ability to analyse the human rights risks, remain challenging for investors.

Today, we are only able rely on the judgement of each company to gather information on their supply chains, and to determine which information is disclosed and which remains confidential. Currently, we lack an international standardization of reporting requirements. We believe inter-governmental bodies should make it a top priority to develop these disclosure standards, in close collaboration with industry bodies, companies and investors.

Investors must use what we have, and change what we can. We need to carefully assess human rights risk exposure in our investments using a structured human rights due diligence assessment framework, such as that defined by the UNGP for Business and Human Rights. At the same time, investors must campaign for more information on these human rights risks, both at companies and throughout their supply chain risks.

Broadly, assessing a company's business activity exposures and stakeholder management strategies should be a norm for investors. The former can help identify the extent of human rights risk footprint of a company and the latter aids in evaluating how companies address these risks, based on the extent of the risks identified. This is a structure that use at Candriam for our ESG proprietary framework, and one which we encourage for other investors. For more information, see our Transparency Codes.

By the time a controversy becomes public, both financial returns and real human beings have suffered. Investors must continue to ask hard questions and seek transparency. We must shift our mindset from over-reliance on controversy-triggered and news-related investment decisions to focusing on a human rights *due diligence* process.

As sustainable investors, we hope to make meaningful disclosure the norm. If stakeholders succeed in this, those companies which are accountable for and confident in their human rights due diligence process need not shy away from providing hard truths to stakeholders.

Appendix.

Regulations Promoting Human Rights Risk Transparency

Country	Regulations	Information
EU	Corporate Sustainable Reporting Directive	**Requirement for companies to publish detailed information on sustainability subjects on environmental rights, social rights, human rights, and governance factors.** Coverage of 50,000 companies. Information includes: • Description of business model and strategy, opportunities/resilience to sustainability risks and transition strategies • Targets, progress, and indicators • Sustainability governance (expertise, roles, management) • Sustainability policies • Incentives linked to sustainability • Due diligence of sustainability (process) • Principal and adverse impacts, and actions to prevent • Principle risks and management • Double materiality • Information on business operations, value chains (e.g., products/services, business relations in supply chains)[91]
Germany	Supply Chain Act	…companies must **comply with their due diligence obligations in the field of human rights. This involves analysing human rights-related risks**, taking measures to prevent and mitigate human rights violations, setting up grievance mechanisms and reporting on their activities.[92]
US	The Tariff Act of 1930 (19 U.S.C. 1307) through issuance of Withhold Release Orders (WRO)	Preventing goods produced in whole or in part in a foreign country using forced labour via an import prohibition into the US.
	Uyghur Forced Labor Prevention Act	"establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People's Republic of China, or produced by certain entities, […] that such goods, wares, articles, and merchandise are not entitled to entry to the United States." *Note: The company must be able to demonstrate the proof of origin of its products especially for high priority sectors and show that it exercises due diligence and supply chain monitoring.*[93]
France	France's Duty of Vigilance Law[94]	The law requires large French companies to publish an annual "vigilance plan" which demonstrates that they effectively manage their human rights and environmental risks within the company, subsidiaries, suppliers, and subcontractors. The scope applies to French companies with over 5,000 employees in the company's direct or indirect French-based subsidiaries and with over 10,000 employees if including direct and indirect subsidiaries with whom the company has an established commercial/business relationship for its business activities. **Key measures are risk mapping, tailored actions on risk mitigation and prevention of severe impacts, an alert mechanism, and a monitoring system on implementation.**[95]
US	California Supply Chain Transparency Act	Providing access to information for customers about retailers' and manufacturers' efforts to eliminate human trafficking and modern slavery from their value chains.[96]
Australia	The Commonwealth Modern Slavery Act 2018	Requirement for companies to disclose annual Modern Slavery Statements – **describing their efforts to assess and address modern slavery risks.**
UK	The UK Modern Slavery Act 2015	Applies to entities conducting business in the UK with an annual turnover of £36 million or more. The requirements apply to the companies' own operations and their supply chains. **It requires companies to demonstrate that it has taken efforts to identify, assess, and mitigate modern slavery and human trafficking offense, and preventive measures.**[97]

Source: Candriam Analysis, government websites. This list, while detailed, is not exhaustive

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