

# HUMAN TRAFFICKING AND FORCED LABOUR IN THE SUPPLY CHAIN: HOW ARE EUROPEAN CORPORATIONS REACTING?

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## Introduction

Globally, companies have begun defining their Corporate Social Responsibility (CSR) programs and discussing what it means to be a socially responsible organisation. In this paper, we aimed to perform an initial screening on publicly available information to assess whether this heightened CSR dialogue has made its way into the Codes of Conduct that major European corporations use with their suppliers and what policies and procedures are used to support their anti-trafficking efforts – if any.

We found evidence that the increased discourse on labour standards, and forced labour in particular, have begun to find their way into the policies and Codes of Conduct of some of the largest European companies<sup>1</sup>. While the notion of “trafficking” was not specifically cited in most of the screened Codes of Conduct, these documents did focus on a number of other critical rights violated in cases of human trafficking, including compulsion to work, employment of children, freedom of movement, etc. Moreover, since a crucial element of the definition of human trafficking is its purpose, according to the International Labour Organisation, trafficking in persons for the purpose of exploitation is encompassed by the definition of forced labour<sup>2</sup>. Without going further into legal definitions, this analysis examined the mechanisms corporations have put in place to combat forced labour and protect a number of other workers’ rights, with an anti-trafficking framework in mind, and with the view that companies can potentially prevent trafficked labour from entering their supply chains if select human rights provisions are included in their Codes of Conduct.

In fact, many organisations also state to have enforcement tools in place. Yet even among these large corporations, publicly available information does not allow for assessment of their adherence to, or actual enforcement of, the declared standards.

Our analysis of a limited sample of enterprises did not aim to provide an accurate representation of the European business environment as a whole. For example, small- and medium-sized businesses might be less likely to have such well-developed policies in place, as well as fewer enforcement mechanisms. Rather, we were interested to examine what the leading European enterprises have to say about human trafficking or forced labour.

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<sup>1</sup> The companies we researched include Unilever, Inditex, H&M, Nestle, BASF, BMW, Volkswagen, AstraZeneca, Danone, L’Oreal, Syngenta, British American Tobacco, Tesco, Diageo, and GlaxoSmithKline (GSK). The 15 companies we researched for this briefing were selected because they were listed in Gartner, Inc.’s top 15 supply chain organizations, or corporations recognized for having strong, healthy, and efficient supply chain policies and procedures. Gartner, Inc. is an organization that is dedicated to such assessments and ratings. The companies we examined are listed in Table 1.

<sup>2</sup> See [ILO Global Report – The Cost of Coercion \(2009\)](#): The ILO Committee of Experts “observed that a crucial element of the definition of trafficking is its purpose, namely, exploitation, which is specifically defined to include forced labour {...}. The notion of exploitation of labour inherent in this definition therefore allows a link to be established between the Protocol and the ILO Forced Labour Convention, 1930 (No. 29), and makes clear that trafficking in persons for the purpose of exploitation is encompassed by the definition of forced or compulsory labour provided under the Convention.”

Our analysis of the 15 organisations' supplier Codes of Conduct demonstrates that only a few companies hold their suppliers to high standards, audit randomly<sup>3</sup>, include termination as a possibility to code violations, and engage in relationships with a number of external stakeholders<sup>4</sup>. However, even among these most vigilant, there is variation in their requirements, audit procedures, and level of engagement with external stakeholders. Moreover, monitoring beyond the tier-one supplier level<sup>5</sup> is currently almost non-existent.

There is still much progress to be made, not only in developing and enforcing policies and procedures, but also in engaging with external parties to help develop the right approach to fight human trafficking and forced labour and standardizing best practices, or making the optimal methods for fighting these issues a normal part of business. Furthermore, there is a glaring lack of the use of the term "human trafficking", as well as many rights provisions related to human trafficking-related violations, in the Supplier Codes. Industry groups and NGOs can play a pivotal role in assisting companies, no matter how big or small, in these efforts.

## Review of the Codes of Conduct

In examining the details of the 15 organisations' supplier Codes of Conduct, a number of patterns emerged. Table 1 lists the elements we examined, which are strongly linked to the checklist indicators outlined by the International Labour Organisations' (ILO) report *Combating force labour: A handbook for employers & business* (2008). First, **work documentation** and **an avenue for employees of suppliers to address concerns** were two of the most lacking standards. Work documentation is defined as having drafted a contract in a language that the employee can understand, ensuring that they can understand it, and signing it. Only five organisations required this documentation. An avenue for employees of suppliers to address concerns incorporates a type of "ethics hotline", where employees can anonymously report any violations of human rights. A mere six organisations required this of their suppliers.

Almost as equally as rare, only five companies **required their suppliers to apply their code of conduct to their own suppliers and subcontractors**, while three encouraged it. Even among those who require or encourage this standard of their suppliers, it is not clear if monitoring is being performed, and if so, how effective that monitoring of compliance is.

There were a few **noteworthy omissions in requirements for suppliers** in regards to important anti-trafficking measures. Two companies did not include verbiage concerning work being voluntary and one did not mention the prohibition of child labour (see Appendix B for extracted language addressing trafficking in companies' Codes). All of these organisations endorsed the UN Global Compact, so it would seem that these are omissions from their websites. Even if they are omissions, it may indicate to what degree these companies treat human trafficking seriously, and more broadly, human rights, issues in their supply chains.

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<sup>3</sup> Random audit structures allow corporations to arrive at suppliers' locations unannounced and audit their operations. This tends to be more effective in detecting human rights violations than scheduled audits.

<sup>4</sup> External stakeholders include NGOs, industry groups, intergovernmental organisations (UN, ILO, etc.), governments, etc. A higher level of engagement with a wide range of external stakeholders is an indication of the seriousness with which a company treats trafficking issues and its willingness to learn, share, and develop best practices in combatting trafficking.

<sup>5</sup> Tier-one suppliers are direct suppliers to a corporation. Tier-two, -three, etc. suppliers supply the various suppliers of a company.

Moreover, most companies (all except one) **did not require the freedom of movement for employees of their suppliers**, or the ability of those employees to move outside of their workplace. Additionally, only three and five companies required their suppliers to **allow their employees to freely leave their employment<sup>6</sup> and not confiscate their identification documents**, respectively.

Finally, about half (seven) of the organisations have **random audit structures**, while another six have non-random audit procedures. Two companies either have no audit program in place or did not publish information on their programs. When issues are discovered, about half (seven) mentioned **possible termination** with a supplier if it does not take the steps necessary to remediate violations or if the violations are so grave the first time as to warrant immediate blacklisting. The remaining companies did not mention potential cessation of business relations as an option to violations of the code.

### Corporations and External Stakeholders

In addition, we found some interesting trends concerning the **organisations' relationships to external stakeholders**. First, about half of the companies (seven) were members of a human rights industry group, primarily concentrated in the apparel and food/drink industries. However, being a member of such an industry group did not guarantee consistent standards being applied across all organisations in that industry group. For example, not all members of AIM-PROGRESS required their direct suppliers to apply the agreed-to Code of Conduct to their own suppliers and subcontractors. This could be the result of omitted information on the part of the corporation or a lack of enforcement procedures within the industry group.

Moreover, all but one organisation had language on its website stating that it was either a signatory or endorser of the UN Global Compact Principles and International Labour Organisation's labour standards. In addition, almost all organisations stated that they relied on independent, third-party assistance at some point in the design, implementation, and/or monitoring of its suppliers' compliance to their Codes of Conduct. Often, these were groups with expertise in risk-management, compliance, and/or reporting systems in sustainability issues. Conversely, only one organisation worked with a (non-EU) government in its efforts to fight human trafficking. Only three companies cooperate with anti-trafficking NGOs in their efforts to eliminate trafficked labour from their supply chains.

### Conclusions

While it is evident that these corporations are taking important steps towards addressing forced labour in their supply chains, there is still a lot of work to be done. **Very few companies that we researched have taken a comprehensive approach to battling this issue with their suppliers.** In this context, "comprehensive" is defined as including each element listed in Table 1 in their Codes of Conduct, performing random audits with termination of the supplier relationship an option for non-compliance, *and* developing a strong network with external stakeholders to fight not only forced labour, but also human trafficking.

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<sup>6</sup> Freedom to leave employment is similar to, but not the same as, voluntary work. Voluntary work generally addresses the entering into the work relationship, while the freedom to leave employment encompasses the termination of the work relationship.

As described in the ILO's *Combating forced labour: A handbook for employers & business* (2008), **each of these elements are critical to include** in Codes of Conduct because they serve as controls on suppliers to prevent forced labour within the supply chain and also greatly reduce the risk of human trafficking. It is concerning, for instance, that not all enterprises require their suppliers provide work documentation in a language the employee can understand or consider termination a viable option for non-compliance. These are basic protections for not only the employee, but also for the corporations' reputations.

**Enforcement mechanisms and independent verification of such instruments** is perhaps the greatest challenge facing these enterprises, especially in Europe, where free movement of labour creates challenges in identifying victims of cross-border trafficking since humans can be moved from one country to another without border control checks. Furthermore, it is difficult for third parties to discern in publicly-available documentation how effectively these corporations are "living out" their Codes and stated CSR objectives, especially in relation to forced labour. For small- and medium-sized companies, this is nearly impossible. Currently, audit systems are being developed and refined for first-tier suppliers of companies. Verification of these results and monitoring of suppliers below this level are in the infant stages and will require more resources and knowledge sharing.

**Moreover, it is apparent that not enough cooperative work has been done among these enterprises.** Some industries, such as food/drink and apparel, recognize that they cannot fight this phenomenon alone and have developed industry organisations to share knowledge on the best practices to eliminate human trafficking from their supply chains. Others have even begun working with NGOs. While this is a promising sign, it remains to be seen whether these cooperations will lead to sustained, enforceable changes in the operations of the participants. Conversely, many more organisations are "going it alone" and have not yet benefited from the collective knowledge on how to design a comprehensive approach to fighting trafficking.

**Furthermore, the corporations we researched primarily mention forced labour in their Codes and leave out the term "trafficking".** While these concepts overlap in many circumstances, there are instances of a person who is in a forced labour situation, but was never trafficked. There are a couple potential explanations for this phenomenon. Some companies may simply not understand the subtle distinction in definitions. Others, however, may shy away from using such a strong term as "human trafficking" in their policies and reporting. Nevertheless, as companies' CSR policies become more mature, it will be vital to develop mechanisms that strike a balance between fighting forced labour *and* human trafficking.

The steps that the European enterprises we surveyed are promising and demonstrate that the global discourse on CSR programs has led to material progress in developing procedures and processes to fighting forced labour. European corporations are joining the global community and saying they want to fight forced labour. Yet the complex global networks in which these vast organisations operate will require even greater creative problem solving, commitment of corporate resources, and a willingness to work with third parties to solve not only this challenging issue, but also human trafficking. How these organisations react in the short-term in including all of the ILO's recommended elements in their supplier Codes; monitoring, enforcing, and independently verifying the implementation of those standards; and engaging with external stakeholders will be pivotal in

determining whether or not the momentum built in the past decade will lead to continued progress in building robust CSR programs.

## Reference List

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## Appendix A: Table 1. Summary of Key “Anti-Trafficking” Provisions of Companies’ Supplier Codes of Conduct

Gartner Study				Components of Company Supplier Codes/Agreements														Additional Information							
2013 Ranking, Europe	2013 Ranking, Overall	Company	Company Headquarters	Work is Voluntary	Freedom of Movement	Freedom to Leave Employment	No Workplace Discrimination	No Child Labor	Work Agreement is Documented*	Identification Documents not Confiscated**	Fair Wages	Reasonable Working Hours	Right to form Trade Union	Health & Safety Protected	Access to Fair Procedures & Remedies of Workplace Issues**	Code is Applied to Suppliers' Subcontractors	Audit System in Place (Random, Non-Random, or None)***	Frequency of Audits	Consequence(s) of Non-Compliance****	Member of Anti-Trafficking Industry Group*****	Relationship with Anti-Trafficking NGO	Relationship with UN	Relationship with Anti-Trafficking Governmental Entity	Explicitly Mentions Forced Labour in Supplier Code	Explicitly Mentions Forced Human Trafficking in Supplier Code
1	4	Unilever	London, England and Rotterdam, the Netherlands	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Non-Random	N/A	Possible Termination	AIM-PROGRESS	None	Endorses UN & ILO Principles	None	Yes	Yes
2	12	Inditex	Arteixo, Galicia, Spain	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Random	N/A	Possible Termination	Sustainable Apparel Collection & Ethical Trade Initiative (ETI)	None	Endorses UN & ILO Principles	None	Yes	No
3	17	H&M	Stockholm, Sweden	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Encouraged	Random	N/A	Remediation Plans	Sustainable Apparel Collection & ETI	Solidaridad (Asia) & Fair Labor Association (FLA)	Signatory to UN Global Compact	Cambodia	Yes	No
4	21	Nestlé	Vevey, Switzerland	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Non-Random	N/A	Possible Termination	AIM-PROGRESS	Danish Institute for Human Rights & FLA	Endorses UN & ILO Principles	None	Yes	No
5	27	BASF	Ludwigshafen, Germany	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	No	No	No	Random	N/A	Remediation Plans	None	None	Endorses UN & ILO Principles	None	Yes	No
6	29	BMW	Munich, Germany	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Encouraged	Random	N/A	Remediation Plans	None	None	Endorses UN & ILO Principles	None	Yes	No
7	31	Volkswagen	Wolfsburg, Germany	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes	Non-Random	N/A	Possible Termination	None	None	Endorses UN & ILO Principles	None	Yes	No
8	37	AstraZeneca	London, England	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Non-Random	Rolling Basis	Remediation Plans	None	None	Signatory to UN Global Compact	None	Yes	No
9	41	Danone	Paris, France	Yes	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Non-Random	N/A	Remediation Plans	AIM-PROGRESS	None	Endorses UN & ILO Principles	None	Could not obtain Supplier Code (included in Sustainability Report)	Could not obtain Supplier Code
10	42	L'Oréal	Paris, France	No	No	No	No	Yes	No	No	No	No	No	No	No	No	None	N/A	N/A	None	None	Endorses UN & ILO Principles	None	Could not obtain Supplier Code or information from website	Could not obtain Supplier Code or information from website
11	43	Syngenta	Basel, Switzerland	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Random	N/A	Possible Termination	None	FLA	Signatory to UN Global Compact	None	Yes	No
12	45	British American Tobacco	London, England	No	No	No	No	No	No	No	No	No	No	No	No	No	None	N/A	N/A	None	None	Endorses UN & ILO Principles	None	Yes	No
13	48	Tesco	Cheshung, England	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Non-Random	N/A	Possible Termination	ETI	None	None	None	Could not obtain Supplier Code (included in Statement of Human Rights)	Could not obtain Supplier Code
14	49	Diageo	London, England	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Random	N/A	Possible Termination	AIM-PROGRESS	None	Endorses UN & ILO Principles	None	Yes	No
15	51	GlaxoSmithKline (GSK)	Brentford, England	Yes	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Encouraged	Random	N/A	Not available	None	None	Signatory to UN Global Compact	None	Yes	No

Source: Gartner, Inc.; company websites; company sustainability reports; and company Supplier Codes (if available)

\*This goes beyond "freedom of association". Several companies stated that their suppliers should draw up a contract and actively ensure that their employees understand its terms and language before signing.

\*\*This metric assesses whether there is a system in place for suppliers' employees to report, anonymously if they choose, potential violations to human rights. Sometimes this is referred to "Management Systems" in the supplier codes.

\*\*\*This was often difficult to determine. When the company wrote out the systematic approach to how they determined which suppliers to audit and did not specify otherwise, this was interpreted as "Non-Random".

\*\*\*\*"Remediation Plans" means that only remediation plans were mentioned as a potential course of action. "Possible Termination" was noted when the company wrote that non-compliance could lead to the termination of the supplier relationship.

## Appendix B: Extracts from Companies' Supplier Codes of Conduct Targeted to Fighting Human Trafficking and Forced Labour

Unilever

*Page 8*

### **Work is conducted on a voluntary basis**

Forced labour, whether in the form of indentured labour, bonded labour or other forms, is not acceptable. Mental and physical coercion, slavery and human trafficking are prohibited.

*Pages 13-14*

### **Work is conducted on a voluntary basis**

#### **Implementing Mandatory Requirements**

There are hiring policies, procedures and trained staff to ensure that workers are entering into employment freely and equally and that they are never prevented from leaving if they so wish.

Workers have freedom of movement and are not confined to the supplier's premises.

Workers are not required to surrender their identification papers. Where the retention of identification papers is legally required, arrangements are made to ensure that workers can access their identification papers, are not prevented from leaving the workplace and that their papers are returned immediately upon cessation of employment.

Suppliers shall ensure that contracts are in a language understood by the worker.

#### **Advancing to Good Practice**

To the extent possible workers are hired directly and transparently, or only through recruitment agencies that have developed policies and strategies to combat trafficking and forced labour.

Workers should not be required to pay a fee in connection with obtaining employment (including migrant workers or workers recruited supplied through an agency). Suppliers should be responsible for payment of all fees and expenses. Workers are not required to pay deposits in relation to their employment.

Voluntary prison labour may be used when prisoners are being rehabilitated or trained in preparation for release and where their terms and conditions of employment are similar to those in the open labour market.

#### **Achieving and Maintaining Best Practice**

Recruitment of migrants includes full transparency about terms, conditions and any employment costs and the migrants are informed about the labour laws applicable in the place of work prior to granting their written consent.



Policies, procedures and training are regularly reviewed to ensure that they are effective in preventing forced labour.

**Inditex**

*Page 3*

### **No forced labour**

Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of “deposits”, nor are they entitled to retain employees’ identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice.

**H&M**

*Page 3*

### **Basic Rights**

We do not accept any forms of forced or bonded labour and we do not accept the use of prison labour or illegal labour in the production of goods or services for H&M (Refer to ILO Conventions 29 and 105).

Migrant workers shall have exactly the same entitlements as local employees. Any commissions and other fees in connection with employment of migrant workers must be covered by the employer. The employer must not require the employee to submit his/her identification documents. Deposits are not allowed. Workers employed through an agent or contractor are the responsibility of H&M’s supplier and other business partners, and are thus covered by this Code.

*Page 5*

### **Supply Chain**

H&M’s Code of Conduct applies only to our direct suppliers, other business partners and manufacturers of goods or services for H&M and their downstream subcontractors. However, we encourage our suppliers and other business partners to impose social and environmental requirements upstream in their supply chain, for example on suppliers of fabric, labels, leather, wood, cotton and other components and raw materials. Examples of such requirements include banning the use of forced labour and child labour, chemical restrictions and treatment of wastewater.

**Nestle**

*Page 4*

**Forced Labour**

The Supplier must under no circumstances use, or in any other way benefit, from forced labour in line with ILO Convention No. 29 on Forced Labour and ILO Convention No. 105 on Abolition of Forced Labour. Forced labour refers to any form of indentured servitude such as the use of physical punishment, confinement, threats of violence as a method of discipline or control such as retaining employees' identification, passports, work permits or deposits as a condition of employment. Where the Supplier is using migrant or prison labourers under a legal framework, Nestlé must be made aware to review appropriate documentation maintained by the Supplier.

**BASF**

*Page1*

You [the supplier] fight forced labour, child labour and discrimination at the workplace.

**BMW**

*Page 11*

The following principles are of particular importance:

- Preservation of human dignity
- Ban on child and forced labour

*Page 1 of Sustainability Standard for Suppliers*

The most important of these aspects are the respect of human dignity and human rights, the prohibition of child and forced labour and the prohibition of discrimination.

**Volkswagen**

*Pages 3-4*

For Volkswagen, the observance of internationally recognised human rights forms the basis of all business relations. In particular, the following regulations must be heeded alongside the labour law of the country in which the business partner operates.

**Freedom of association**

The basic right of all employees to form trade unions and employee representations and to join them is recognised. In countries where this right is restricted by local laws, alternative legitimate options for employee participation are to be supported.

**No discrimination**

Equal opportunities and equal treatment irrespective of ethnic origin, skin colour, sex, religion, nationality, sexual orientation, social origin or political view are guaranteed insofar as they are based on democratic principles and tolerance towards those of a different opinion. In general, employees are chosen, employed and supported on the basis of their qualifications and capabilities.

**No forced labour**

Volkswagen rejects the conscious use of forced or compulsory labour including bonded labour and involuntary prisoner labour.

**Compensation and benefits**

The compensation and benefits paid or received for a normal working week correspond at the very least to the legally valid and guaranteed minimum. Where legal or collective bargaining agreements do not exist, compensation and benefits are based on industry-specific collective agreements customary to the respective location that ensure an appropriate standard of living for the employees and their families.

**Working hours**

Working hours correspond at least to the respective national legal standards or the minimum standards of the respective national economic sectors.

**Occupational health and safety**

The partner complies at least with the respective national standards for a safe and hygienic working environment and takes appropriate measures to guarantee health and safety at the workplace so that good working conditions are ensured.

**AstraZeneca**

Page 5

Suppliers do not use forced, bonded or indentured labour or involuntary prison labour.

**Danone**

*Could not obtain Supplier Code (only Sustainability Report). According to page 68 of this report, forced labour is a performance metric for sustainability. Also, no tolerance for forced labour is listed as one of the company's Seven Fundamental Social Principles on page 153. However, these are all in relation to internal operations and of those of subsidiaries, not necessarily of suppliers.*

**L'Oreal**

*Could only obtain policy with suppliers on child labour. There was very little information on their website as well.*

**Syngenta**

Page 1

The core conventions forbid practices such as unlawful discrimination, child labour, bonded labour and slavery.

**Illegal, Forced, Bonded & Compulsory Labour**

The Supplier must not use or benefit from any illegal labour, including illegal migrant labour, nor will the Supplier use or benefit from any forced, compulsory and/or bonded labour.

**British American Tobacco**

Page 6

Whilst we are not responsible for standards of employment practice throughout our supply chain, we seek to influence our business partners to avoid:

...

The use of forced or illegal immigrant labour;

...

**Tesco**

*Page 1 (taken from Statement on Human Rights for the company and suppliers. Could not obtain Supplier Code of Conduct.)*

Employment must be freely chosen. Overtime shall be voluntary. We will not employ illegal child labour, forced or bonded labour or condone illegal child labour, forced or unpaid overtime. Where we employ children, we will comply with the relevant national laws.

*Page 2*

We will not knowingly tolerate illegal child, forced, or bonded labour by any supplier or contractor. We will actively look for any child, forced or bonded labour when conducting audits. If we become aware of a problem we will take appropriate action. This may result in a supplier being de-listed.

**Diageo**

*Page 4*

**As a minimum we expect our suppliers to:**

- Meet all applicable legislation and the ILO core conventions
- Pay fair wages in line with the norms for the industry and market and not require anyone to work excessive hours, particularly where this might impact personal health or safety
- Treat employees fairly and not discriminate on the grounds of gender, sexual orientation, race, religion, age, caste, union membership, political affiliation, marital status or national origin
- Allow employees the freedom to join a union (or collective bargaining group acting for them) or allow them to decline if they choose to
- Not ever use forced or bonded labour.
- Not ever harass, abuse or threaten any employee through physical abuse, discipline, threat of physical abuse, sexual or any other form of intimidation
- Not employ anyone full-time under the age of 15, (or higher if stipulated by local labour law)
- Protect and promote the special interests of employees under 18 by allowing them access to education, limiting employment during typical resting hours and ensuring no exposure to working conditions that are likely to jeopardise their health & safety or morals.

*\*Also cites UN and ILO principles on page 7.*

**GSK**

*Page 4*

**Labour**

Third Parties shall be committed to uphold the human rights of workers and to treat them with dignity and respect. The Labor elements include:

### **1. Freely Chosen Employment**

Third Parties shall not use forced, bonded or indentured labor or involuntary prison labor. Employees shall also not be required to lodge papers or deposits on starting work.

### **2. Child Labor and Young Workers**

Third Parties shall not use child labor. The employment of young workers below the age of 18 shall only occur in non hazardous work and when young workers are above a country's legal age for employment or the age established for completing compulsory education.

### **3. Non-Discrimination and Fair Treatment**

Third Parties shall provide a workplace free of harassment and discrimination. Discrimination for reasons such as race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status is not allowed. Third Parties shall provide a workplace free of harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuses of workers and no threat of any such treatment.

### **4. Wages, Benefits and Working Hours**

Third Parties shall pay workers according to applicable wage laws, including minimum wages, overtime hours and mandated benefits. Third Parties shall communicate with the worker the basis on which they are being compensated in a timely manner. Third Parties are also expected to communicate with the worker whether overtime is required and the wages to be paid for such overtime.

### **5. Freedom of Association**

Open communication and direct engagement with workers to resolve workplace and compensation issues is encouraged. Third Parties shall respect the rights of workers, as set forth in local laws, to associate freely, join or not join labor unions, seek representation and join workers' councils. Workers shall be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

### **6. Pre-Employment Screening**

Third Parties who are hiring people to work with GSK information or business processes must ensure that results from candidate pre-employment or pre-engagement screening processes meet GSK standards before an appointment is confirmed.