

Child and Forced Labor Due Diligence Questions for Asset Managers

QUESTIONS FOR ALL PROSPECTIVE PORTFOLIO COMPANIES

1. **Sector:** Is the Target in a high-risk sector or sub-sector? Specifically, is the Target:
 - a) In one of the following sectors/sub-sectors: **Mining and Quarrying; Waste Management; Construction; Manufacturing (including Footwear, Apparel, and Electronics); Administrative, Support, and Building Services; Transportation and Storage; Accommodation and Food Service Activities; Human Health Activities; Computer Programming, Consultancy and Related Activities; Information Service Activities; Crop and Animal Production (Agriculture); Forestry; or Fishing**
 - b) In the **Wholesale/Retail Trade or Telecommunications sector** (in the latter case, where hardware is involved) and have manufacturing in its vertically integrated operations or Tier 1 (direct) supply chain?
 - c) In another industry that relies heavily on lower skilled labor and is perceived as dirty, dangerous, or otherwise undesirable, seasonal or with a short product life cycle, industries with low profit margins, complex supply chains, and/or which rely on “offshoring” or production in countries with weaker labor protections?
2. **Geography:** Does the Target currently operate or plan to operate in jurisdictions associated with high poverty rates, high levels of political instability or conflict, high reliance on migrant workers, low rates of formal schooling, weak legal institutions, weak legal labor and human rights protections and/or weak enforcement, high corruption rates, and/or a shortage of adult workers for less desirable jobs? These may include jurisdictions in developed countries such as the United States, the UK, and Australia.
3. **Workforce characteristics:** Does the Target rely on outsourced labor contracting, temporary workers, third shift work, non-nationals, and/or foreign contract workers? Is moving to outsourced labor, temporary workers, third shift work, non-nationals, and/or foreign contract workers key to the investment thesis?
4. **Supply base/disruption:** Is the Target’s current or future revenue reliant on inputs from a sole source supplier/concentrated supply base?
5. **Regulatory risk:** Does the Target currently operate in jurisdiction with modern slavery/ human rights due diligence/reporting legislation or regulations?
6. **Historical/other issues:** Are there other known historical issues involving child labor and/or modern slavery associated with the Target’s (or its peers’) labor, or other factors that weigh in favor of posing additional questions as to the Target’s performance on child rights and modern slavery issues?

If the answers to all the questions above are NO, this process is complete. If answers to any of the questions above is YES, proceed with **Standard Questionnaire** in the four-page toolkit as part of the ESG Assessment in a document request form. Alternatively, questions may be adapted and put to management or the compliance team of a Target on a legal due diligence call.

Where the answer to any of the above questions is unclear or suggests a higher level of risk, some or all **Additional Questions for Companies Responding Yes to Any Standard Question** in the four-page toolkit should be applied based on the responses to the Standard Questions.